



## 5PAISA CAPITAL LIMITED

5paisa Capital Limited was originally incorporated on July 10, 2007 as a public limited company under the provisions of Companies Act, 1956, as amended, as India Infoline Finance Holdings Limited with the Registrar of Companies, Maharashtra at Mumbai. Our Company obtained the certificate for commencement of business on July 19, 2007 from the Registrar of Companies, Maharashtra at Mumbai. The name of our Company was subsequently changed to IIFL Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra at Mumbai on November 06, 2007. 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 on August 12, 2015. For further details, please see section titled "History and Certain Corporate Matters" on page 86 of this Information Memorandum.

**Registered Office:** IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Area, Wagle Estate, Thane - 400 604

**Telephone:** +91 22 41035000; **Facsimile:** +91 22 25806654;

**Contact Person:** Mr. Harshit Choudhary, Company Secretary and Compliance Officer;

**E-mail:** [esteam@5paisa.com](mailto:esteam@5paisa.com); **Website:** [www.5paisa.com](http://www.5paisa.com);

**CIN:** U67190MH2007PLC289249

### INFORMATION MEMORANDUM FOR LISTING OF 1,27,39,022 EQUITY SHARES OF RS. 10 EACH

### NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

#### OUR PROMOTERS: MR. NIRMAL BHANWARLAL JAIN AND MR. VENKATARAMAN RAJAMANI

#### GENERAL RISKS

Investments in equity and equity related security involves a degree of risk and investors should not invest in the equity shares of 5paisa Capital Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the "Risk Factors" on page 08 of this Information Memorandum carefully before taking an investment decision in the shares of 5paisa Capital Limited. For taking an investment decision, investors must rely on their own examination of the 5paisa Capital Limited including the risk involved.

#### THE COMPANY'S ABSOLUTE RESPONSIBILITY

5paisa Capital Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to 5paisa Capital Limited, which is material in the context of the issue of shares pursuant to the Scheme of Arrangement, that the information contained in this Information Memorandum 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 Information Memorandum 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 5paisa Capital Limited are proposed to be listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). For the purposes of this listing, NSE is the designated stock exchange.

Our Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on our Company's website [www.5paisa.com](http://www.5paisa.com). The Information Memorandum would also be available on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).

#### REGISTRAR AND TRANSFER AGENT



**Link Intime India Private Limited,**  
C101, 247 Park, LBS Marg,  
Vikhroli (West)  
Mumbai - 400083  
**Telephone:** +91 22 49186000, +91 22 49186200  
**Fax:** +91 22 49186060  
**Email:** [ganesh.jadhav@linkintime.co.in](mailto:ganesh.jadhav@linkintime.co.in), [mr.helpdesk@linkintime.co.in](mailto:mr.helpdesk@linkintime.co.in)  
**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)  
**Contact Person:** Mr. Ganesh Jadhav  
**SEBI Registration No.:** INR000004058



**TABLE OF CONTENTS**

<b>SECTION 1: GENERAL</b> .....	<b>1</b>
1.1 DEFINITIONS AND ABBREVIATIONS .....	1
1.2 CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION .....	6
1.3 FORWARD LOOKING STATEMENTS .....	7
<b>SECTION 2: RISK FACTORS</b> .....	<b>8</b>
2.1 INTERNAL RISK FACTORS .....	8
2.2 EXTERNAL RISK FACTORS .....	13
<b>SECTION 3: INTRODUCTION</b> .....	<b>19</b>
3.1 SUMMARY OF FINANCIAL INFORMATION .....	19
3.2 GENERAL INFORMATION .....	24
3.3 CAPITAL STRUCTURE .....	29
3.4 SCHEME OF ARRANGEMENT .....	44
3.5 STATEMENT OF TAX BENEFITS .....	57
<b>SECTION 4: ABOUT OUR COMPANY</b> .....	<b>70</b>
4.1 INDUSTRY OVERVIEW .....	70
4.2 OUR BUSINESS .....	75
4.3 REGULATIONS AND POLICIES .....	82
4.4 HISTORY AND CERTAIN CORPORATE MATTERS .....	86
4.5 OUR MANAGEMENT .....	92
4.6 OUR PROMOTERS AND PROMOTER GROUP .....	107
4.7 OUR GROUP COMPANIES .....	111
4.8 RELATED PARTY TRANSACTIONS .....	123
4.9 DIVIDEND POLICY .....	124
<b>SECTION 5: FINANCIAL INFORMATION</b> .....	<b>125</b>
5.1 FINANCIAL STATEMENTS .....	125
5.2 FINANCIAL INDEBTNESS .....	218
5.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	219
<b>SECTION 6: LEGAL AND OTHER INFORMATION</b> .....	<b>236</b>
6.1 OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS .....	236
6.2 GOVERNMENT AND OTHER APPROVALS .....	263
6.3 OTHER REGULATORY AND STATUOTRY DISCLOSURES .....	265
<b>SECTION 7: OTHER INFORMATION</b> .....	<b>269</b>
7.1 MAIN PROVISIONS OF ARTICLES OF ASSOCIATION .....	269
7.2 MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....	300
7.3 DECLARATION .....	302

## SECTION 1: GENERAL

### 1.1 DEFINITIONS AND ABBREVIATIONS

1.1.1 This Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies otherwise, have the meanings as provided below. References to any statute or regulations or policies shall include amendments thereto, from time to time:

#### Company related terms

Term	Description
“5paise Capital Limited” or “5PCL” or “the Company”, or “the Resulting Company”, or “our Company”	5paise Capital Limited, a public limited company incorporated under the provisions of the CA 1956, as amended, and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot no. B - 23, Thane Industrial Area, Wagle Estate, Thane - 400 604
“We” or “us” or “our”	Unless the context otherwise indicates or implies, refers to 5paise Capital Limited
“IIFL Holdings Limited” or “IHL” or “the Demerged Company”	IIFL Holdings Limited, a public limited company, incorporated under the provisions of the CA 1956, as amended, and having its registered office IIFL House, Sun Infotech, Road No. 16V, Plot no. B - 23, Thane Industrial Area, Wagle Estate Thane – 400 604
5Paise Digital Undertaking	As defined under the Scheme of Arrangement, 5Paise Digital Undertaking means the entire business undertaking of IHL relating to set-up of 5Paise digital business which includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5Paise.com), software rights, brand (5Paise) establishment, protection and support, infrastructure and facilities services etc. along with all related assets, investments in 5PCL, liabilities, employees, technology, software including specifically the following: <ul style="list-style-type: none"> <li>i. all properties and assets, whether moveable or immovable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, covenant and undertakings of IHL pertaining to 5Paise Digital Undertaking;</li> <li>ii. all assets (whether moveable or immovable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) including investments of IHL pertaining to 5Paise Digital Undertaking and not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstanding in litigations or paid under protest, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses, registrations, domain name (5Paise.com), trademark, logo, mobile application and source code of mobile application program, quotas,</li> </ul>

Term	Description
	<p>permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by IHL pertaining to the 5Paisa Digital Undertaking;</p> <p>iii. all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of IHL pertaining to the 5Paisa Digital Undertaking comprising of:</p> <p>a) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of IHL pertaining to the 5Paisa Digital Undertaking;</p> <p>b) the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of IHL pertaining to the 5Paisa Digital Undertaking; and</p> <p>c) liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the 5Paisa Digital Undertaking, being the amounts of any general or multipurpose borrowings of IHL as stand in the same proportion which the value of assets, transferred under this Clause, of the 5Paisa Digital Undertaking bears to the total value of the assets of IHL immediately before the Appointed Date.</p> <p>iv. all intellectual property rights, including domain name (5Paisa.com), trademark, logo, mobile application and source code of mobile application program, logo and copyrights of IHL pertaining to 5Paisa Digital Undertaking;</p> <p>v. all books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to 5Paisa Digital Undertaking;</p> <p>vi. all permanent employees employed by IHL pertaining to the 5Paisa Digital Undertaking, as identified by IHL, as on the Effective Date.</p> <p>vii. all earnest monies, security deposits, or other entitlements, if any, in connection with or relating to IHL pertaining to 5Paisa Digital Undertaking;</p>



Term	Description
Appointed Date	October 01, 2016
Articles or Articles of Association	Articles of Association of our Company, as amended from time to time
Auditor	The statutory auditors of our Company i.e., M/s. V Sankar Aiyar & Co.
Board or Board of Directors	Board of directors of our Company
Capital or Share capital	Share capital of our Company
Designated Stock Exchange or DSE	NSE
Director	Director of our Company, unless otherwise specified otherwise
Effective Date	September 30, 2017
Eligible Shareholder(s)	Eligible holder(s) of the equity shares of IIFL Holdings Limited as on the Record Date
Equity Shareholder/ Shareholder	A holder of the Equity Shares
Equity Shares	Fully paid-up equity shares of the Company of face value Rs. 10/- each
Financial Statements or Restated Financial Statements	Audited financial statements of our Company for the years ended on March 31, 2015, March 31, 2016, March 31, 2017 and the six (6) months period ended on September 30, 2017
Group Companies	Unless the context otherwise required, refers to companies as enumerated in the section titled “ <i>Our Group Companies</i> ” on page 111 of this Information Memorandum
Memorandum or Memorandum of Association or MOA	Memorandum of Association of our Company, as amended from time to time
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the ICDR Regulations and disclosed in section titled “ <i>Our Promoters and Promoter Group</i> ” on page 107 of this Information Memorandum
Promoters	Our Promoters i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani
Record Date	October 18, 2017
Registrar and Transfer Agent or RTA	Link Intime India Private Limited
ROC or Registrar of Companies	Unless specified otherwise, Registrar of Companies, Maharashtra at Mumbai
Scheme or Scheme of Arrangement	The Scheme of Arrangement under Section 391 to 394 of the CA 1956 read with Section 100 and other applicable provisions of the CA 1956, between IIHL and 5PCL and their respective

Term	Description
	shareholders sanctioned by NCLT vide its order dated on September 06, 2017

**Conventional and general terms or abbreviations**

Term	Description
AGM	Annual General Meeting
AMFI	Association of Mutual Funds of India
ARN	AMFI Registration Number
BSE	BSE Limited
CA 1956	The Companies Act, 1956, as applicable
CA 2013	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs and in force as on the date of this Information Memorandum read with made thereunder
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Depositories	CDSL and NSDL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP or Depository Participant	Depository Participant as defined under the Depositories Act
EGM	Extra-ordinary General Meeting
EPS	Earnings Per Share
Financial Year or Fiscal or FY	Period of twelve (12) months ended March 31 of that particular year
FPI	Foreign Portfolio Investor
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GST	Goods and Services Tax
IFRS	International Financial Reporting Standards
Indian GAAP	Indian Generally Accepted Accounting Principle
NCLT	National Company Law Tribunal, Mumbai Bench

Term	Description
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Broker Regulations or Broker Regulations	SEBI (Stock-Brokers and Sub-Brokers) Regulations 1992
SEBI Depositories Regulations or Depositories Regulations	SEBI (Depositories and Participants) Regulations, 1996
SEBI ICDR Regulations or ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Insider Trading Regulations or Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations or Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI RA Regulations or RA Regulations	SEBI (Research Analyst) Regulations, 2014
SEBI Takeover Regulations or Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
United States or US	United States of America

## 1.2 CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

### 1.2.1 Certain Conventions

All references to “India” contained in this Information Memorandum are to the Republic of India.

Unless stated otherwise, all references to page numbers of this Information Memorandum are to the page numbers of this Information Memorandum.

### 1.2.2 Financial Data

Unless stated otherwise, the financial data in this Information Memorandum is derived from the Financial Statements of our Company as of and for the financial years ended March 31, 2015, March 31, 2016, March 31, 2017 and the six (6) months period ended September 30, 2017, prepared in accordance with Indian GAAP and the CA 2013.

In this Information Memorandum, any inconsistencies in any table between the aggregate and the total of the sums recorded are because of rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in the Information Memorandum.

Our Company’s financial year commences on April 01 and ends on March 31 of each year, so all references to a particular financial year, unless stated otherwise, are to the twelve month period ended on March 31 of that year.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled “*Risk Factors*” and “*Our Business*” on pages 08 and 75, respectively, of this Information Memorandum have been calculated on the basis of the Financial Statement of our Company prepared in accordance with Indian GAAP and the CA 2013.

### 1.2.3 Currency and Units of Presentation

All references to “Rupees”, “Rs.”, “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “USD”, or “US\$” or “\$” are to United States Dollar, the official currency of United States of America.

At certain places, our Company has presented certain numerical information in this Information Memorandum in “crores” and “lakhs” units. One lakh represents 1,00,000 or 0.1 million and one crore represents 1,00,00,000 or 10 million.

### 1.2.4 Industry and Market Data

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from or derived from publically available information as well as various industry publications and sources. Such published information by and large expresses that the data contained in those publications has been obtained from sources accepted to be reliable however that their exactness and completeness are not ensured and their reliability cannot be assured. Despite the fact that we accept that industry information utilized within this Information Memorandum is reliable, it has not been independently verified.

The information included in this Information Memorandum about different organizations is based on their particular annual reports and information made available by the respective organizations.



### 1.3 FORWARD LOOKING STATEMENTS

- 1.3.1 This Information Memorandum includes statements which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, and similar expressions or variations of such expressions, that are “forward looking statements”.
- 1.3.2 All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:
- (a) General economic and business conditions in India and other countries;
  - (b) Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
  - (c) Increasing competition in or other factors affecting the industry segments in which our Company operates;
  - (d) Changes in laws and regulations relating to the industries in which we operate;
  - (e) Fluctuations in operating costs and impact on the financial results;
  - (f) Our ability to attract and retain qualified personnel;
  - (g) Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
  - (h) The performance of the financial markets in India and globally.
- 1.3.3 For a further discussion of factors that could cause our Company’s actual results to differ, please see sections titled “*Risk Factors*” and “*Our Business*” on pages 08 and 75, respectively, of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.
- 1.3.4 Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, and the risks, uncertainties and assumptions discussed in “*Risk Factors*” and elsewhere in this Information Memorandum, any forward-looking statement discussed in this Information Memorandum may change or may not occur, and our actual results could differ materially from those anticipated in such forward looking statement.

## SECTION 2: RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risk that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors.*

*This Information Memorandum also contains forward looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including considerations described below and elsewhere in this Information Memorandum.*

### 2.1 INTERNAL RISK FACTORS

#### 2.1.1 ***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.

For details of litigations outstanding as on the date of this Information Memorandum, please see section titled “*Outstanding Litigations and Material Developments*” on page 236 of this Information Memorandum.

#### 2.1.2 ***We cannot assure you that we will realize the anticipated benefits from the acquisition of the 5Paisa Digital Undertaking pursuant to the Scheme of Arrangement***

Pursuant to the sanction of the Scheme of Arrangement by the NCLT through its order dated September 06, 2017 the 5Paisa Digital Undertaking of IHL was transferred to and vested in our Company. For further details, please see section titled “*Scheme of Arrangement*” on page 44 of this Information Memorandum. There is no assurance that the 5Paisa Digital Undertaking would not expose us to unanticipated risks and liabilities. If any such risks and liabilities materialize and we are unable to address them suitably, our business and results of operations may be materially and adversely affected. Moreover, we may be unable to successfully integrate 5Paisa Digital Undertaking into our operations or realize anticipated benefits thereof. The process of integration of 5Paisa Digital Undertaking may result in unforeseen operating difficulties, absorb significant management attention and require significant financial resources that would otherwise be available for the ongoing development or expansion of the Company’s existing operations.

#### 2.1.3 ***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 Exchange 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 that are subject to numerous conditions. If we fail to maintain such registrations and licenses or comply with applicable conditions, our certificate of registration for carrying on a particular activity may be suspended and/ or cancelled and we will not then be able to carry on such activity. This could materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that we will be able to obtain approvals, licenses, registrations and permits in respect of such applications or any application made by us in the future. For more information about the licenses required by us, please see section titled “Government and Other Approvals” on page 263 of this Information Memorandum.

**2.1.4 *High levels of client defaults could adversely affect our business, results of operations and financial conditions***

We deal with a large number of clients. Any major defaults by our clients leading to losses beyond the risk management norms will adversely affect our business, results of operations and financial conditions.

**2.1.5 *We encounter intense competition for qualified professionals from other financial services firms and from businesses outside the industry in which we operate. Our failure to hire suitable qualified professionals and retain our existing professionals may materially impede the success and growth of our business***

Being a knowledge driven business, a significant increase in employee attrition may adversely affect our business. We encounter intense competition for qualified professionals from other companies in the financial services firms. 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 secure or successfully complete engagements, which could materially adversely affect our business and results of operations. In the event our Company is unable to hire and retain qualified personnel, our ability to service our existing and potential clients may be impaired. In addition, our Company may not be able to expand its business effectively thereby adversely affecting our revenues.

**2.1.6 *Our Company operates in a highly competitive environment. Any failure to compete effectively may have a material adverse effect on our business, results of operations and financial condition***

The areas we operate in, are intensely competitive and we expect them to remain so. 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.

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.

**2.1.7 *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 price competition in this business in recent years. In particular, the ability to execute trades electronically or via mobile applications has increased the pressure on trading commissions, volume and spreads. We expect this trend towards alternative trading

systems to continue. We believe we may experience competitive pressures in these and other areas as some of our competitors seek to obtain market share by competing on the basis of price. In addition, we face pressure from our larger competitors, which 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.

**2.1.8 *We may not be able to successfully implement and effectively manage our strategies which could have a material adverse effect on our results of operations and financial conditions***

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. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long-term business outlook. We may not be able to execute our strategies in the future.

**2.1.9 *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 favourable 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 business developments. 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.

**2.1.10 *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 continuing to build our brand, particularly in our business like financial services provider. 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, and even if they do, any increased revenue 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.

**2.1.11 *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 to 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.

**2.1.12 *Our non-exclusive arrangements in relation to our operations may not result in the desired benefits and may affect our financial conditions adversely***

We have in the past entered into and may in the future enter into non-exclusive arrangements in relation to our business operations. Such operations with third parties may subject us to numerous risks, including risks associated with sharing of proprietary information, non-performance of obligations by such entities, and creating similar alliances with our competitors, any of which may materially and adversely affect our business. We may not be able to control or monitor their actions. In the event such third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

**2.1.13 *Conflicts of Interest***

Some of our Group Companies are authorized under their constitutional documents to engage in a similar line of business as us and some of our Promoters are directors in those Group Companies. We cannot assure you that our Promoters will not favour the interests of our Group Companies over our interests. Such Group Companies, including those in a similar line of business, may dilute our Promoters' attention to our business, which could adversely affect our business prospects, financial condition and results of operations.

**2.1.14 *Interest of Promoters/ Directors***

Our Promoters are interested in our Company to the extent of any transactions entered into and/ or their shareholding and dividend entitlement in our Company. Our Directors are interested in our Company to the extent of remuneration paid to them for services rendered as Directors, reimbursement of expenses payable to them and/ or their shareholding and dividend entitlement in our Company. Our Directors may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are shareholders, directors or partners.

**2.1.15 *A failure of our operational systems or infrastructure could impair our liquidity, disrupt our businesses, cause damage to our reputation and result in losses. We could be adversely affected if we fail to keep pace with technical and technological developments***

Our business is highly dependent on our ability to process a large number of transactions on our technological platform. Our technological platform, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. As we grow our business, the inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. Additionally, shortcomings or failures in our internal processes or systems could lead to an impairment of our financial condition, financial loss, disruption of our business and reputational damage. As we rely on third party vendors/ service providers for certain parts of our business, such parts of the business are also vulnerable to the risk arising from breakdown of systems, processes, human error etc. taking place in such third party operations.

Our failure to anticipate or to respond adequately to changing technology and market demands could adversely affect our business and financial results. In order to further develop and implement the new technologies, we may have to invest large amount of capital which may have an adverse impact on our cash position. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our failure to maintain or improve or upgrade our information technology systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations.

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

We are exposed to the risk arising from misconduct, fraud or trading errors by our employees 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 or misappropriation of cash, 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.

**2.1.17 *Our registered office and our branch offices are not owned by us***

Our registered office is not owned by us. In addition, we do not own other offices from where we conduct our business operations. All such non-owned properties are leased to us from our Group Company, namely, IIFL Facilities Services Limited, India Infoline Finance Limited and certain third parties. If the owners of these properties do not renew the agreements under which we occupy the premises or only agree to renew such agreements on terms and conditions that are unacceptable to, or if the owners of such properties withdraw their consent to our occupancy, our business operations may suffer a disruption. We may be unable to locate suitable alternate facilities on favourable terms, or at all, and this may have a material adverse effect on our business, results of operations and financial condition.

**2.1.18 *Our information technology systems may be vulnerable to security breaches, piracy and hacking leading to disruption in services to our customers***

Our information technology systems may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to our customers. Moreover, we may not operate an adequate disaster recovery system. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our services, which could result in lost revenue and dissatisfied customers. Breaches of our information technology systems, including through piracy or hacking may result in unauthorized access to our content. Such breaches of our information technology systems may require us to incur further expenditure to put in place more advanced security systems to prevent any unauthorized access to our networks. This may have a material adverse effect on our earnings and financial condition.

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

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our 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. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, future financial performance and results of operations.

**2.1.20 *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. While we believe that all such transactions have been conducted in the ordinary course of business and on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. For details of the related party transactions undertaken during the Fiscal 2017, please see section titled "*Related Party Transactions*"

on page 123 of this Information Memorandum.

Further, the CA 2013 has brought into effect certain significant changes providing for more stringent compliance requirements for related party transactions. SEBI has revised corporate governance guidelines by notifying the Listing Regulations, which are applicable for all listed companies.


As required under the CA 2013/ Listing Regulations, our Company is, *inter alia*, required to obtain prior approval of majority of our shareholders through a resolution for all future material related party transactions where any person or entity that is related to our Company will be required to abstain from voting on such resolutions.

We will continue to have related party transactions in the future and we may face difficulties in entering into related party transactions in future due to these requirements which may adversely affect our business and results of operations.

**2.1.21 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 the Board of Directors, 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.

**2.1.22 Risks relating to intellectual property**

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 was held by IIFL Holdings Limited. However, due to the expiry of the trademark registration, IIFL Holdings Limited had applied to the Registrar of Trademarks, Mumbai on August 28, 2015 for the fresh registration of “5paisa” and the associated logo as a trademark in Class 36. The application for trademark registration is presently pending before the Registrar of Trademarks, Mumbai. Further, pursuant to the Scheme of Arrangement, the intellectual property rights which vested in 5paisa Digital Undertaking, including the name “5paisa” and the associated logo has been transferred and vest in our Company with the effect from the Appointed Date. 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.

**2.2 EXTERNAL RISK FACTORS**

**2.2.1 *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.

**2.2.2 *The CA 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced the Listing Regulations as well as changes to the listing agreement, which may subject us to greater compliance requirements and increases our compliance costs***

A majority of the provisions and rules under the CA 2013 have been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the CA 1956 ceasing to have effect. The CA 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in an offer document, corporate governance norms, accounting policies and audit matters, reporting on internal controls over financial reporting by the board of directors, specific compliance requirements such as obtaining prior approval from the audit committee, board of directors and shareholders for certain related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Subject to meeting certain specified net worth criteria, we may also need to spend, in each financial year, at least 2% of our average net profits during the three immediately preceding fiscal years towards corporate social responsibility activities or provide an explanation for not spending such amount. As a result of the changes brought about by the CA 2013 to the provisions relating to accounting policies, we are required to apply a different rate of depreciation as compared to the past. Further, the CA 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. Further, SEBI notified the Listing Regulations on September 02, 2015, pursuant to which we will be required to, *inter alia*, appoint at least one female director to our board of directors, appoint independent directors subject to terms and conditions prescribed therein, establish a vigilance mechanism for directors and employees and constitute or reconstitute certain committees in accordance with the Listing Regulations. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of the provisions under the CA 2013 which are yet to be notified.

To ensure compliance with the requirements of the CA 2013 and the Listing Regulations, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. We may incur increased costs relating to compliance with these new requirements, which may also require significant management time and other resources, or we may be subject to fines or other penalties if we are unable to comply with such requirements, which may adversely affect our business, results of operations, cash flows and financial condition.



**2.2.3 *Our business and activities will be regulated by the Competition Act, 2002 (“Competition Act”) and any application of the Competition Act to us could have a material adverse effect on our business, results of operations and financial condition***

- (a) The Competition Act, prohibits practices that could have an appreciable adverse effect on competition in India. 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 in India is void and may result in substantial penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access, and such practices are subject to substantial penalties and may also be subject to compensation for losses and orders to divide the enterprise. Further, the Competition Commission of India has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. There can be no assurance that we will be able to obtain approval for such future transactions on satisfactory terms, or at all.

If we or any member of our group are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the Competition Commission of India or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our business, financial results and reputation may be materially and adversely affected.

**2.2.4 *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.

**2.2.5 *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.

**2.2.6 *Changing laws, rules and regulations including SEBI regulations, rules, bye-laws and regulations of Stock Exchanges and legal uncertainties, including adverse application of tax laws and regulations, in India may adversely affect the business and financial performance of our Company***

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. For instance, the Government of India has implemented a comprehensive national GST regime with effect from July 01, 2017 that combines taxes and levies by the Central and State

Governments into a unified rate structure. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

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

Under the Indian income tax regime, long term capital gains received by investors in respect of listed equity shares is exempt from income tax provided STT is paid at the time of sale and purchase as well. There are certain exclusion specified for satisfaction of condition of payment of STT at the time of purchase. Short-term capital gains are subject to tax at 15% (plus applicable surcharge and education cess). STT is payable on purchases of securities at the time of purchase and sale on stock exchange at the rate of 0.1% on the value of the transaction. In addition, dividend income received by shareholders is exempt from tax except in case of certain specified resident assessee receiving dividend in aggregate exceeding Rs. 10 lakhs, where tax at the rate of 10% (plus applicable surcharge and education cess) is payable on dividend amount exceeding Rs. 10 lakhs. However, the domestic company is liable to pay dividend distribution tax at the effective tax rate of 20.36% on the amount of dividend. Any change in the present tax regime may reduce the returns we can create for our investors and therefore interest in investment in the securities market.

**2.2.8 *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than twelve (12) months will not be subject to capital gains tax if STT has been paid on the transaction at the time of sale and purchase as well. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than twelve (12) months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of twelve (12) months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the equity shares 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.

**2.2.9 *There is uncertainty on the impact of currency demonetization in India on our business***

The Reserve Bank of India and the Ministry of Finance of the Government withdrew the legal tender status of the then in circulation Rs. 500 and Rs. 1,000 currency notes pursuant to a notification dated November 08, 2016. The short-term impact of these developments has been, among other things, a decrease in liquidity of cash and consequently, spending, in India. There is uncertainty on the long-term impact of this action. While we may expect a corresponding increase in the amount of money held within the formal banking system, and that therefore might be considered for investment, the short and long-term effects of demonetization on the Indian economy and India's capital markets are uncertain, and we cannot accurately predict its effect on our business.

**2.2.10 *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.

**2.2.11 *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.

**2.2.12 *Any future issuance of Equity Shares may dilute the shareholding of the shareholders and sales of our Equity Shares by major shareholders may adversely affect the trading price of the Equity Shares***

Any future equity issuances by us, may lead to the dilution of shareholding of the shareholders in our Company. Any future equity issuances by us or sales of our Equity Shares by the Promoters or other major shareholders of the Company may adversely affect the trading price of the 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.

**2.2.13 *The price of our Equity Shares may be volatile***

The trading price of our Equity Shares may fluctuate after the listing due to a variety of factors, including our results of operations, 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 capital markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets 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 materially affect the price of our Equity Shares.

**2.2.14 *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.

**2.2.15 *Our Company's ability to raise foreign capital may be constrained by Indian law***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's ability to raise foreign capital for



expansion plans or acquisitions and other strategic transactions, and could constrain our Company's ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.



### SECTION 3: INTRODUCTION

#### 3.1 SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary of financial statements derived from our audited standalone financial information for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and six (6) months period ended September 30, 2017. These financial statements have been prepared in accordance with Indian GAAP and provisions under the CA 2013.

The summary financial statements presented below should be read in conjunction with financial statements for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and six (6) months period ended September 30, 2017, the audit reports, notes and annexures thereto. For further details, please see section titled “Financial Statements” on page 125 of this Information Memorandum.

##### 1. Summary of Standalone Statement of Assets and Liabilities

(in Rs. lakhs)

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) Shareholder's funds</b>				
(a) Share Capital	1,274	1,772	305	305
(b) Reserve and Surplus	6,384	7,197	908	1,458
<b>Sub Total</b>	<b>7,657</b>	<b>8,969</b>	<b>1,213</b>	<b>1,763</b>
<b>(2) Non Current Liabilities</b>				
(a) Long-Term borrowings	-	-	-	-
(b) Deferred Tax Liabilities (Net)	-	-	-	-
(c) Other Long-Term liabilities	-	-	-	-
(d) Long-Term Provisions	32	12	3	6
<b>Sub Total</b>	<b>32</b>	<b>12</b>	<b>3</b>	<b>6</b>
<b>(3) Current liabilities</b>				
(a) Short-Term Borrowings	-	-	231	1,483
(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	1,710	932	2,945	33
(c) Other Current Liabilities	251	47	34	37
(d) Short-Term Provisions	429	284	21	149
<b>Sub Total</b>	<b>2,389</b>	<b>1,264</b>	<b>3,232</b>	<b>1,703</b>

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>I EQUITY AND LIABILITIES</b>				
<b>Total</b>	<b>10,078</b>	<b>10,244</b>	<b>4,448</b>	<b>3,472</b>
<b>II ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Fixed Assets				
(i) Tangible Assets	38	23	13	-
(ii) Intangible Assets	69	20	10	-
(iii) Capital work in progress	0	13	5	-
(iv) Intangible assets under development)				
<b>Sub Total</b>	<b>108</b>	<b>56</b>	<b>27</b>	<b>-</b>
(b) Non-Current Investments	-	-	-	-
(c) Deferred Tax Assets (Net)	995	702	236	1
(d) Long-Term Loans & Advances	859	411	436	364
(e) Other Non-Current Assets	-	-	-	-
<b>Sub Total</b>	<b>1,854</b>	<b>1,113</b>	<b>672</b>	<b>365</b>
<b>(2) Current assets</b>				
(a) Current Investments	-	-	-	-
(b) Inventories	647	255	105	-
(c) Trade Receivables	3,227	533	2,309	277
(d) Cash and Bank Balances	3,876	8,112	1,283	2,807
(e) Short-Term Loans & Advances	307	158	33	10
(f) Other Current Assets	58	17	19	13
<b>Sub Total</b>	<b>8,116</b>	<b>9,076</b>	<b>3,749</b>	<b>3,106</b>
	<b>10,078</b>	<b>10,244</b>	<b>4,448</b>	<b>3,472</b>

2. *Summary of Standalone Statement of Profit and Losses*

(in Rs. lakhs)

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>				

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue From Operations	642	747	(122)	1,137
Other Income				0.11
<b>Total Revenue</b>	<b>642</b>	<b>747</b>	<b>(122)</b>	<b>1,137</b>
<b>Expenditure</b>				
Employee Benefits Expense	920	777	216	202
Finance Cost	0	112	180	230
Other Expenses	1,162	1,344	250	188
Depreciation	20	27	1	-
<b>Total Expenditure</b>	<b>2,102</b>	<b>2,260</b>	<b>648</b>	<b>620</b>
<b>Profit Before Tax</b>	<b>(1,460)</b>	<b>(1,514)</b>	<b>(770)</b>	<b>517</b>
Tax Expenses				
Current Tax Expenses For Current Year		-	-	164
Deferred Tax Expenses	(294)	(466)	(235)	(0)
Short/ (excess) provision of tax for earlier year	-	(4)	15	-
<b>Sub Total</b>	<b>(294)</b>	<b>(469)</b>	<b>(220)</b>	<b>164</b>
<b>Profit (Loss) For The Year</b>	<b>(1,166)</b>	<b>(1,044)</b>	<b>(550)</b>	<b>353</b>

3. *Summary of Standalone Cash Flow Statement*

(in Rs. lakhs)

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Cash Flows From Operating Activities</b>				
Net profit before taxation and extraordinary item	(1,460)	(1,514)	(770)	517
<b>Adjustments for:</b>	-	-	0	0
Net Loss/(gain) on Sale of Current Investments	(130)	(226)	(2)	(2)
Interest Income	(55)	(50)	(152)	(229)
Gratuity	4	11	(3)	0
Leave Encashment	4	5	1	2
Interest Expenses	0	112	180	229
Dividend Income	-	-	-	(11)
<b>Total</b>	<b>(176)</b>	<b>(148)</b>	<b>25</b>	<b>(10)</b>
<b>Operating Profit before</b>	<b>(1,636)</b>	<b>(1,662)</b>	<b>(745)</b>	<b>507</b>

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Working Capital Changes</b>				
Changes in Working Capital :				
(Increase)/Decrease in Long Term Loan and Advances	(448)	25	(72)	56
Increase/(Decrease) in Other Current Liabilities	204	13	(3)	22
Decrease/(Increase) in Short Term Loans and advances	(146)	(125)	(23)	(1)
(Increase)/ Decrease in Trade inventories	(392)	(151)	(105)	1
Decrease/ (Increase) in other current assets	(41)	2	(6)	(11)
Decrease/ (Increase) in other non current assets	-	-	-	-
Increase/ (Decrease) in Short term Provision	14	248	(129)	1
Increase/ (Decrease) in Long term Provision	2	9	-	(9)
Increase/ (Decrease) in Short term & Long term Borrowings	-	(231)	(1,252)	1,483
Decrease/ (Increase) in Trade Receivable	(2,694)	1,776	(2,033)	(277)
Increase/ (Decrease) in Trade Payable	777	(2,013)	2,912	33
Increase/ (Decrease) in Other Long Term Liabilities	-	-	-	-
<b>Total</b>	<b>(2,723)</b>	<b>(447)</b>	<b>(710)</b>	<b>1,298</b>
Cash generated from/(Used) operations	(4,359)	(2,109)	(1,455)	1,804
Net income tax (paid) / refunds	-	4	(15)	(164)
<b>Net cash from/(used in) operating activities (a)</b>	<b>(4,359)</b>	<b>(2,106)</b>	<b>(1,470)</b>	<b>1,640</b>
<b>Cash Flows From Investing Activities</b>				
Sale / (Purchase) of Current Investments (Net)	-	0	-	-
Capital Gain on Investment	130	226	2	2
Interest received	55	50	152	229
Dividend Income	-	-	-	11
Bank Balance not considered as Cash and Cash Equivalents	(500)	(50)	2,000	(1,499)
(Purchase) /Sale of fixed assets (includes intangible assets) (net)	(61)	(29)	(27)	-

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Net cash from/(used in) investing activities (b)</b>	<b>(376)</b>	<b>197</b>	<b>2,126</b>	<b>(1,257)</b>
<b>Cash Flows From Financing Activities</b>				
Increase in share capital	-	8,800	-	-
Interest Paid	0	(112)	(180)	(229)
<b>Net cash from/(used in) financing activities (c)</b>	<b>0</b>	<b>8,688</b>	<b>(180)</b>	<b>(229)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>	<b>(4,736)</b>	<b>6,779</b>	<b>476</b>	<b>153</b>
Cash and Cash equivalents at beginning of year	7,562	783	307	154
Cash and Cash equivalents at end of year	2,826	7,562	783	307
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(4,736)</b>	<b>6,779</b>	<b>476</b>	<b>153</b>

### 3.2 GENERAL INFORMATION

3.2.1 Our Company was originally incorporated on July 10, 2007 as a public limited company under the provisions of the CA 1956 as India Infoline Finance Holdings Limited with the ROC. 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, consequent upon change of name was issued by the ROC on November 06, 2007. 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 on August 12, 2015. For further details, please see section titled “History and Certain Corporate Matters” on page 86 of this Information Memorandum.

For details of the business of our Company, please see section titled “Our Business” on page 75 of this Information Memorandum.

#### 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 41035000  
**Fax:** +91 22 25806654  
**Registration No.:** 289249  
**CIN:** U67190MH2007PLC289249

#### 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  
**Tel:** +91 22 22812627, +91 22 22020295 and +91 22 22846954  
**Fax:** +91 22 22811977

#### Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Information Memorandum:

Name	Designation	DIN	Address
<b>Dr. Archana Niranjan Hingorani</b>	Independent Director	00028037	10, Jeevan Dhara, Dr Ambedkar Road, Bandra West, Mumbai 400 050.
<b>Mr. Krishna Visvanath Iyer</b>	Independent Director	03072033	Flat No. 403 Panchamrut Kasar Vadavalli Ghodbunder Road Thane West 400 601.
<b>Mr. Mohan Radhakrishnan</b>	Non – Executive Director	00012070	Flat No. 2003, 20th Floor B-Wing Lakshachandi Heights, Gokuldham, Goregaon (East) Mumbai 400063.
<b>Mr. Narendra Jain</b>	Non – Executive Director	01984467	Flat No. 202, Shri Narmada CHS Haridas Nagar,



Name	Designation	DIN	Address
			Shimpoli Road, Borivali (West) Mumbai 400 092.
<b>Mr. Prakarsh Gagdani</b>	Whole – Time Director	07376258	Room No. 23, Kalpit, Lane No 5, Sudama Nagar MIDC, Dombivali East, Thane – 421 203.

For further details of our Board of Directors, please see section titled “*Our Management*” on page 92 of this Information Memorandum.

#### **Company Secretary and Compliance Officer**

**Mr. Harshit Choudhary**  
**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](mailto:csteam@5paisa.com)

#### **Chief Financial Officer**

**Ms. Ankita Lakhota**  
**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:** [ankita.lakhota@5paisa.com](mailto:ankita.lakhota@5paisa.com)

#### **Banker to our Company**

**Axis Bank Limited**  
Jeevan Prakash Building,  
Sir P M Road Fort,  
Mumbai, 400 001,  
Maharashtra  
**Tel:** +91 22 40867504  
**Fax:** +91 22 40867541/ 42

#### **Statutory Auditor**

**M/s. V. Sankar Aiyar & Co.**  
2-C, Court Chambers,  
35, New Marine Lines,  
Mumbai – 400 020,  
Maharashtra  
**Tel:** +91 22 22004465, +91 22 22067440  
**Fax:** 022 22000649  
**Firm Registration No.:** 109208W



### **Registrar and Share Transfer Agent**

#### **Link Intime India Private Limited**

C101, 247 Park, LBS Marg,

Vikhroli (West),

Mumbai – 400 083,

Maharashtra

**Tel:** +91 22 49186000, +91 22 49186200

**Fax No.:** +91 22 49186060

**E-mail:** ganesh.jadhav@linkintime.co.in, rnt.helpdesk@linkintime.co.in

**Website:** www.linkintime.co.in

**Contact Person:** Mr. Ganesh Jadhav

**SEBI Registration No.:** INR0000040588

### **Authority of Listing**

The NCLT, through its order dated September 06, 2017, sanctioned the Scheme of Arrangement. For more details relating to the Scheme of Arrangement, please see section titled “*Scheme of Arrangement*” on page 44 of this Information Memorandum.

In accordance with the Scheme of Arrangement, the Equity Shares of our Company issued pursuant to the Scheme of Arrangement shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment of listing criteria of BSE and the NSE by our Company and also subject to such other terms and conditions as may be prescribed by BSE, NSE and SEBI at the time of application by our Company seeking listing.

### **Eligibility Criteria**

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter III and IV of the ICDR Regulations are not applicable. Pursuant to SEBI circular dated November 30, 2015, bearing reference no. CIR/CFD/CMD/16/2015, our Company had applied for an exemption from strict enforcement of provisions of Regulation 19(2)(b) of the SCRR. SEBI through its letter dated November 06, 2017, bearing reference no. CFD/DIL-1/27233/2017, granted relaxation to our Company from the applicability of Regulation 19(2)(b) of the SCRR subject to the following conditions being complied with by our Company:

- a) SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017;
- b) There is no variance or deviation from conditions of the scheme sanctioned by the NCLT;
- c) There is no change in the information/ facts submitted in the application till the date of listing of the shares of the company.

The Company has submitted this Information Memorandum to BSE and NSE. The Information Memorandum will also be made available on the website of BSE, www.bseindia.com and NSE, www.nseindia.com and our Company’s website, www.5paisa.com.

Before commencement of trading, our Company will publish an advertisement in one English and one Hindi newspaper with nationwide circulation and one regional newspaper with wide circulation at the place where the registered office of the Company is located, containing details in accordance with the requirements set out in the SEBI circular dated November 30, 2015, bearing reference no. CIR/CFD/CMD/16/2015. The advertisement will draw a specific reference to the availability of the Information Memorandum.

### **Prohibition by SEBI**

Our Company, our Directors, our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from

accessing the capital markets under any order or direction passed by SEBI.

#### **General Disclaimer from our Company**

Our Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements to be published in relation to this Scheme of Arrangement, in accordance with the SEBI circular dated November 30, 2015, bearing reference no. CIR/CFD/CMD/16/2015, or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her or their own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information will be made available for a section of the investors, in any manner.

#### **Designated Stock Exchange**

For the purposes of this listing, NSE is the designated stock exchange.

#### **Demat Credit**

Our Company has executed tripartite agreements with the Registrar and Share Transfer Agent and the Depositories i.e. NSDL and CDSL, respectively, for admitting our Equity Shares in demat form and ISIN INE618L01018 has been allotted.

#### **Dispatch of Share Certificates**

In accordance with the Scheme of the Arrangement, fresh Equity Shares have been issued and allotted to the Eligible Shareholders of IIFL Holdings Limited on the Record Date i.e., October 18, 2017. Our Company has dispatched the physical share certificates to the Eligible Shareholders in physical form on October 24, 2017.

#### **Credit Rating and Issue Grading**

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, no credit rating is required.

#### **Debenture Trustee**

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, the appointment of a debenture trustee is not required.

#### **Monitoring Agency**

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, the appointment of a monitoring agency in terms of Regulation 16 of the ICDR Regulations is not required.

#### **Appraisal Agency**

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, the appointment of appraisal agency is not required.

#### **Book Building Process**

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, book building process is not required.



### **Underwriting and Underwriting Agreement**

Our Company has not entered into any underwriting arrangement.

### **Experts**

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

Our Company has received written consent from our Statutory Auditors, namely **M/s. V. Sankar Aiyar & Co.**, to include their names as an “expert” as defined under Section 2(38) of the CA 2013 in relation to examination of Financial Statements and Statement of Tax Benefits included in this Information Memorandum on pages 125 and 57, respectively.

### 3.3 CAPITAL STRUCTURE

The share capital of our Company prior to the Scheme of Arrangement is set forth below:

Particulars	Aggregate value (in Rs.)
<b>Authorised Share Capital</b>	
1,80,00,000 Equity Shares of Rs. 10/- each	18,00,00,000
<b>Total</b>	<b>18,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
1,77,16,500 Equity Shares of Rs. 10/- each fully paid up	17,71,65,000
<b>Total</b>	<b>17,71,65,000</b>

The share capital of our Company post to the Scheme of Arrangement is set forth below:

Particulars	Aggregate value (in Rs.)
<b>Authorised Share Capital</b>	
1,80,00,000 Equity Shares of Rs. 10/- each	18,00,00,000
<b>Total</b>	<b>18,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
1,27,39,022 Equity Shares of Rs. 10/- each fully paid up	12,73,90,220
<b>Total</b>	<b>12,73,90,220</b>

#### 1. Changes in Authorized Capital

The details of changes in the authorized share capital of our Company are set forth below:

Date of shareholders' resolution	Particulars
September 12, 2016	Increase in the authorized share capital of our Company from Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares having face value of Rs. 10/- each to Rs. 18,00,00,000/- divided into 1,80,00,000 Equity Shares having face value of Rs. 10/- each.

#### Notes to the Capital Structure

#### 2. Share Capital History of our Company

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

Date of Allotment	No. of Equity Shares Allotted	Cumulative Number of Equity Shares	Face Value (Rs.)	Issue price per Equity Share (Rs)	Cumulative Paid-up Equity Share Capital (Rs.)	Nature of Allotment/ Remarks	Consideration
July 10, 2007	50,000	50,000	10	10	5,00,000	Allotment to the first subscribers to the MOA <sup>1</sup>	Cash
November 02, 2010	30,00,000	30,50,000	10	40	3,05,00,000	Right Issue <sup>2</sup>	Cash
August 19, 2016	16,66,500	47,16,500	10	60	4,71,65,000	Right Issue <sup>3</sup>	Cash
September 30, 2016	1,30,00,000	17,7,16,500	10	60	17,71,65,000	Right Issue <sup>4</sup>	Cash
September 30, 2017	1,77,16,500 (cancelled)	Nil	10	Not Applicable	Not Applicable	Pursuant to the Scheme of	

Date of Allotment	No. of Equity Shares Allotted	Cumulative Number of Equity Shares	Face Value (Rs.)	Issue price per Equity Share (Rs)	Cumulative Paid-up Equity Share Capital (Rs.)	Nature of Allotment/ Remarks	Consideration
October 20, 2017	1,27,39,022	1,27,39,022	10	10	12,73,90,220	Pursuant to the Scheme of Arrangement <sup>5</sup> Arrangement <sup>6</sup>	Not Applicable

- 1 50,000 Equity Shares allotted to seven (7) subscribers to the Memorandum of Association of our Company.
- 2 30,00,000 Equity Shares allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares.
- 3 16,66,500 Equity Shares allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares.
- 4 1,30,00,000 Equity Shares allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares.
- 5 1,77,16,500 Equity Shares were cancelled pursuant to the Scheme of Arrangement.
- 6 1,27,39,022 Equity Shares allotted to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement.

### 3. Issue of Equity Shares for Consideration other than Cash

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

Other than the allotment of Equity Shares pursuant to the Scheme of Arrangement, our Company has not allotted Equity Shares for consideration other than cash.

### 4. History of the Equity Share Capital held by our Promoters

Upon consummation of the Scheme of Arrangement, our Promoters i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani hold 24,86,457 Equity Shares amounting to 19.52% 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 our Promoters since incorporation 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 (Rs.)	Issue Price/ Transfer Price per Equity Share (Rs.)	Percentage of the pre-Scheme capital (%)	Percentage of the Post-Scheme capital (%)
Mr. Nirmal Bhanwarlal Jain	October 20, 2017	Scheme of Arrangement*	20,50,080	Not Applicable	10	Not Applicable	Not Applicable	16.09
Mr. Venkataraman Rajamani	October 20, 2017	Scheme of Arrangement*	4,36,377	Not Applicable	10	Not Applicable	Not Applicable	3.43

\* 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, in our Company was vested with and transferred to the shareholders of IIFL Holdings Limited in accordance with the entitlement ratio as specified in the Scheme of Arrangement.

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of vesting and transfer of such Equity Shares.

#### b. The details of the shareholding of our Promoters and members of the Promoter Group

Upon consummation of the Scheme of Arrangement, the shareholding of our Promoters and Promoter Group in our Company is as follows:



Sr. No.	Name of the Shareholder	Pre-Scheme		Post-Scheme	
		No. of Equity Shares	%	No. of Equity Shares	%
<i>Promoters</i>					
1.	Mr. Nirmal Bhanwarlal Jain	Nil	Nil	20,50,080	16.0929
2.	Mr. Venkataraman Rajamani	Nil	Nil	4,36,377	3.4255
<i>Promoter Group</i>					
3.	Ms. Madhu N. Jain	Nil	Nil	6,80,000	5.3379
4.	Ms. Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	Nil	Nil	3,60,000	2.8260
5.	Ms. Aditi Athavankar	Nil	Nil	8,000	0.0628
6.	Ardent Impex Private Limited	Nil	Nil	1,08,000	0.8478
7.	Orpheus Trading Private Limited	Nil	Nil	52,000	0.4082
<b>Total</b>		<b>Nil</b>	<b>Nil</b>	<b>36,94,457</b>	<b>29.0011</b>

#### 5. Employee Stock Options

As on date of this Information Memorandum, our Company has in place 5paisa Capital Limited Employee Stock Options Scheme 2017 for issue of options to the eligible employees, which was approved pursuant to the resolution passed by our Board of Directors on July 19, 2017 and by our shareholders on August 21, 2017. In accordance with the 5paisa Capital Limited Employee Stock Options Scheme 2017, our Company may issue a maximum of 6,00,000 Equity Shares to the eligible employees. The 5paisa Capital Limited Employee Stock Options Scheme 2017 is formulated in accordance with SEBI (Shared Based Employee Benefits) Regulations, 2014 and is administered by the nomination and remuneration committee of the Board. As on date of this Information Memorandum, our Company has not granted any options under the 5paisa Capital Limited Employee Stock Options Scheme 2017.

## 6. Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company as on the date of filing of this Information Memorandum.

Table I - Summary Statement holding of specified securities																		
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	3694457	0	0	3694457	29.0011	3694457	0	3694457	29.0011	0	29.0011	0	0	0	0	3694457
(B)	Public	32515	9041565	0	0	9041565	70.9753	9041565	0	9041565	70.9753	0	70.9753	0	0	NA	NA	9016635
(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	3000	0	0	3000	0.0235	3000	0	3000	0.0235	0	0.0235	0	0	NA	NA	3000
	<b>Total</b>	<b>32523</b>	<b>12739022</b>	<b>0</b>	<b>0</b>	<b>12739022</b>	<b>100.00</b>	<b>12739022</b>	<b>0</b>	<b>12739022</b>	<b>100.00</b>	<b>0</b>	<b>100.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12714092</b>

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	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.	As a % of total Shares held(b)	No.	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)	
<b>1</b>	<b>Indian</b>																		
(a)	Individuals/ Undivided Family	Hindu	5	3534457	0	0	3534457	27.7451	3534457	0	3534457	27.7451	0	27.7451	0	0	0	0	3534457
	Nirmal Bhanwarlal Jain		1	2050080	0	0	2050080	16.0929	2050080	0	2050080	16.0929	0	16.0929	0	0	0	0	2050080
	Madhu N Jain		1	680000	0	0	680000	5.3379	680000	0	680000	5.3379	0	5.3379	0	0	0	0	680000
	Venkataraman Rajamani		1	436377	0	0	436377	3.4255	436377	0	436377	3.4255	0	3.4255	0	0	0	0	436377
	Aditi Avinash Athavankar		1	360000	0	0	360000	2.826	360000	0	360000	2.826	0	2.826	0	0	0	0	360000
	Aditi Athavankar		1	8000	0	0	8000	0.0628	8000	0	8000	0.0628	0	0.0628	0	0	0	0	8000
(b)	Central Government / State Government(s)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Financial Institutions / Banks		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Any Other (Specify)		2	160000	0	0	160000	1.2560	160000	0	160000	1.2560	0	1.2560	0	0	0	0	160000
	Persons Acting In Concert		2	160000	0	0	160000	1.2560	160000	0	160000	1.2560	0	1.2560	0	0	0	0	160000
	Ardent Impex Pvt Ltd		1	108000	0	0	108000	0.8478	108000	0	108000	0.8478	0	0.8478	0	0	0	0	108000

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	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)
Orpheus Trading Pvt Ltd		1	52000	0	0	52000	0.4082	52000	0	52000	0.4082	0	0.4082	0	0	0	0	52000
<b>Sub Total (A)(1)</b>		<b>7</b>	<b>3694457</b>	<b>0</b>	<b>0</b>	<b>3694457</b>	<b>29.0011</b>	<b>3694457</b>	<b>0</b>	<b>3694457</b>	<b>29.0011</b>	<b>0</b>	<b>29.0011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3694457</b>
<b>2 Foreign</b>																		
(a) Individuals (Non-Resident Individuals / Foreign Individuals)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b) Government		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) Institutions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d) Foreign Portfolio Investor		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e) Any Other (Specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub Total (A)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding Of Promoter And Promoter Group (A)=(A)(1)+(A)(2)</b>		<b>7</b>	<b>3694457</b>	<b>0</b>	<b>0</b>	<b>3694457</b>	<b>29.0011</b>	<b>3694457</b>	<b>0</b>	<b>3694457</b>	<b>29.0011</b>	<b>0</b>	<b>29.0011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3694457</b>

Table III - Statement showing shareholding pattern of the Public shareholder

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	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.	As a % of total Shares held(b)	No.	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)	
<b>1</b>	<b>Institutions</b>																		
(a)	Mutual Fund		31	286269	0	0	286269	2.2472	286269	0	286269	2.2472	0	2.2472	0	0	NA	NA	286269
(b)	Venture Capital Funds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(c)	Alternate Investment Funds		2	6940	0	0	6940	0.0545	6940	0	6940	0.0545	0	0.0545	0	0	NA	NA	6940
(d)	Foreign Venture Capital Investors		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(e)	Foreign Portfolio Investor		120	2804879	0	0	2804879	22.018	2804879	0	2804879	22.0180	0	22.0180	0	0	NA	NA	2804879
	Hwic Asia Fund Class A Shares			1134501	0	0	1134501	8.9057	1134501	0	1134501	8.9057	0	8.9057	0	0	NA	NA	1134501
	Bank Muscat India Fund			503928	0	0	503928	3.9558	503928	0	503928	3.9558	0	3.9558	0	0	NA	NA	503928
	Wf Asian Reconnaissance Fund Limited			264253	0	0	264253	2.0744	264253	0	264253	2.0744	0	2.0744	0	0	NA	NA	264253
(f)	Financial Institutions / Banks		1	888	0	0	888	0.0098	888	0	888	0.0098	0	0.0098	0	0	NA	NA	888
(g)	Insurance Companies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(h)	Provident Funds/ Pension Funds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(i)	Any Other (Specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	<b>Sub Total (B)(1)</b>		<b>154</b>	<b>3098976</b>	<b>0</b>	<b>0</b>	<b>3098976</b>	<b>24.3266</b>	<b>3098976</b>	<b>0</b>	<b>3098976</b>	<b>24.3266</b>	<b>0</b>	<b>24.3266</b>	<b>0</b>	<b>0</b>	<b>NA</b>	<b>NA</b>	<b>3098976</b>

Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	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.	As a % of total Shares held(b)	No.	As a % of total Shares held(b)		
								Class eg: X	Class eg: y	Total									(a)
(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)	
2 Central Government/ State Government(s)/ President of India																			
Sub Total (B)(2)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
3 Non-Institutions																			
(a) Individuals				0	0									0			NA	NA	
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.			29496	802462	0	0	802462	6.2992	802462	0	802462	6.2992	0	6.2992	0	0	NA	NA	786532
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.			10	691349	0	0	691349	5.4270	691349	0	691349	5.4270	0	5.4270	0	0	NA	NA	691349
(b) NBFCs registered with RBI			0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(c) Employee Trusts			0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(d) Overseas Depositories(holding DRs) (balancing figure)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(e) Any Other (Specify)			2855	4448778	0	0	4448778	34.9224	4448778	0	4448778	34.9224	0	34.9224	0	0	NA	NA	4439778



Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	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)
Trusts		7	568	0	0	568	0.0045	568	0	568	0.0045	0	0.0045	0	0	NA	NA	568
Foreign Nationals		3	10870	0	0	10870	0.0853	10870	0	10870	0.0853	0	0.0853	0	0	NA	NA	10870
Hindu Undivided Family		869	16549	0	0	16549	0.1299	16549	0	16549	0.1299	0	0.1299	0	0	NA	NA	16549
Foreign Companies		1	3385657	0	0	3385657	26.5771	3385657	0	3385657	26.5771	0	26.5771	0	0	NA	NA	3385657
FIH Mauritius Investments Ltd			3385657	0	0	3385657	26.5771	3385657	0	3385657	26.5771	0	26.5771	0	0	NA	NA	3385657
Non Resident Indians (Non Repat)		287	241955	0	0	241955	1.8993	241955	0	241955	1.8993	0	1.8993	0	0	NA	NA	241955
Bharat H Parajia			215471	0	0	215471	1.6914	215471	0	215471	1.6914	0	1.6914	0	0	NA	NA	215471
Non Resident Indians (Repat)		737	684493	0	0	684493	5.3732	684493	0	684493	5.3732	0	5.3732	0	0	NA	NA	675493
Bharat H Parajia			400000	0	0	400000	3.1400	400000	0	400000	3.1400	0	3.1400	0	0	NA	NA	400000
Satpal Khattar			246861	0	0	246861	1.9378	246861	0	246861	1.9378	0	1.9378	0	0	NA	NA	246861
Clearing Member		166	8823	0	0	8823	0.0693	8823	0	8823	0.0693	0	0.0693	0	0	NA	NA	8823
Bodies Corporate		785	99863	0	0	99863	0.7839	99863	0	99863	0.7839	0	0.7839	0	0	NA	NA	99863
Sub Total (B)(3)		32361	5942589	0	0	5942589	46.6487	5942589	0	5942589	46.6471	0	46.6471	0	0	NA	NA	5917659

Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	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)	
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		32515	9041565	0	0	9041565	70.9753	9041565	0	9041565	70.9737	0	0	0	0	NA	NA	9016635

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	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	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form
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	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	No of Voting Rights			Total as a % of (A+B+C )	percentage of diluted share capital)	No (a)	As a % of total Shares held(b )	No (a)	As a % of total Shares held(b )	(XIV)	
									Clas s eg: X	Clas s eg: y	Tota l								
	(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)	
1	Custodian/D R Holder		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		1	3000	0	0	3000	0.0235	3000	0	3000	0.0235	0	0.0235	0	0.0000	NA	NA	3000
	Total Non- Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)		1	3000	0	0	3000	0.0235	3000	0	3000	0.0235	0	0.0235	0	0.0000	NA	NA	3000

7. The list of top ten (10) shareholders of our Company and the number of Equity Shares held by them as on the date of filing this Information Memorandum, prior to the Scheme of Arrangement becoming effective i.e., prior to September 30, 2017, and two (2) years prior to the date of filing of this Information Memorandum are set forth below:

- a. *The top ten (10) shareholders of our Company as on the date of filing of this Information Memorandum are as follows:*

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	FIH Mauritius Investments Ltd	33,85,657	26.5771
2.	Mr. Nirmal Bhanwarlal Jain	20,50,080	16.0929
3.	HWIC Asia Fund Class A Shares	11,34,501	8.9057
4.	Ms. Madhu Nirmal Jain	6,80,000	5.3379
5.	Bank Muscat India Fund	5,03,928	3.9558
6.	Mr. Venkataraman Rajamani	436,377	3.4255
7.	Mr. Bharat H Parajia	4,00,000	3.1400
8.	Ms. Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	3,60,000	2.8260
9.	WF Asian Reconnaissance Fund Limited	2,64,253	2.0744
10.	Mr. Satpal Khattar	2,46,861	1.9378
<b>Total</b>		<b>94,61,657</b>	<b>74.2731</b>

- i. *As detailed in the section titled "Our Group Companies"-Top five group Companies and para relating to IIFL Holdings Limited on page no 112 of this Information Memorandum, in 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.*

*Mr. 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, Mr. 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.

The above undertakings of Fairfax Shareholders and Promoter are submitted to SEBI/Exchanges and also disclosed herein.

- b. The top ten (10) shareholders\* of our Company prior to the Scheme of Arrangement becoming effective i.e., prior to September 30, 2017 are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	IIFL Holdings Limited	1,77,16,494	99.99
2.	Mr. Narendra Jain (as a nominee of IIFL Holdings Limited)	1	0
3.	Mr. Mohan Radhakrishnan (as a nominee of IIFL Holdings Limited)	1	0
4.	Mr. Prabodh Agrawal (as a nominee of IIFL Holdings Limited)	1	0
5.	Mr. Gajendra Singh Thakur (as a nominee of IIFL Holdings Limited)	1	0
6.	Mr. Chintan Modi (as a nominee of IIFL Holdings Limited)	1	0
7.	Mr. Dinesh Tanwar (as a nominee of IIFL Holdings Limited)	1	0
<b>Total</b>		<b>1,77,16,500</b>	<b>100</b>

\* In accordance with the provisions under the CA 2013, a public limited company is required to have a minimum of seven (7) shareholders. Accordingly, prior to the Scheme of Arrangement becoming effective, our Company had seven (7) shareholders.

- c. The top ten (10) shareholders\* of our Company two (2) years prior to the date of filing of this Information Memorandum are as follows:

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

\* In accordance with the provisions under CA 2013, a public limited company is required to have a minimum of seven (7) shareholders. Accordingly, prior to the Scheme of Arrangement becoming effective, our Company had seven (7) shareholders.

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

Sr. No.	Name	Pre-Scheme		Post-Scheme	
		No. Equity Shares	Percentage (%)	No. Equity Shares	Percentage (%)
1.	Mr. Mohan Radhakrishnan	Nil	Nil	6,800	0.0534
2.	Mr. Narendra Jain	Nil	Nil	2,220	0.0174
<b>Total</b>		<b>Nil</b>	<b>Nil</b>	<b>9,020</b>	<b>0.0708</b>

Except as disclosed above, none of our Directors and Key Management Personnel hold any Equity Shares as on the date of this Information Memorandum.

9. Except as disclosed in this section, and allotment of 1,27,39,022 Equity Shares and cancellation of Equity Shares, in terms of the Scheme of Arrangement sanctioned by the NCLT on September 06, 2017, none of our Promoters, Promoter Group, or Directors have purchased or subscribed or sold any securities of our Company within three (3) years immediately preceding the date of filing of this Information Memorandum which in aggregate is equal to or greater than 1% of pre-Scheme capital of our Company.
10. All Equity Shares were fully paid up as on the date of allotment.
11. Except as disclosed in the Information Memorandum, our Company has not made any public or rights issue of any kind or class of securities since its incorporation.
12. As on the date of this Information Memorandum, our Company has allotted 1,27,39,022 Equity Shares to equity shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement sanctioned by the NCLT.
13. As of the date of filing of this Information Memorandum, our Company has 32,523 shareholders.
14. Neither we, nor our Directors nor their relatives have purchased, sold or financed, directly or indirectly, any securities of our Company during the period of six (6) months immediately preceding the date of filing of this Information Memorandum.
15. There will be no further issue of 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 Information Memorandum until the Equity Shares have been listed on the Stock Exchanges.

16. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares as on date of this Information Memorandum. For details relating to employee stock options, please see section titled "*Capital Structure – Employee Stock Option*" on page 31 of this Information Memorandum.
17. Our Company has not issued any Equity Shares out of revaluation reserves.
18. At least 25% of the post-Scheme paid-up share capital of our Company comprises of Equity Shares allotted to public shareholders.
19. There have been no financial arrangements whereby our 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 (6) months preceding the date of filing of this Information Memorandum.
20. There shall be only one (1) 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.

### 3.4 SCHEME OF ARRANGEMENT

The Scheme of Arrangement is a scheme of arrangement under Section 391 to 394 read with Section 100 and other applicable provisions of the CA 1956 for the demerger of the 5Paisa Digital Undertaking, on a going concern basis and vesting of the same in our Company. Our Board of Directors approved the Scheme of Arrangement pursuant to its resolution dated September 30, 2016. The Scheme of Arrangement was sanctioned by the NCLT by an order dated September 06, 2017. The Scheme of Arrangement came into effect on September 30, 2017.

The rationale for the Scheme of Arrangement is as follows:

- 1) Both IIFL Holdings Limited and our Company form part of the IIFL group.
- 2) The digital way of trading in securities is emerging as a new segment with potential to achieve critical mass and grow exponentially in the near future with the spread of internet and mobile penetration as also 3G/ 4G telecommunication and data services throughout India.
- 3) To enable our Company to acquire, service and grow the new emerging do-it-yourself customer segment, which prefers least cost for various financial products.
- 4) To enhance the business focus and enabling investors to invest seamlessly, on their own, from anywhere.

Unless specified otherwise, the capitalized terms used in this section have the meaning that has been given to such terms in the Scheme of Arrangement.

**The text of the Scheme is as under:**

#### **I. PURPOSE OF THE SCHEME**

*The Scheme of Arrangement is presented under Sections 391 to 394 read with Section 100 and other applicable provisions of the Companies Act, 1956 (“the Act”), for demerger of the 5Paisa Digital Undertaking carried out by IIFL Holdings Limited (“IHL” or “the Demerged Company”), on a going concern basis and vesting in 5Paisa Capital Limited (“5PCL” or “the Resulting Company”). The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.*

#### **II. RATIONALE OF THE SCHEME**

*Both the companies under this Scheme of Arrangement are part of IIFL Group (“the Group”). The Group business consists of Financial Services, Financing, Housing Finance, Capital Market Services, Merchant Banking, Investment Advisory, Insurance Broking, Distribution of Financial Products, Wealth Management & Asset Management Services and 5Paisa Digital Business which are carried out either by itself or through each of the subsidiaries of IHL.*

*IHL is engaged in Merchant Banking, Investment Advisory services including holding investments in subsidiaries. Besides the aforesaid, IHL has also over a period of time engaged in and has invested in set-up of 5Paisa Digital Business which includes development/maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5Paisa.com), software rights, brand i.e. 5Paisa establishment, protection and support, Infrastructure and facilities services etc.*

*5PCL is engaged in providing an online technology platform through internet terminals and mobile apps for trading of securities in National Stock Exchange of India Limited & BSE Limited, Depository Participant of CDSL, AMFI, and providing a wider basket of financial services including distribution of mutual fund bonds and debentures etc. The digital way of doing trading in securities is emerging as a new segment with potential to achieve critical*

mass and grow exponentially in near future with the spread of internet and mobile penetration as also 3G/4G telecommunication and data services throughout the Country. 5paisa will acquire, service and grow the new emerging DIY (Do-it-yourself) customer segment who prefer least cost for various financial products. Their service providers operate with cutting edge technology with minimal physical infrastructure and manpower. Such organizations require a different structure and culture. This proposition will not only enhance business focus but will also enable investors to invest seamlessly from anywhere on their own. Keeping in view the above, the Board has decided to demerge 5Paisa Digital Undertaking from IHL to seize the opportunity of such new DIY customer segment.

### **III. PARTS OF THE SCHEME**

The Scheme of Arrangement is divided into the following parts:

**Part A** – Deals with the Definitions, Interpretation and Share Capital;

**Part B** – Deals with the demerger of 5Paisa Digital Undertaking from IHL into 5PCL; and

**Part C** – Deals with the General Terms and Conditions

#### **PART A**

#### **DEFINITIONS, INTERPRETATION AND SHARE CAPITAL**

##### **1. DEFINITIONS**

In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expression shall have the meanings respectively assigned against them:

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956, the rules and regulations made thereunder and will include any statutory modification or re-enactment thereof for the time being in force and also mean and refer to corresponding sections of the Companies Act, 2013 the rules and regulations made thereunder, as and when such corresponding sections are notified by the Central Government;
- 1.2 **“Appointed Date”** means October 1, 2016 or such other date as may be fixed or approved by the High Court or respective National Company Law Tribunal (NCLT), if and when made operational or such other competent authority.
- 1.3 **“BSE”** means the BSE Limited;
- 1.4 **“Board” or “Board of Directors”** means the Board of Directors or any committee thereof of the IHL or 5PCL or both as the context may require;
- 1.5 **“Court” or “High Court”** means the High Court of Judicature at Bombay and High Court of Judicature at Madras and shall include the National Company Law Tribunal, if and when made operational.
- 1.6 **“5Paisa Digital Undertaking”** means the entire business undertaking of IHL relating to set-up of 5Paisa digital business which includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5Paisa.com), software rights, brand (5Paisa) establishment, protection and support, Infrastructure and facilities services etc. along with all related assets, investments in 5PCL, liabilities, employees, technology, software including specifically the following:
  - i. all properties and assets, whether moveable or immovable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, covenant and undertakings of IHL pertaining to 5Paisa Digital Undertaking;

- ii. *all assets (whether moveable or immovable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) including investments of IHL pertaining to 5Paisa Digital Undertaking and not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstanding in litigations or paid under protest, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses, registrations, domain name (5Paisa.com), trademark, logo, mobile application and source code of mobile application program, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by IHL pertaining to the 5Paisa Digital Undertaking;*
- iii. *all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of IHL pertaining to the 5Paisa Digital Undertaking comprising of:*
  - a) *all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of IHL pertaining to the 5Paisa Digital Undertaking;*
  - b) *the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of IHL pertaining to the 5Paisa Digital Undertaking; and*
  - c) *liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the 5Paisa Digital Undertaking, being the amounts of any general or multipurpose borrowings of IHL as stand in the same proportion which the value of assets, transferred under this Clause, of the 5Paisa Digital Undertaking bears to the total value of the assets of IHL immediately before the Appointed Date.*
- iv. *all intellectual property rights, including domain name (5Paisa.com), trademark, logo, mobile application and source code of mobile application program, logo and copyrights of IHL pertaining to 5Paisa Digital Undertaking;*
- v. *all books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to 5Paisa Digital Undertaking;*
- vi. *all permanent employees employed by IHL pertaining to the 5Paisa Digital Undertaking, as identified by IHL, as on the Effective Date.*
- vii. *all earnest monies, security deposits, or other entitlements, if any, in connection with or relating to IHL pertaining to 5Paisa Digital Undertaking;*

*Any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the 5Paisa Digital Undertaking or whether it arises out of the activities or operations of the 5Paisa Digital Undertaking or not, shall be decided by the Board of Directors of IHL or any committee thereof.*

- 1.7 **“Effective Date”** means the date on which the authenticated copies or certified copies of the Orders of High Court of Judicature at Bombay under Sections 391 to 394 of the Act sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra at Mumbai by IHL and 5Paisa Capital Limited at Tamil Nadu at Chennai.

- 1.8 **“5Paisa Capital Limited” or “5PCL” or “the Resulting Company”** means 5Paisa Capital Limited (CIN: U67190MH2007PLC289249), a company incorporated under the Companies Act, 1956 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 is engaged in trading of securities in National Stock Exchange of India Limited & BSE Limited, Depository Participant of CDSL and providing a wider basket of financial services including mutual fund distribution registered with AMFI, bonds and debentures etc. It is a wholly owned subsidiary of IIFL Holdings Limited ;
- 1.9 **“IIFL Holdings Limited” or “IHL” or “the Demerged Company”** means IIFL Holdings Limited (CIN: L74999MH1995PLC093797), a Company incorporated under the Act and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 and is engaged in Merchant Banking, Investment Advisory, investment in Subsidiaries and other financial services and it is a listed Company at NSE and BSE;
- 1.10 **“Record Date”** means the date to be fixed jointly by the Board of Directors of IHL and 5PCL for the purposes of determining the shareholders of IHL to whom shares would be issued in accordance with Clause 5 of this Scheme (as defined hereinafter);
- 1.11 **“Remaining business of IHL”** means all the undertakings, businesses, activities, operations and investments of IHL other than the 5Paisa Digital Undertaking;
- 1.12 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form as submitted to the Hon’ble High Court or this Scheme with such modification(s) / amendments, if any made, as per Clause 16 of the Scheme.
- 1.13 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

Reference to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme. The singular shall include the plural and vice versa.

## 2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

- 2.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or made as per Clause 16 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date unless the context requires otherwise.
- 2.2 Any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date.

## 3. **SHARE CAPITAL**

- 3.2 The share capital of IHL as at March 31, 2016 is as under:

<b>Share Capital</b>	<b>Amount (In Rs.)</b>
<b>Authorized Share Capital</b>	
600,000,000 equity shares of Rs. 2 each	1,20 0,000,000
<b>TOTAL</b>	<b>1,200,000,000</b>
<b>Issued, subscribed and paid-up Share Capital</b>	
316,536,853 equity shares of Rs. 2 each, fully paid up	633,073,706
<b>TOTAL</b>	<b>633,073,706</b>

Subsequent to the above Balance Sheet date and till the date of the Scheme being approved by the Board of Directors of IHL, there has been a change in the Issued, subscribed and paid up share capital

of IHL. As on the date of approval of the Scheme by the Board of Directors i.e. on September 30, 2016, the revised capital structure is as under:

<b>Share Capital</b>	<b>Amount (In Rs.)</b>
<u>Authorized Share Capital</u>	
600,000,000 equity shares of Rs. 2 each	1,200,000,000
<b>TOTAL</b>	<b>1,200,000,000</b>
<u>Issued, subscribed and paid-up Share Capital</u>	
317,095,853 equity shares of Rs. 2 each, fully paid up	634,191,706
<b>TOTAL</b>	<b>634,191,706</b>

3.3 The share capital of 5PCL as at March 31, 2016 is as under:

<b>Share Capital</b>	<b>Amount (In Rs.)</b>
<u>Authorized Share Capital</u>	
10,00,000 equity shares of Rs. 10 each	10,00,00,000
<b>TOTAL</b>	<b>10,00,00,000</b>
<u>Issued, subscribed and paid-up Share Capital</u>	
30,50,000 Equity shares of Rs. 10 each, fully paid up	3,05,00,000
<b>TOTAL</b>	<b>3,05,00,000</b>

Subsequent to the above Balance Sheet date and till the date of the Scheme being approved by the Board of Directors of 5PCL, there has been a change in the Authorized, issued, subscribed and paid up share capital of 5PCL. As on the date of approval of the Scheme by the Board of Directors i.e. September 30, 2016, the revised capital structure is as under:

<b>Share Capital</b>	<b>Amount (In Rs.)</b>
<u>Authorized Share Capital</u>	
18,000,000 equity shares of Rs. 10 each	180,000,000
<b>TOTAL</b>	<b>180,000,000</b>
<u>Issued, subscribed and paid-up Share Capital</u>	
17,716,500 equity shares of Rs. 10 each, fully paid up	177,165,000
<b>TOTAL</b>	<b>177,165,000</b>

## **PART B**

### **TRANSFER AND VESTING OF 5PAISA DIGITAL UNDERTAKING OF IHL INTO 5PCL**

#### **4. TRANSFER AND VESTING OF 5PAISA DIGITAL UNDERTAKING**

4.1 Upon the scheme becoming effective and with effect from the Appointed Date, the whole of the undertaking and assets and properties of the 5Paisa Digital Undertaking, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred to and vested in and/or deemed to be transferred to and vested in 5PCL, so as to vest in 5PCL all the rights, title and interest pertaining to the 5Paisa Digital Undertaking, as a going concern, in compliance with Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. The transfer and vesting of 5Paisa Digital Undertaking of IHL shall happen in the following manner:

4.1.1. Any and all assets relating to the 5Paisa Digital Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recorded pursuant to this Scheme shall stand transferred and vested by IHL to 5PCL and shall become the property and an integral part of



*5PCL. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly.*

- 4.1.2. *Any and all movable properties of IHL relating to the 5Paisa Digital Undertaking, other than those specified in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of the 5PCL. The investments held in dematerialized form will be transferred to 5PCL by issuing appropriate delivery instructions to the depository participant with whom IHL have an account.*
- 4.1.3. *With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of IHL relating to the 5Paisa Digital Undertaking shall, without any further act or deed be and stand transferred to 5PCL so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of 5PCL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. After the Effective Date, 5PCL undertakes to meet, discharge and satisfy the said liabilities to the exclusion of IHL and to keep IHL indemnified at all times from and against all such liabilities and from and against all actions, demands and proceedings in respect thereto.*
- 4.1.4. *With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents, trademark, logo, domain name held by IHL required to carry on operations in the 5Paisa Digital Undertaking shall stand vested in or transferred to 5PCL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of 5PCL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to 5PCL pursuant to the Scheme.*
- 4.2. *The transfer and vesting of 5Paisa Digital Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to 5Paisa Digital Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the 5Paisa Digital Undertaking.*
- 4.3. *All taxes, duties, cess payable by IHL relating to the 5Paisa Digital Undertaking including all or any refunds / credit / claims relating thereto shall be treated as the liability or refunds / credit / claims, as the case may be, of 5PCL, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds / credit / claims relating to the 5Paisa Digital Undertaking shall continue to be borne by IHL. It is specifically provided that if IHL or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the 5Paisa Digital Undertaking the same shall be on behalf of and as a trustee of 5PCL and the same shall be refunded to / paid by 5PCL.*
- 4.4. *Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the 5Paisa Digital Undertaking of IHL or whether it arises out of the activities or operations of 5Paisa Digital Undertaking of IHL shall be decided by mutual agreement between the Board of Directors of IHL and 5PCL.*

## **5. ISSUE OF SHARES**

- 5.1 *Upon this Scheme becoming effective and upon vesting of the 5Paisa Digital Undertaking of IHL in 5PCL in terms of this Scheme, 5PCL shall, without any further application or deed, issue and allot equity shares ("New Equity Shares"), credited as fully paid-up, to the extent indicated below, to the members of IHL, holding fully paid up equity shares in IHL and whose names appear in the Register of*

*Members of IHL on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as may be recognized by the Board of Directors of 5PCL in the following manner:*

*“1 (One) fully paid up New Equity Share of Rs. 10 (Rupees Ten) each of 5PCL shall be issued and allotted for every 25 (Twenty Five) fully paid up equity shares of Rs. 2 (Rupees Two) each held in IHL.”*

- 5.2 No fractional shares shall be issued by 5PCL in respect of the fractional entitlements, if any, to which the members of IHL may be entitled on issue and allotment of Equity Shares in 5PCL as above. The Board of Directors of 5PCL or a committee thereof shall consolidate all such fractional entitlements to be rounded off, and issue and allot the Equity Shares in lieu thereof to a Director and / or Officer(s) as nominee of 5PCL on the express understanding that such Director and / or Officer(s) to whom such new Equity Shares are allotted shall sell the same in the market and pay to 5PCL the net sale proceeds thereof, whereupon 5PCL shall distribute such net sale proceeds to the members of IHL in proportion to their fractional entitlements*
- 5.3 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of IHL, the Board of Directors of IHL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in IHL, after the effectiveness of this Scheme.*
- 5.4 The New Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of IHL in dematerialized form, in to the account in which IHL shares are held or such other account as is intimated by the shareholders to IHL and / or its Registrar before the Record Date. All those shareholders who hold shares of IHL in physical form shall receive the equity shares, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to IHL and / or its Registrar before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form.*
- 5.5 The New Equity Shares to be issued by 5PCL to the members of IHL pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 on all the Stock Exchanges on which shares of IHL are listed on the Effective Date. 5PCL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for 5PCL with the requirements of the said Stock Exchanges/SEBI. Upon the said allotment the resultant shareholders/shareholding pattern of 5PCL will be identical to the shareholders/shareholding pattern of IHL. The New Equity Shares of 5PCL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s). There shall be no change in the shareholding pattern or control in 5PCL between the Record Date and the listing which may affect the status of approvals received from the Stock Exchange(s). The shares so allotted shall be freely tradable and shall not have any lock in period unless contrary contained in any regulation. Post sanction of the Scheme by National Company Law Tribunal, IHL/5PCL will make necessary application(s) to NSE/BSE/ SEBI in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India vide Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 including for relaxation under sub rule 19(7) of rule 19 of Securities Contracts (Regulations) Rules, 1957.*
- 5.6 5PCL shall and to the extent if required, increase its Authorized Share Capital to facilitate issue of equity shares under this Scheme.*
- 5.7 Approval of this Scheme by the shareholders of 5PCL shall be deemed to be the due compliance of the provisions of Section 42 read with 62 of the Companies Act, 2013, and the other relevant and applicable provisions of the Act for the issue and allotment of New Equity Shares by 5PCL to the shareholders of IHL, as provided in this Scheme*



5.8 *The approval of this Scheme by the shareholders of IHL and 5PCL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 13, 14 and 186 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.*

## **6. REDUCTION OF EQUITY CAPITAL**

6.1 *The equity shares of the Resulting Company, held by the Demerged Company on the Effective Date shall be cancelled without any further act or deed, and without payment of consideration.*

6.2 *The order of the High Court sanctioning the Scheme will be deemed to be an order under Section 66 of the Companies Act, 2013 or under Section 100 of the Companies Act, 1956 (as may be applicable).*

6.3 *The reduction shall be effected as an integral part of this Scheme under Section 100 to 103 of the Companies Act, 1956 corresponding to Section 66 of the Companies Act, 2103 and the order of High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Companies Act, 1956 for the purpose of confirming the reduction.*

## **7. ACCOUNTING TREATMENT**

### **In the books of 5PCL**

7.1 *5PCL shall, upon the Scheme becoming effective, record all assets and liabilities relating to the 5Paisa Digital Undertaking of IHL vested in it pursuant to this Scheme, at respective book values, as appearing in the books of IHL, at the close of business on the day immediately preceding the Appointed Date.*

7.2 *5PCL shall credit to its Share Capital account, the aggregate face value of the New Equity Shares issued by it pursuant to this Scheme*

7.3 *On the Scheme becoming effective, the investment made by IHL in the equity share capital of 5PCL would get cancelled. Further, the face value of the equity share capital of 5PCL held by IHL would also get reduced.*

7.4 *The inter-company balances, if any, appearing in the books of accounts of 5PCL and the 5Paisa Digital Undertaking being transferred, will stand cancelled;*

7.5 *The difference being the excess of the net assets value (after giving adjustment to clause 7.2 above) of 5Paisa Digital Undertaking transferred to 5PCL determined as per clause 7.1 above, over the value of New Equity Shares issued and allotted as per clause 5.1 by 5PCL reduced by the face value of the equity share capital of 5PCL cancelled on the Scheme being effective would be recorded as Capital Reserve. Shortfall, if any, shall be recorded as Goodwill.*

7.6 *In case of any differences in accounting policy between IHL and 5PCL, the accounting policies followed by 5PCL will prevail and the difference till the Appointed Date will be quantified and adjusted in the Capital Reserve / Goodwill Account to ensure that the financial statements of 5PCL reflect the financial position on the basis of consistent accounting policy. The Treatment in this clause shall be applicable irrespective of any change in the accounting method.*

### **In the books of IHL**

7.7 *Upon the Scheme becoming effective, IHL shall reduce the book value of assets and liabilities pertaining to the 5Paisa Digital Undertaking transferred to 5PCL.*

7.8 *The excess of the book value of assets transferred over the book value of liabilities transferred shall be first adjusted against the Capital Reserve Account and balance against General Reserve account of IHL and the balance, if any, shall be adjusted against Profit & Loss Account.*

## 8. **EMPLOYEE STOCK OPTION SCHEME OF IHL**

- 8.1 *The options granted (whether vested or not) (“Options”) by the Demerged Company pursuant to the existing stock option scheme of the Demerged Company (“Existing Stock Option Scheme”) to its employees (whether Transferred Employees or Remaining Employees) will continue to be governed by the provisions of the Existing Stock Options Scheme.*
- 8.2 *Upon the Scheme Coming into effect, the outstanding Options as on the Record Date shall be reworked by the Compensation Committee in such a manner that the employees on exercise of such Options will be entitled to the same benefit in terms of the value of equity shares of Demerged Company as they would have received on the exercise of the Options prior to the Demerger.*
- 8.3 *The fair value of equity share of 5PCL as on the record date as certified by the Independent Chartered Accountant/Merchant Banker will be disclosed / provided by IHL to the outstanding option grantees of IHL soon after the Record Date. In proportion to the share exchange ratio of IHL and 5PCL, the portion of the fair value of 5PCL to the corresponding per share grant price of ESOPs of IHL will stand reduced from the respective Grant Price of the outstanding options on the Record Date or such other manner as the Compensation Committee may decide keeping in the objective as mentioned in point No.8.2 above.*
- 8.4 *From the Effective Date, any options that may be granted by the Demerged Company under the Existing Stock Option Scheme, shall exclude the Employees of 5PCL.*
- 8.5 *Upon the Scheme becoming effective, Existing Stock Option Scheme shall be deemed to have been suitably modified, subject to the approvals of Board/Nominations and Remuneration Committee / approvals/permissions/compliances as may be required, if any.*
- 8.6 *Further, approval granted to the Scheme by the Shareholders of the Demerged Company and the Appropriate Authorities shall also be deemed to be approval granted to any modifications made to the Existing Stock Option Scheme required to give effect to the provisions of the Scheme. No further approval of the shareholders of the Demerged Company or appropriate authority would be required in connection. The variations of the Existing Stock Option Schemes made pursuant to this clause are not detrimental or prejudicial to the interests of the concerned employees.*

## 9. **CONDUCT OF 5PAISA DIGITAL UNDERTAKING OF IHL TILL THE EFFECTIVE DATE**

*With effect from the date of the Board of Directors of IHL and 5PCL approving this Scheme upto the Effective Date:*

- 9.1 *IHL shall be deemed to have been carrying on and shall carry on its business and activities relating to the 5Paisa Digital Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the 5Paisa Digital Undertaking for and on account of and in trust for 5PCL. IHL hereby undertakes to hold its said assets with utmost prudence until the Effective Date.*
- 9.2 *IHL shall carry on and be deemed to have carried on its business and activities relating to the 5Paisa Digital Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of 5PCL, alienate charge, mortgage, encumber or otherwise deal with or dispose of the 5Paisa Digital Undertaking or part thereof.*
- 9.3 *All the profits or income accruing or arising to IHL or expenditure or losses arising or incurred or suffered by IHL pertaining to the Online Business Undertaking shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of 5PCL.*
- 9.4 *IHL shall not vary the terms and conditions of employment of any of the employees of IHL pertaining to the 5Paisa Digital Undertaking except in the ordinary course of business or without the prior*

consent of 5PCL or pursuant to any pre-existing obligation undertaken by IHL, as the case may be, prior to the Appointed Date.

- 9.5 IHL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which 5PCL may require to carry on the 5Paisa Digital Undertaking of IHL.

## 10. **EMPLOYEES**

- 10.1 On the Scheme becoming operative, all staff and employees of IHL pertaining to 5Paisa Digital Undertaking in service on the Effective Date shall be deemed to have become staff and employees of 5PCL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with 5PCL shall not be less favorable than those applicable to them with reference to their employment in IHL.

- 10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff and employees of IHL pertaining to 5Paisa Digital Undertaking or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of IHL in relation to 5Paisa Digital Undertaking in relation to such Fund or Funds shall become those of 5PCL. It is clarified that the services of the staff and employees of IHL pertaining to 5Paisa Digital Undertaking will be treated as having been continuous for the purpose of the said Fund or Funds.

## 11. **LEGAL PROCEEDINGS**

- 11.1 If any suit, appeal or other proceeding of whatever nature by or against IHL in relation to 5Paisa Digital Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against 5PCL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against IHL in relation to 5Paisa Digital Undertaking as if this Scheme had not been made.

- 11.2 After the Appointed Date, if any proceedings are taken against IHL in respect of the matters referred to in the Clause 11.1 above, IHL shall defend the same at the cost of 5PCL and 5PCL shall reimburse and indemnify IHL against all liabilities and obligations incurred by it in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc. which IHL may be called upon to pay or secure in respect of any liability or obligation relating to 5Paisa Digital Undertaking.

- 11.3 5PCL undertakes to have all legal or other proceedings initiated by or against IHL referred to in Clause 11.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against 5PCL to the exclusion of IHL to the extent legally permissible after the Scheme being effective. To the extent such proceedings cannot be taken over by 5PCL, the proceedings shall be pursued by IHL for and on behalf of 5PCL as per the instructions of and entirely at the cost and expenses of 5PCL.

- 11.4 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against IHL in relation to 5Paisa Digital Undertaking including litigations, suits, recovery proceedings relating to excise duty and labour issues, 5PCL shall be made party thereto and any payment and expenses made thereto shall be the liability of 5PCL. Any other litigation, suit, recovery proceedings of excise duty or labour matters pertaining to 5Paisa Digital Undertaking that may, arise after the Appointed Date, shall also stand transferred to 5PCL and no liability shall ever be vested in IHL.

## 12. **CONTRACTS, DEEDS, ETC.**

12.1 *Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to 5Paisa Digital Undertaking to which IHL is a party and which is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of 5PCL and may be enforced by or against 5PCL as fully and effectually as if, instead of IHL, 5PCL had been a party thereto.*

12.2 *5PCL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which IHL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. 5PCL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of IHL for the 5Paisa Digital Undertaking and to implement or carry out all formalities required to give effect to the provisions of this Scheme.*

13. **REMAINING BUSINESS**

13.1 *It is clarified that the Remaining Business of IHL shall continue with IHL as follows:*

- (a) *The Remaining Business of IHL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by IHL.*
- (b) *All legal and other proceedings by or against IHL under any statute, whether pending and / or arising on or before the Appointed Date and relating to the Remaining Business of IHL (including those relating to any property, right, power, liability, obligation or duty, of IHL in respect of the Remaining Business) shall be continued and enforced by or against IHL.*
- (c) *With effect from the date of filing of this Scheme with the High Court and up to and including the Effective Date –*
  - i. *IHL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business for and on its own behalf;*
  - ii. *all income or profit accruing to IHL or expenditure or losses arising or incurred by it relating to the Remaining Business are and shall for all purposes, be treated as the income or profit or expenditure or losses, as the case may be, of IHL.*

14. **SAVING OF CONCLUDED TRANSACTIONS**

*The transfer of the 5Paisa Digital Undertaking of IHL to 5PCL under Clause 4 above and the continuance of proceedings by or against 5PCL under Clause 11 above shall not affect any transaction or proceedings already concluded by IHL or after the Appointed Date till the Effective Date, to the end and intent that 5PCL accept and adopts all acts, deeds and things done and executed by IHL for the 5Paisa Digital Undertaking in respect thereto as done and executed on behalf of itself.*

**PART C**  
**GENERAL TERMS AND CONDITIONS**

15. **APPLICATION TO HIGH COURT**

*IHL and 5PCL shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Court for seeking approval of the Scheme.*

16. **MODIFICATION OR AMENDMENTS TO THE SCHEME**

*Subject to approval of High Court, IHL and 5PCL by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any*

other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board of Directors). IHL and 5PCL by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

**17. CONDITIONALITY OF THE SCHEME**

*This Scheme is and shall be conditional upon and subject to:*

- 17.1 *The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of 5PCL and IHL as may be directed by the High Court.*
- 17.2 *The necessary approvals from NSE/BSE/CDSL/ SEBI as may be required as a member of NSE and BSE as well as depository participant of CDSL.*
- 17.3 *IHL/5PCL shall comply with all requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulation') and all the statutory directives of SEBI/NSE/BSE/NCLT in so far as they relate to sanction and implementation of this Scheme.*
- 17.4 *The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.*
- 17.5 *The sanction of the High Court under Sections 391 to 394 of the said Act in favour of IHL and 5PCL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;*
- 17.6 *Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the respective Registrar of Companies by IHL and 5PCL.*

**18. EFFECT OF NON-RECEIPT OF APPROVALS**

*In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2017 or within such further period or periods as may be agreed upon between IHL and 5PCL by their Board of Directors (and which the Board of Directors of IHL and 5PCL agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.*

**19. REPEALS AND SAVINGS**

*Any matter filed with Registrar of Companies, Regional Director or the Central Government under the Companies Act, 1956, before the notification of the corresponding provisions under The Companies Act, 2013 and not fully addressed at that time shall be concluded by the Registrar of Companies, Regional Director or the Central Government, as the case may be, in terms of the Companies Act, 1956. Any direction or order given by the Hon'ble High Court under the provisions of the Companies Act, 1956 and any act done by the Company based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of The Companies Act, 2013. Accordingly, the provisions of The Companies Act, 2013, shall not apply to acts done by the Company as per direction or order of the Hon'ble High Court sanctioning the Scheme.*

**20. COSTS, CHARGES & EXPENSES**



*All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of IHL and 5PCL shall be borne by IHL. It shall also include all expenses incurred in connection with and implementing this Scheme and matters incidental thereto. If any stamp duty is levied pursuant to the transfer of the 5Paisa Digital Undertaking to 5PCL pursuant to this Scheme and other consequential matters shall only be borne by IHL.*



### 3.5 STATEMENT OF TAX BENEFITS

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

#### STATEMENT OF TAX BENEFITS

To,

**The Board of Directors**  
5 Paisa Capital Limited  
HFL House, Sun Infotech Park  
Wagle Industrial Estate,  
Road No. 16V, Thane,  
Maharashtra - 400 604

Dear Sirs,

**Sub: Statement of Possible Tax Benefits available to 5 Paisa Capital Limited and its shareholders**

We report that the enclosed statement states the possible tax benefits available to 5 Paisa Capital Limited ("the Company") and to the shareholders of the Company under the Income Tax Act, 1961, as amended by Finance Act, 2016. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives, the Company face in future, the Company may or may not choose to fulfill.

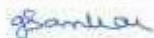
The possible tax benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of individual nature of the tax consequences and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

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

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

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

For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.109208W



G. Sankar  
Partner  
Membership No.46050

Place: Mumbai  
Date: 14.09.2017

**STATEMENT OF TAX BENEFITS**

**UNDER THE INCOME TAX ACT, 1961 ("THE ACT")**

**BENEFITS TO THE COMPANY UNDER THE ACT:**

**a) Minimum Alternate Tax (MAT) Credit**

- As per provisions of Section 115JB of the Act, the Company is eligible to claim credit for Minimum Alternate Tax (MAT) paid against normal income-tax payable in subsequent assessment years. The amount of credit available shall be the difference between MAT payable under section 115JB of the Act and taxes payable on total income computed under other provisions of the Act.
- MAT credit shall be allowed to be carried forward for any assessment year to the extent of difference between the tax paid under Section 115JB and the tax payable as per the normal provisions of the Act for that assessment year. Such MAT credit is available for set-off up to 15 years succeeding the assessment year in which the MAT credit arises.

**b) Dividends**

- As per the provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. However, as per Section 94(7) of the Act, losses arising from purchase and sale of securities, where such securities are bought or acquired within a period of three months prior to the record date and such securities are sold or transferred within three months from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt, if any.
- Any amount declared, distributed or paid by the Company to shareholders by way of dividends on or after 1 April 2003, whether out of current or accumulated profits, shall be charged to additional income tax at the rate of 15 percent (plus applicable surcharge and cess) under Section 115-O of the Act. In view of the amendment brought in by Finance (No.2) Act, 2014, for the purpose of determining the tax on distributed profits payable in accordance with Section 115-O of the Act, the amount of dividends on or after 1 April 2003 needs to be increased to such amount as would, after reduction of tax on such increased amount at the specified rate, be equal to the net distributed profits.
- Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.
- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess) up to March 31, 2014. As per Finance Act, 2014, the benefit of lower rate of 15% is extended without limiting it to a particular assessment year.
- For removing the cascading effect of dividend distribution tax, while computing the amount of dividend distribution tax payable by a Domestic Company, the dividend received from a foreign subsidiary on which income-tax has been paid by the Domestic Company under Section 115BBD of the Act shall be reduced.
- Any income received from distribution made by any mutual fund specified under Section 10(23D) of the Act or from the administrator of the specified undertaking or from the units of specified company referred to in Section 10(35) of the Act, is exempt from tax in the hands of the Company under Section 10(35) of the Act. However, as per Section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to





receive income) and sold within nine months from the record date, will be disallowed to the extent of the amount of income claimed exempt, if any.

As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

**c) Carry forward and set off of losses**

- As per the provisions of Section 72(1) of the Act, if the net result of the computation of income from business is a loss to the Company, not being a loss sustained in a speculation business, such loss can be set off against any other income and the balance loss, if any, can be carried forward for eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be set off against business income.
- As per the provisions of Section 72A of the Act, pursuant to business re-organisations such as demerger, etc., the successor company shall be allowed to carry forward any accumulated tax losses/ unabsorbed depreciation of the predecessor company, subject to fulfillment of prescribed conditions.

**d) Capital gains**

- As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.
- Long Term Capital Gain (LTCG) arising on transfer of equity shares of a company or units of an equity oriented fund which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of a business trust as defined in Section 2(13A), is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to compliance of conditions specified in that section.
- Book income on transfer of investment in a company is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if tax on long term capital gain resulting on sale of listed securities (other than a unit) or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax calculated at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of a business trust, are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D), where such transaction is not chargeable to STT is taxable at the normal rate of 30% (plus applicable surcharge and cess).
- As per Section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly, where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference



between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

- As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long - term capital gains arising during subsequent eight assessment years.
- As per the provisions of section 54D of the Act and subject to the conditions to the extent specified therein, capital gains arising on compulsory acquisition of land & building or any right therein used by an industrial undertaking, will be exempt from tax if the capital gains are invested in — land, building, or any right therein within 3 years from the date of compulsory acquisition for the purpose of shifting / re-establishing/ setting up another industrial undertaking/ subject to lower of Capital Gain or the Cost of acquisition of new land and building.
- In accordance with and subject to the conditions and to the extent specified in section 54EC of the Act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and 10(38)) if such capital gain is invested within a period of six months from the date of transfer in bonds redeemable after three years and issued by:
  - i. National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
  - ii. Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

The maximum investment in the specified long term asset cannot exceed Rs. 5,000,000 during any financial year as well as capital gain arising from transfer of one or more original assets. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.

**e) Other**

- As per provisions of Section 35 (1) (ii) of the Act, in respect of sum paid to a research association which has as its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research to the extent of a sum equal to one and three fourth times the sum so paid.
- As per provisions of Section 35 (1) (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and one fourth times the sum so paid.
- Under Section 35 (1) (iia) of the Act, any sum paid to a company, which is registered in India and which has as its main object the scientific research and development, and being approved by the prescribed authority and such other conditions as may be prescribed, shall also qualify for a deduction of one and one fourth times the amount so paid.





- In respect of deduction under section 35(1)(ia) and 35(1)(iii), the deduction shall be restricted to 100 per cent with effect from 01.04.2017 (i.e. from previous year 2017-18 and subsequent years). In regard to deduction under section 35(1)(ii) of the Act, weighted deduction shall be restricted to 150 per cent from 01.04.2017 to 31.03.2020 (i.e. from previous year 2017-18 to previous year 2019-20) and deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).
- As per provisions of Section 35(2AA) of the Act, any contribution made to Notified Institutions i.e. National Laboratory, University, Indian Institute of Technology, specified persons as approved by the prescribed authority, is available to the extent of one and a half times of such payment made. However, the deduction under above sub-section shall be restricted to the amount so paid, if payment is made on or after 1 April 2020.
- However, weighted deduction u/s 35(2AB) of the Act shall be restricted to 150 per cent with effect from 01.04.2017 to 31.03.2020 (i.e. from previous year 2017-18 to previous year 2019-20). Deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).
- As per section 35D of the Act, the Company is entitled to amortize certain preliminary expenditure, specified under Section 35D(2) of the Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years beginning with the assessment year in which the extension of the unit is completed or the unit/ business commences production or operation.
- As per the provisions of Section 35DD of the Act, any expenditure incurred by an Indian Company, on or after 1 April 1999, wholly and exclusively for the purpose of amalgamation or demerger of an undertaking, shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of five successive financial years beginning with the financial year in which the amalgamation or demerger takes place.
- As per the provisions of Section 35DDA of the Act, if a Company incurs any expenditure in any financial year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, the Company would be eligible to claim a deduction for one-fifth of the amount so paid in computing the profits and gains of the business for that financial year, and the balance shall be deducted in equal instalments for each of the four immediately succeeding financial years.
- As per the provisions of Section 35CCD of the Act, if a Company incurs any expenditure (not being in the nature of cost of any land or building) on any skill development project notified by the Central Board of Direct Taxes in this behalf in accordance with the guidelines as may be prescribed, then, the Company shall be allowed a deduction of sum equal to one and one-half times of such expenditure. However, the deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).
- As per section 115U of the Act, any income received by a person out of investments made in a venture capital company (VCC) or venture capital fund (VCF) shall be chargeable to income-tax in the same manner as if it were the income received by such person had he made investments directly in the venture capital undertaking (VCU).
- As per Section 80JJAA, Where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, there shall, subject to the conditions specified in sub-section (2), be allowed a deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.



- As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the company. Section 91 provides for unilateral relief in respect of taxes paid in foreign countries.
- As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations subject to the fulfilment of the conditions specified in that section.

#### **BENEFITS TO THE SHAREHOLDERS OF THE COMPANY UNDER THE ACT**

##### **a) Dividends**

- As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the members' shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax on the amount distributed as dividend, if any.
- However, the Finance Act 2016 has introduced Section 115BBDA which provides that the aggregate of dividends received by specified resident assessee (other than domestic company and specified fund / trust) from domestic companies in excess of INR 10 lakh will be taxed at 10 percent on a gross basis and no deduction will be available for any expenditure.
- Also, Section 94(7) of the Act provides that losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/transferred within three months after such date, will be disallowed to the extent dividend income on such shares is claimed as tax exempt, if any.

##### **b) Capital gains**

###### **(i) Computation of capital gains**

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Equity Shares listed on a recognized stock exchange in India held by an assessee for more than 12 months, immediately preceding the date of transfer, are considered to be long-term capital assets. Capital gains arising from the transfer of such long-term capital assets are termed as Long Term Capital Gains (LTCG).
- Short Term Capital Gains (STCG) means capital gains arising from the transfer of equity shares listed on a recognised stock exchange in India held for 12 months or less, immediately preceding the date of transfer.
- LTCG arising on transfer of a long term capital asset, being an equity share in a company shall be exempt from tax under Section 10(38) of the Act provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 on a recognized stock exchange and such transaction is chargeable to Securities Transaction Tax (STT) and subject to compliance of conditions specified in that section.
- Taxable LTCG would arise if not exempt under Section 10(38) or any other section of the Act to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of Section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:





- i) Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and
  - ii) Expenditure incurred wholly and exclusively in connection with the transfer of shares.
- Under Section 112 of the Act, taxable LTCG are subject to tax at a rate of 20 percent (plus applicable surcharge and cess) after indexation, as provided in the Second Proviso to Section 48 of the Act. However, in case of listed securities (other than unit), the amount of such tax could be limited to 10 percent (plus applicable surcharge and cess), without indexation, at the option of the shareholder.
  - In respect of a non-resident shareholder, as per the First Proviso to Section 48 of the Act, the capital gains arising from the transfer of listed equity shares of an Indian company, shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains so computed shall be reconverted into Indian currency. Further, the benefit of indexation as provided in Second Proviso to Section 48 is not available to non-resident shareholders.
  - As per the provisions of Section 111A of the Act, STCG arising from the transfer of a listed equity share in a Company as specified under Section 10(38) of the Act, is subject to tax at the rate of 15 percent provided that the transaction of sale of such equity share or unit is chargeable to STT. If the provisions of Section 111A are not applicable, the STCG would be taxed at the normal rates of tax (plus applicable surcharge and cess) applicable to resident investor.
  - As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against STCG as well as LTCG. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Further, long term capital loss arising during a year is allowed to be set-off only against LTCG. Balance loss, if any, shall be carried forward and set-off against LTCG arising during subsequent eight assessment years.
  - If the shareholder is a company liable to pay tax on book profits under Section 115JB of the Act, the capital gain on transfer of equity shares, if long term shall be exempt in terms of Section 10(38) of the Act but the book gain shall form part of book profits while computing the book profit under Section 115JB of the Act.
  - The characterization of the gain/ losses, arising from sale/ transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. The Central Board of Direct Taxes (CBDT) has vide a circular clarified that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed under the head "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.
  - Under section 36(1)(xv) of the Act, STT paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession".
- (ii) **Exemption of capital gain from income-tax:**
- As per Section 54EC of the Act, LTCG arising on transfer of shares of the company (other than sale referred to in Section 10(38) of the Act) is exempt from capital gains tax to the extent the same is invested within a period of six months after the date of such transfer, in specified bonds issued by NHAI and REC, subject to conditions specified therein.



- Where a part of the capital gain is reinvested, the exemption shall be available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed INR 50 lakhs per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempt shall be taxable as capital gains in the year of transfer/conversion.
- As per the provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before or two years after the date of transfer, for purchase of a new residential house, or for construction of a residential house property, in India, within three years from the date of transfer, subject to conditions and to the extent specified therein.

#### Tax treaty benefits

As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial, while deciding taxability in India (subject to furnishing of Tax Residency Certificate & information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013.). However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

#### **d) Requirement to furnish PAN under the I.T. Act**

- Section 139A (5A) requires every person from whose income; tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.
- Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIIB (deductee) to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:
  - i) at the rate specified in the relevant provision of the I.T. Act; or
  - ii) at the rate or rates in force; or
  - iii) at the rate of twenty per cent.
- As per sec 206AA(7), with effect from June 1 2016, the provisions of section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of:
  - i) Payment of interest on long-term bonds as referred to in section 194LC; and
  - ii) Payment in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, subject to fulfillment of conditions specified vide Notification no.53/2016 dated 24th June 2016.

#### **e) Non-resident Indian taxation**

Special provisions in case of Non-Resident Indian ("NRI") in respect of income/ LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:

- NRI means an individual being a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.





- In accordance with section 115E, income from investment or income from LTCG on transfer of assets other than specified asset shall be taxable at the rate of 20 percent (plus applicable cess). Income by way of LTCG in respect of a specified asset (as defined in Section 115C(f) of the Income-tax Act, 1961), shall be chargeable at 10 percent (plus applicable cess). Specified foreign exchange assets include shares of an Indian company which are acquired / purchased/ subscribed by NRI in convertible foreign exchange.
- As per the provisions of Section 115F of the Act, LTCG [not covered under Section 10(38) of the Act] arising to an NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is reinvested in specified assets or in savings certificate referred to in Section 10(4B) of the Act within six months of the date of transfer, subject to the extent and conditions specified in that Section. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently; if the specified assets or saving certificates referred in Section 10(4B) of the Act are transferred or converted into money within three years from the date of their acquisition.
- Under the provisions of Section 115G of the Act, it shall not be necessary for an NRI to furnish his return of income if his only source of income is investment income or LTCG or both and tax deductible at source under provisions of Chapter XVII-B has been deducted from such income.
- Under the provisions of Section 115H of the Act, where a person who is an NRI in any previous year, becomes assessable a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- Under the provisions of Section 115-I of the Act, an NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under Section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and the tax liability arising thereon.

**Benefits available to Foreign Institutional Investors ("FIIs") under the Act:**

**a) Dividends exempt under Section 10(34) of the Act**

- As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the shareholder from a domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15 percent (plus applicable surcharge and cess) on the amount distributed as dividend. However, as per Section 94(7) of the Act, losses arising from purchase and sale of securities, where such securities are bought or acquired within a period of three months prior to the record date and such securities are sold or transferred within three months from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt, if any.
- In view of the amendment brought in by Finance (No.2) Act, 2014, for the purpose of determining the tax on distributed profits payable in accordance with Section 115-O of the Act, the amount of dividends needs to be increased to such amount as would, after reduction of tax on such increased amount at the specified rate, be equal to the net distributed profits. Resultantly, the effective rate of tax will be 17.647 percent (plus applicable surcharge & Cess) of the amount of dividends declared, distributed or paid by the Company.



#### b) Capital gains

- In Finance Act (No.2), 2014 it was provided that any securities held by a FII which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be capital asset. Consequently, the income arising to a FII from transactions in securities would always be in the nature of capital gains.
- In accordance with Section 115AD, FIIs will be taxed at 10 percent (plus applicable surcharge and cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if STT is not payable on the transfer of the shares.
- LTCG arising to shareholder on transfer of long-term capital asset being listed equity shares of the company will be exempt from tax under Section 10(38) of the Act provided that the transaction is entered in on or after 1 October 2004 and STT has been paid on such transfer and subject to compliance of conditions specified in that section.
- As per the provisions of Section 111A of the Act, STCG arising on sale of short term capital asset, being listed equity shares in a company, shall be chargeable to tax at the rate of 15 percent (plus applicable surcharge and cess) provided the transaction is chargeable to STT. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at the rate of 30% (plus applicable surcharge and cess), as applicable.
- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O of the Act) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20 percent (plus applicable surcharge and cess).
- The benefits of exemption under Section 54EC of the Act mentioned above in case of the Company are also available to FIIs.
- The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.
- Indirect Transfer Provision u/s 9(1)(i) of the Act - The Central Board of Direct Taxes (CBDT) issued a clarification vide Circular No. 41 of 2016 dated December 23, 2016, stating that if an FPI has more than 50 per cent of its assets in India, with a value greater than Rs. 10 crore, then any investor with a greater than five per cent interest in or contribution to the assets under management (AUM) of the FPI will be covered by the indirect transfer rules and will be subject to Indian tax whenever this investor sells or redeems its shares in the FPI/fund.
- After the issue of the aforementioned circular, representations have been received from various FPIs, FIIs and VCFs and other stakeholders. The stakeholders have presented their concerns stating that the circular does not address the issue of possible multiple taxation of the same income. The representations made by the stakeholders are currently under consideration and examination by CBDT. Pending a decision in the matter the operation of the above mentioned circular is kept in abeyance for the time being.

#### c) Tax Treaty benefits

In accordance with the provisions of Section 90 of the Act, FIIs being non-residents will be entitled to choose the provisions of Act or the provisions of tax treaty entered into by India with other foreign countries, whichever are more beneficial, while deciding taxability in India (subject to furnishing of Tax Residency Certificate & information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013.). However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.





**d) Computation of book profit under Section 115JB**

An explanation has been inserted in Section 115JB stating that, the provisions of Section 115JB shall not be applicable and shall be deemed never to have been applicable to a foreign company if-

- i) It is a resident of a country or a specified territory with which India has a tax treaty referred to in sub-section (1) of Section 90 and it does not have a permanent establishment in India; or
- ii) It is a resident of a country with which India does not have a tax treaty and it is not required to seek registration under any law for the time being in force relating to companies.

**Benefits available to Venture Capital Companies/ Funds under the Act:**

In terms of Section 10(23FB) of the Act, all venture capital companies/ fund registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on any income from investment in a venture capital undertaking. Further, the Finance Act, 2015 has inserted a proviso providing that nothing contained in this clause shall apply in respect of any income of a venture capital fund or venture capital company, being an "investment fund" of the previous year relevant to the assessment year beginning on or after 1st April 2016.

"Investment fund" has been defined under in clause (a) of Explanation 1 to Section 115UB of the Act to mean any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992.

**Benefits available to Investment Fund under the Act:**

The Finance Act, 2015 has inserted Chapter XII-FB in the Act which provides for special taxation regime for Category I and Category II Alternative Investment Funds referred to as "investment fund" as per clause (a) of Explanation 1 to Section 115UB of the Act. Further, the said Act has also inserted Section 10(23FBA) in terms of which income of any investment fund other than income chargeable under the head "Profits and gains of business or profession" shall be exempt from income tax.

**Benefits available to Mutual Funds under the Act:**

- In terms of Section 10(23D) of the Act, all Mutual funds set up by public sector banks or public sector financial institutions or Mutual Funds registered under the Securities and Exchange Board of India Act/ Regulations there under or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income taxes on all their income, including income from investment in the shares of the company.
- However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of Section 115R of the Act. However, w.e.f. 1 October 2014, for the purpose of determining additional income tax, the amount of distributed income shall be increased to such amount as would after reduction of additional income tax on such increased amount at the rate specified be equal to the amount of income distributed by mutual fund.

**Where the Shareholder is a person located in a Notified Jurisdictional Area (NJA) under section 94A of the I.T. Act**

- All parties to such transactions shall be treated as associated enterprises under section 92A of the I.T. Act and the transaction shall be treated as an international transaction resulting in application of transfer pricing regulations including maintenance of documentations, benchmarking, etc.

No deduction in respect of any payment made to any financial institution in a NJA shall be allowed under the I.T. Act unless the assessee furnishes an authorization in the prescribed form authorizing the



CBDT or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution (Section 94A(3)(a) read with Rule 21AC and Form 10FC).

- No deduction in respect of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a NJA shall be allowed under the I. T. Act unless the assessee maintains such documents and furnishes such information as may be prescribed (Section 94A(3)(b) read with Rule 21AC).
- If any assessee receives any sum from any person located in a NJA, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee (Section 94A(4)).
- Any sum payable to a person located in a NJA shall be liable for withholding tax at the highest of the following rates:
  - i) at the rate or rates in force;
  - ii) at the rate specified in the relevant provision of the I.T. Act; or
  - iii) at the rate of thirty per cent.
- No jurisdiction has been notified as **Notified Jurisdictional Area (NJA)** on the date of issue of the prospectus.

#### **General Anti-Avoidance Rule ('GAAR):**

In terms of Chapter XA of the Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the Act. By this Rule, any arrangement entered into by an assessee where the main purpose of the arrangement is to obtain a tax benefit may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be *inter alia* denial of tax benefit, applicable w.e.f. FY 2017-18.

The Central Board of Direct Taxes (CBDT) vide Notification No. 49/2016, dated 22 June 2016, has amended the GAAR. GAAR provisions are not applicable to any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of investment made 1 April 2017. Further, GAAR provisions are applicable to any arrangement (if held as impermissible avoidance agreement), irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from an arrangement on or after 1 April 2017.

#### **UNDER THE WEALTH TAX ACT, 1957**

The Finance Act, 2015 has abolished the levy of wealth tax under the Wealth Tax Act, 1957 with effect from 1 April 2016.

#### **UNDER THE GIFT TAX ACT, 1958**

Gift made after 1 October 1998 is not liable for any gift tax, and hence, gift of shares of the company would not be liable for any gift tax. However, receipt of the sum of money or any "property" including securities (as defined in section 56(2)(x) of the Income Tax Act, 1961) by any person without consideration or for inadequate consideration in excess of ₹ 50,000 shall be chargeable to tax in the hands of the recipient under the head "Income from other sources" to the extent the consideration is less than Fair Market Value or Stamp duty value, as the case may be, unless specifically exempted under the provisions of the Act.





**Notes:**

- a) All the above benefits are as per the current direct tax laws relevant for the Assessment Year 2018-19 (considering the amendments made by Finance Act, 2017).
- b) The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.
- c) The possible tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.
- d) In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences.
- e) The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- f) The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.



## SECTION 4: ABOUT OUR COMPANY

### 4.1 INDUSTRY OVERVIEW

The information in this section has been extracted from publically available information/ documents, including officially prepared materials from the Government of India and its various ministries, trade, industry or general publications and other third party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information may not be consistent with the other information compiled by third parties within or outside India. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this section, it has not been independently verified by us or any of our advisors, and should not be relied on as if it had been so verified. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions, which may prove to be incorrect. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Information Memorandum. Accordingly, investment decisions should not be based on such information.

#### Overview of the Indian Economy

India remains one of the fastest growing large economies in the world. India's GDP grew at 7.1% in Fiscal 2017, despite slowdown in the second half of the year. First half of the Fiscal 2017 grew at 7.7%, while the latter half of Fiscal 2017 grew at a substantially lower rate of 6.5% (source: Central Statistics Office (CSO), 2017).

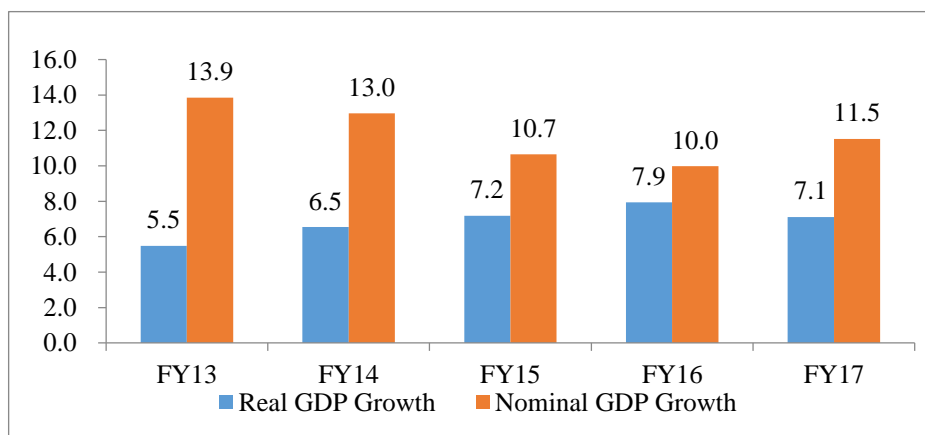


Figure 1: Growth in Real and Nominal GDP (source: IIFL Estimates)

Consumer inflation moderated to 4.5% in Fiscal 2017 vis-à-vis 4.9% in Fiscal 2016; and is likely to remain below 5% in Fiscal 2018 (source: RBI). Due to the moderation in inflation and normal monsoons, RBI reduced the repo rate by 50 basis points during Fiscal 2017 (source: RBI). Low commodity prices have helped push current account deficit to less than 1% of GDP (source: RBI). The Central Government continues to be on the path of fiscal consolidation and aims to reduce fiscal deficit to 3.2% of GDP in Fiscal 2018 from 3.5% in Fiscal 2017 (source: Union Budget 2017).

The Economic Survey, 2017 describes the implementation of GST regime as 'a bold new experiment in the governance of India's cooperative federalism' (source: Ministry of Finance). Despite initial roadblocks, GST is expected to push India's GDP going forward.

#### Overview of Global Financial Situation

Growth in major economies has remained subdued in past few years. In April 2017, International Monetary Fund in its report highlighted that the global economy grew at 3.1% in the year 2016. Economic activity in both advanced economies, and emerging markets and developing economies (“EMDE”) is predicted to accelerate in the year 2017, with global growth projected at 3.5%. Further, in its report, International Monetary Fund stated that the projected pickup in growth in EMDEs would be responsible for strengthening of global economy (source: *International Monetary Fund’s report titled “World Economic Outlook”*).

### Overview of Recent Trends in Financial Services Sector

India is one of the fastest growing major economies of the world, yet its financial sector remains under developed. The financial services industry in India has traditionally maintained high barriers of entry to new players, caused in part by its conservative business sense. Technologies such as artificial intelligence, machine learning, and blockchain have a wide range of potential use in the financial industry. While these technologies have been around for some time and have even seen adoption in western economies over the past decade, they have remained in a nascent state in the Indian landscape. However, as the sector enters a technological revolution, a shift in the mindset of the ecosystem has been witnessed (source: *PWC FinTech Trends Report, 2017*).

### Overview of Capital Markets

#### Trends in Primary Markets

During Fiscal 2017, Rs. 62,067 crore was mobilized through 122 public and 12 rights issues as against Rs. 57,866 crore raised in the year Fiscal 2016 through 94 public and 13 rights issues. Fiscal 2017 was the year of the initial public offering (“IPO”) market as there was a quantum jump in the number of IPOs and the amount mobilized by them. While this indicates the gradual rise of capital market as a mode of finance among large and small corporates, it also provides an enormous opportunity for investors to invest in a cross-section of firms which represent the growth economy. The amount raised through IPOs in Fiscal 2017 nearly doubled by 96.4% to Rs. 29,104 crore as compared to Rs. 14,815 crore during Fiscal 2016. The share of public issues in the total resources mobilized increased to 94.5% in Fiscal 2017 from 84.0% in Fiscal 2016, while the share of rights’ issues decreased from 16.0% to 5.5 % during the same period (source: *SEBI Annual Report, 2017*).

Investment Type	Fiscal 2016		Fiscal 2017	
	No of issues	Amount (in Rs. crores)	No of issues	Amount (in Rs. crores)
<b>Public Issues</b>	<b>94</b>	<b>48,627</b>	<b>122</b>	<b>58,651</b>
Equity/ PCD/ FCD	74	14,815	106	29,104
-IPOs	74	14,815	106	29,104
-FPOs	0	0	0	0
Bond/ NCD	20	33,812	16	29,547
<b>Rights Issues</b>	<b>13</b>	<b>9,239</b>	<b>12</b>	<b>3,416</b>
<b>Total Issues</b>	<b>107</b>	<b>57,866</b>	<b>134</b>	<b>62,067</b>

Figure 2: Resource Mobilization through Public and Rights’ Issues (source: *SEBI Annual Report, 2017*)

#### Trends in Secondary Markets

Fiscal 2017 witnessed the benchmark indices rising significantly backed by resurgence post the demonetization, political outcomes in state elections and rising foreign inflows even as the international developments were not very encouraging. There were a multitude of global events in the Fiscal 2017 which influenced the markets including the slowdown in Chinese economy, weak global trade growth, the Brexit, US presidential elections, policy normalization by the Federal Reserve and the attendant uncertainties around each of these events. Nonetheless, the domestic macro-economic and political conditions remained favourable. Strong growth rates, benign inflation and contained twin

deficits despite the recovery of global crude oil prices, positive policy actions including implementation of key structural reforms like demonetization, progress on the GST, Aadhar linked public policy initiatives, return to a normal monsoon rainfall, and reduced external vulnerabilities were vital for institutional investors' confidence in the India growth story and also in its markets (*source: SEBI Annual Report, 2017*).

Reflecting increased activity in the market, NSE's turnover increased from Rs. 42,36,983 crores in Fiscal 2016 to Rs. 50,55,913 crores in Fiscal 2017, an increase of 19.3%. Similarly, BSE too witnessed an increase in turnover of 34.9% from Rs. 7,40,089 crores to Rs. 9,98,261 crores during the same period. In consonance with the market uptrend, market capitalization surged at both the exchanges. The market capitalization at BSE increased by 28.3% to Rs. 1,21,54,525 crores in Fiscal 2017 from Rs. 94,75,328 crores in Fiscal 2016. On the other hand, market capitalization at NSE increased by 28.7% to Rs. 1,19,78,421 crores in Fiscal 2017 from Rs. 93,10,471 crores in Fiscal 2016 (*source: SEBI Annual Report, 2017*).

Reflecting strong macro-economic outlook, in Fiscal 2017, the foreign portfolio investors invested about Rs. 484 billion with net investments of Rs. 557 billion in equities and net sales of Rs.73 billion in bonds (*source: SEBI Annual Report, 2017*). There were about 27.8 million demat accounts in India in Fiscal 2017 (*source: NSDL, CDSL*) representing less than 1% of Indian population. Rising infrastructure costs coupled with reducing margins compress the profitability of the sector thereby affecting the expansion (*source: BW Business World*).

### Consolidation in Stock Broking Industry

While the cash market turnover has witnessed an increase in the past five (5) years from Rs. 13200 crores in Fiscal 2013 to Rs. 24400 crores in Fiscal 2017 (*source: Bloomberg, IIFL Research*), the number of registered sub-brokers has declined from 70,178 in Fiscal 2013 to 30,909 in Fiscal 2017 (*Figure 3, source: SEBI*). 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.

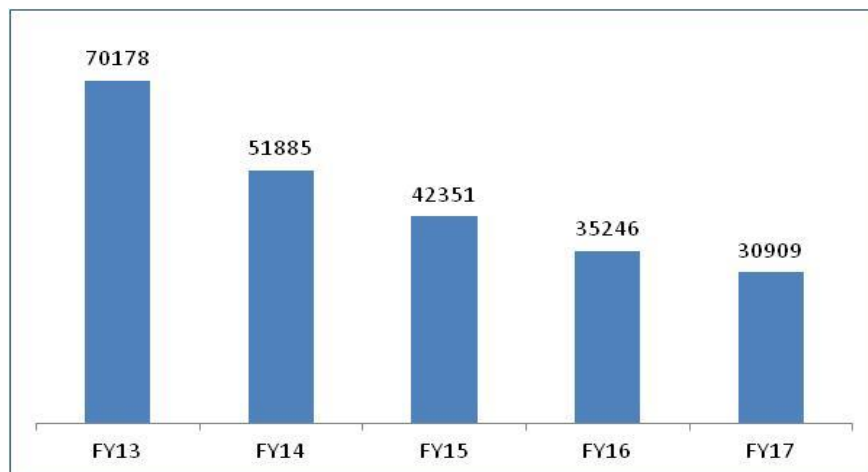


Figure 3: Decline in registered Sub-Brokers (*source: SEBI*)

The stock broking industry in India can broadly be classified into full service brokers and discount brokers. Full service brokers represent the traditional brokers which offer investment advisory, human support and trading platform for trades. Whereas, the discount brokers on the other hand focus on charging flat brokerage fees regardless of the transaction volume. Discount brokers typically offer their services at a lower price point as compared to full service brokers. Recently, discount brokers such as Zerodha, RKS Securities and Trade Smart Online have gradually increased in size, capturing ~14% market share (*source: IIFL Estimates*), thus reflecting change in client mindset.

Further, robot advisory services, which offer real-time analytics, lists a number of stocks under various criteria such as price trends, options analysis, high-low breakers, abnormal volume shocker and bullish-

bearish strategies on the mobile screen helping in real-time decision making (source: DNA Research).

### Overview of Depository Services in India

In India, presently there are two depositories namely, NSDL and CDSL. Depository participants act as an interface between investor and depositories. The investor has to open an account through a depository participant to avail of the services offered by the depository participant.

Year	NSDL			CDSL		
	Number of company	Demat quantity (in million)	Demat value (in Rs. crores)	Number of company	Demat quantity (in million)	Demat value (in Rs. crores)
2014-15	13,992	9,27,357	1,17,48,315	9,399	2,06,012	13,94,264
2015-16	15,638	11,00,209	1,17,15,667	10,021	2,27,549	13,26,797
2016-17	17,835	13,17,625	1,46,48,687	9,887	2,55,151	17,70,245

Figure 4: Increase in volumes for depositories (source: SEBI Annual Report, 2017)

### Overview of Mutual Fund Industry in India

The mutual fund sector has tripled in last five (5) years from Rs. 5.9 trillion in Fiscal 2012 to Rs. 17.5 trillion in Fiscal 2017 (Figure 5, source: AMFI). While the growth has been impressive, the sector is relatively under-developed as compared to other developed and developing economies, accounting for assets under management to GDP ratio of 12% (source: Economic Times, 2017). While technology has played an important role with development of a seamless technological platform for investment, the online investment has not picked up in a meaningful way mainly due to reluctance of clients in accessing the platform (source: Morningstar Research). SEBI's investor survey states that in spite of majority of schemes being available online, internet is not the preferred source for investing in mutual funds mainly due to lack of trust and knowledge for investors (source: SEBI Survey Report, 2015).

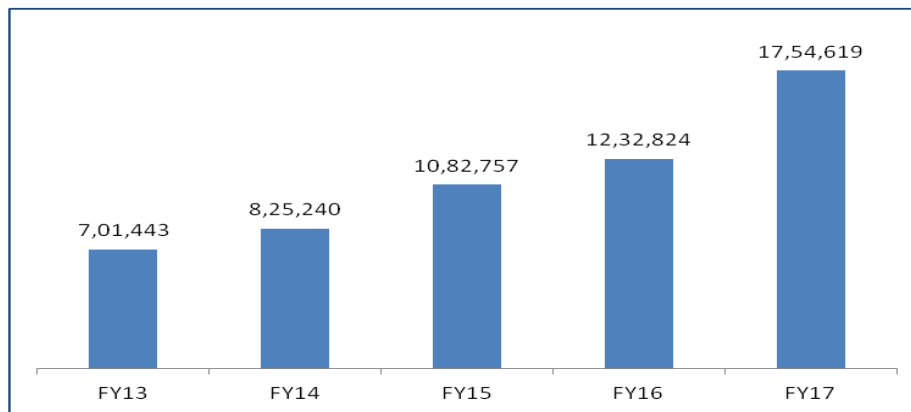


Figure 5 - Mutual Fund Asset under Management in India in Rs. crores (Source: AMFI, IIFL Research)

To overcome the shortcomings, robot advisory helps in addressing the concerns by assessing risk, understanding client's financial situation and needs and thereby making appropriate portfolio recommendations, all with minimal human intervention. Robot investing in India is currently operated in the below mentioned models (source: Mint Research):

Model type	Operating model
Automated investments	Selection into pre-defined category of funds and stay invested
Direct plans	Investment in direct mutual funds with flexibility of goal based investing

Model type	Operating model
Goal-oriented investments	Goal-based investing with do-it-yourself option
Full-service adviser	Automated personal finance adviser advising on investment, liquidity and other parameters

Figure 6: Various Robot Advisory Models in India

#### Comparison with Major Economies:

Unlike the United States, where the entire process is fully automated, Indian companies currently operate on providing solutions leaving the decision to carry out such investment onto the client. Moreover, due to the financial crisis in the year 2008, United States mutual fund industry has witnessed a gradual shift towards passive investing instead of active investing. Currently, major investments in mutual funds (both offline and robot advisory based) are focused on active funds rather than passive funds in India. (source: *Hindu Business Line*).





## 4.2 OUR BUSINESS

In this section, “the Company”, “our Company”, “we”, “us” and “our” refers to 5paisa Capital Limited.

### Overview

We are engaged in providing financial products through our online technology platform and our mobile applications. We are registered with SEBI as a stock broker, depository participant and research analyst and are also registered with AMFI as a mutual fund distributor. We have been active in financial services sector and our main focus is on emerging investor class beyond metro cities and about 64% of our clientele is based out of Tier II and Tier III cities.

Our Company was originally incorporated on July 10, 2007 as a public limited company under the provisions of the CA 1956 as India Infoline Finance Holdings Limited with the ROC. 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, consequent upon change of name was issued by the ROC on November 06, 2007. 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 on August 12, 2015. For further details, please see section titled “*History and Certain Corporate Matters*” on page 86 of this Information Memorandum.

Our offering broadly includes the following:

1. A trading platform for all types of investors in which we provide equity broking services;
2. As part of our integrated services offering, we also provide clearing and depository services to our clients;
3. A mutual fund platform in which our client 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 the mutual fund products based on their risk profile and goals;
4. Distribution of other financial products.

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 NSE and BSE. We offer advisory services to our clients through the research undertaken by a team of fundamental and technical research analysts. We also offer depository related services to our clients as part of our integrated services offering.

We are backed by one of India’s prominent financial services company i.e., IIFL Holdings Limited, which caters, by itself and/ or through its subsidiaries, to about 2.9 million customers across various business segments. Our experience in financial markets, understanding of customer needs and expertise in implementing complex technological solutions has enabled us in providing a seamless user experience. We are a technology driven company and believe that our brand, reputation and strong and stable management team have enabled us in offering quality services to our customers at a low cost.

We mainly have an online presence and are currently operating out of five (5) offices. 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 – Property*” on page 80 of this Information Memorandum.

For the years ended March 31, 2015, March 31, 2016, March 31, 2017 and the six (6) months period ended September 30, 2017, our total revenue from operations was Rs. 1137.14 lakhs, Rs. (121.76) lakhs, Rs. 746.68 lakhs and Rs. 642.48 lakhs, respectively, and our profit after tax was Rs. 353.06

lakhs, Rs. (549.79) lakhs, Rs. (1044.48) lakhs and Rs. (1166.03) lakhs, respectively.

## **Key Strengths**

We believe that the following are our key strengths:

### **1. *Effective Technological Platform***

Technology is the heart of our organization. We are tech based financial service provider. Our consistent effort in building robust Trading platform, advanced mobile app, Artificial Intelligence powered Robo Advisory platform, Paperless Account opening platform are some examples of Tech superiority. As a company we strongly believe in making entire investing experience of a customer seamless and hence we have significantly invested in creating an efficient technological architecture comprising of our product offering, customer satisfaction as well as operational processing. We believe that our focus on innovation and understanding customer behaviour provides us with a significant competitive advantage.

### **2. *One Stop Investment Platform***

The main focus of our Company is to provide a technology platform to offer wide range of financial products under one umbrella. We believe that our wide range of services and products under one umbrella enables us to build strong relationship with our clients and to increase volume of business offered.

Through our technology platform, our clients can avail equity broking services and can select various mutual fund and other financial products which makes us a one stop investment platform. Through our focus on innovation, over a period of time we have developed our services to provide a seamless user experience to our client.

### **3. *Low Cost of Services and Effortless User Experience***

We are one of the low cost financial service providers and charge as low as Rs. 10/- per order. We believe in providing an effortless user experience to our customers throughout the lifecycle of the investment at a low cost. Beginning from on-boarding of the client to execution of trades to after trade support, our interactive user interface with minimal human intervention, enhances the customer experience which is backed by real-time data analytics to help them take informed investment decisions.

### **4. *Established Brand***

One of our key strengths is our affiliation and our relationship with one of India's prominent financial services company i.e., IIFL Holdings Limited which, by itself and/ or through its subsidiaries, has interests in various financial sector services such as broking, wealth management services, distribution of financial products, non-banking financial company and other activities in financial services. We leverage IIFL Holdings Limited's experience in various facets of the financial sector services which allows us to understand the market trends and mechanics and helps us design our services to suit the requirements of our target customer bases as well to address opportunities that arise out of the changes in the market trends. We believe that by leveraging on our existing relationship and synergies with IIFL Holdings Limited, we will be able to further expand our services. Further, we believe that our relationship with IIFL Holdings Limited provides us instant brand recognition.

### **5. *Robust Risk Management***

Management of risk is essential in financial services business and we believe that we have in place robust mechanism to manage our risk. 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

strategies, position and trading limits and automatic squaring off positions. These procedures cover our internal control system, customer margin requirement and overall risk management. We have dedicated and experienced risk management which oversees our risk management functions from our registered office. We periodically review and modify such procedures, as necessary or appropriate. Our risk management team monitors real-time market conditions and our client's positions and informs our clients the potential risks and takes action accordingly.

#### 6. ***Strong Management Team and Corporate Governance***

Our Company has an experienced Board that oversees and guides our strategy and operations. Our Directors have experience in areas relevant to our business. Similarly, the members of our experienced management team and our employees share common vision of excellence. We believe that the extensive relevant experience and financial acumen of our management and executive provide us with a distinctive competitive advantage. For further details on our Board, please see section titled "*Our Management*" on page 92 of this Information Memorandum.

Our strict adherence to regulatory and supervisory norms and diligent Board are a few examples of how our policies reflect our strong corporate governance. Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. The corporate governance framework is based on an effective independent Board, separation of supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

### **Our Business Strategy**

Our vision is to use technological innovation and to be the leader in meeting our clients' board based investment needs through our technology platform at a low cost. We intend to continue increasing our revenues and market share and profitability through the following key strategies:

#### 1. ***Product Development***

We aim to develop a comprehensive range of products which would enable various facets of investment cycle i.e., decision making to the execution of trades. Increasing the range of our product offering is key to maintain and growing our market share in the Indian financial services market. Further, we seek to capture relevant insights into client's behaviour, financial strength and goals which will enable us to provide an effective advice to our clients based on defined exhaustive data driven algorithmic approach, assessing the targets on periodic basis and optimizing their performance by providing recommendations. We believe that technological innovations will improve our user experience, efficiency of our technology platform and will help in creating a long lasting relationship with our clients.

#### 2. ***Low Pricing***

We aim to offer our services at a low cost to our client. Minimal human intervention and robust technological infrastructure will enable us to minimize our overhead expenses and help us optimize our costs. By minimizing overhead expenses and optimizing our costs, our Company aims to pass on the benefits to our clients in the form of low pricing for our services.

#### 3. ***Expand Reach***

We believe that increase in internet penetration will enable our Company in expanding its client base. Our Company aims on increasing its presence by leveraging technological innovations and focusing on investor segments which are currently ignored by traditional channels and help in channelization of investment in financial assets. With seamless user experience at the core of our strategy, we aim to ensure client retention and expansion. We

further aim to strengthen our existing robust customer care services to enhance our client experience.

**4. *Pursue selective acquisitions, partnerships opportunities and inorganic growth***

We believe that the financial services market in India offers opportunities for inorganic growth in order to complement our existing client experience, and we will actively seek out for such opportunities that, in our assessment, are aligned to our existing services. These opportunities could be by way of strategic acquisitions, collaborations, joint ventures, new partner tie ups and asset purchases. We will pursue such opportunities where we believe that they will add value to our business, our stakeholders and our clients.

**5. *Continue to attract and develop talent***

We currently have access to a talent pool of experienced professionals, who have significant experience in financial services market. The quality of our management team has been instrumental in our growth and we believe that the management team provides strategic direction towards growth and profitability.

We will seek to actively recruit, develop and retain talent. We believe that these steps will enable us enhance our management capabilities in longer term, while improving efficiency and profitability in the near term as well.

**6. *Continue to upgrade Risk Management Procedures and related systems***

We view risk management as a crucial part of our business. Therefore, we will continue to focus on monitoring and strengthening our risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, market risk and operational risk. We believe that prudent risk management policies will allow us to expand our financial services business without experiencing significant increases in non-performing assets.

**Our Services**

Our services are classified under the following heads:

**A. *Broking services***

We offer discount broking services to our clients through our technology platform at a low cost. Our registered clients can avail our online trading facilities on our website at [www.5paisa.com](http://www.5paisa.com) and through our mobile application named “5paisa Trading and Robo Advisory”. Our broking services are based on DIY (Do-it-Yourself) model, which is supported with call and trade facility to enable our clients to trade over a phone call. Through our technology platform, our clients can trade in cash segment, equity derivative segment and currency derivatives segment of BSE and NSE.

**B. *Depository services***

Depository participant is an agent of the depository and can offer depository related services only after obtaining a certificate of registration from SEBI. We offer depository services to our broking clients as well as to non-broking clients, as a value-added service. We are a depository participant registered with CDSL. Our broking clients have the facility to settle their trades in a secure and paperless manner through our depository services.

**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 cash segment, equity derivative



segment and currency derivatives segment of BSE and NSE.

**D. Research services**

Our Company is also registered as a research analyst with SEBI. Our research team services our retail clients. We provide research services on both fundamental, technical and quantitative side. We employ qualified and experienced analysts who track economy, industries and companies on a regular basis. Our research team focus on providing in-depth insightful research that is timely and valuable to our clients.

**E. Distribution of financial products**

We are registered with the AMFI as a mutual fund distributor and are registered as mutual fund intermediary (MFI) and mutual fund distributor (MFD) with BSE's STaR MF segment, which enables us to provide our clients access to the mutual funds products offered by about thirty nine (39) SEBI registered asset management companies/ mutual funds. We are also in the distribution of personal loans. In this regards, we have partnered with India Infoline Finance Limited, a RBI registered non-banking financial company, through whom we provide paperless disbursement of loans to our existing clients.

**Intellectual Property**

We believe that the brand "5paisa" benefits from the trust of our clients and enhances our market visibility. The trademark relating to "5paisa" and the associated logo was held by IIFL Holdings Limited. However, due to the expiry of the trademark registration, IIFL Holdings Limited had applied to the Registrar of Trademarks, Mumbai on August 28, 2015 for the fresh registration of "5paisa" and the associated logo as a trademark in Class 36. The application for trademark registration is presently pending before the Registrar of Trademarks, Mumbai.

Pursuant to the Scheme of Arrangement, the intellectual property rights which vested in 5paisa Digital Undertaking, including the name "5paisa" and the associated logo, domain name (5paisa.com), mobile application, source code of mobile application and copyright has been transferred and vest in our Company with effect from the Appointed Date.

**Human Resources**

We have experienced management team whom we rely upon to anticipate industry trends and to capitalize on new business opportunities that may emerge. As on September 30, 2017, we have 542 employees out of which 485 are permanent and 57 are on contractual basis.

**Risk Management and Internal Control Systems**

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.

**Information Technology**

Our Company has invested considerable resources in deploying the latest technologies in the areas of wide area networking using multi-protocol label switching, automated dialers, thin clients and customer relationship module tools and software. We also made significant strides in using cloud technology for customer-facing servers providing rapid and inexpensive ramp-up or down of capacity in line with business requirements.

Our trade station is comprehensive trading tool with superior charting, analytical tools, lightning execution speed and a more user friendly interface. We are also using the latest technology for real time web functionality for market feeds. Our client on boarding process is completely online and is integrated with Aadhaar, digital signature and PAN service which has eased up the process for clients and acquisition teams.

Our Company is aware of increasing threats in the information security domain and has taken several steps to ensure that our systems are safe guarded against hacking attacks, data leakage and security breaches. Our Company has committed significant investments in terms of technology, systems and manpower in the aforesaid initiative and continuously developing the same.

### Competition

The market for financial services is highly competitive. Our primary competition comprises of companies which provide a digital/ online platforms for broking services and investment in financial products. We believe that we have been able to gain a competitive edge over our competition as a result of constant technological innovation and our technical expertise. Be that as it may, we anticipate our competition to grow as the demand for these services increases and we also expect other additional companies to enter the space we are currently operating in. If we are unable to manage our business, it might impede our competitive position and profitability. We intend to continue competing vigorously to capture more market share and to manage our growth in an optimal way.

### Insurance and Liability

As on date of this Information Memorandum, our Company has taken the adequate cover under stock brokers' indemnity insurance. Further, CDSL has taken an insurance cover on behalf of its depository participants (which includes our Company) for professional indemnity (which covers, *inter alia*, errors and omissions in professional services, liability arising due to system failure, error resulting into non-execution and/ or incorrect execution of the instruction) and crime (which covers, *inter alia*, fraud, forgery, counterfeiting, extortion, in advert breach of trust and in advert breach of fiduciary duty).

### Litigations

As on date of this Information Memorandum, our Company does not have any outstanding litigations pending against it.

### 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	Lease expiry
1.	Maharashtra	1) IIFL House, Sun Infotech Park, Road No. 16v, Plot no. B-23, Thane Industrial Area Wagle Estate, Thane, Maharashtra, India – 400 604	November 30, 2018
		2) Hubtown Solaris, Office No. 1, Ground. Floor, N.S. Phadke Marg, Near East-West Flyover, Andheri (E), Mumbai, Maharashtra, India – 400 069	September 30, 2018
2.	Haryana	IIFL House, 98, Phase-IV, Udyog Vihar-4, Gurugram, Haryana, India – 122 016	October 05, 2020
3.	Karnataka	Soma Merit, First Floor No 9, Venkataswamy Naidu Street, Taskar Town, Shivaji Nagar, Bangalore, Karnataka, India – 560 001	July 16, 2020
4.	Puducherry	India Infoline Finance Limited, No. 221, First	July 20, 2018





<b>Sr. No.</b>	<b>State</b>	<b>Address</b>	<b>Lease expiry</b>
		Floor, M.G. Road, Puducheery – 605 001	

#### 4.3 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 are only intended to provide general information, and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For information on regulatory approvals obtained by us, please see section titled "Government and Other Approvals" on page 263 of this Information Memorandum.*

*Our Company is engaged in the business of provide services 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 or Company are detailed below:*

##### **Securities and Exchange Board of India Act, 1992**

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 under the SEBI Act, 1992.

##### **Securities Contracts (Regulations) Act, 1956**

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.

##### **Depositories Act, 1996**

The Depositories Act provides for 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 de-materialised 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.

##### **SEBI (Stock-Brokers and Sub-Brokers) Regulations 1992**

The Broker Regulations states that no person shall carry on activity as a stock broker unless he holds a certificate granted by SEBI under the Broker Regulations. 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. On registration, a stockbroker and a sub-broker are required to adhere to a code of conduct prescribed under the Broker Regulations. In addition, a stock broker and/ or a sub-broker are required to abide by the rules, regulations and bye-laws of the stock exchanges of which it is a member. 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. Apart from the registration of stock brokers and sub-brokers, the Broker Regulations provide for registration of trading or clearing members and self-clearing members. In terms of the Broker Regulations, a clearing member is a person having clearing and settlement rights in any recognized clearing corporation and shall include any person having clearing and settlement rights on a commodity derivatives exchange. Further, self-clearing member is defined under the Broker Regulations to mean a member of a clearing corporation who is also a stock broker and clears and settles trades on its own account or on account of its clients only and includes any person having clearing and settlement rights on a commodity derivatives exchange.

### **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.

### **Unified AMFI Guidelines for AMFI Registered Mutual Fund Advisors**

SEBI through its circular dated November 28, 2002, bearing reference no. MFD/CIR/20/23230/2002, on the subject of registration of intermediaries, prescribed the parameters for ensuring compliance with its earlier circulars and stated that “*all mutual funds and intermediaries are advised to follow it strictly and should not indulge in any practice contravening it directly or indirectly i.e. paying commissions in any form or by allotting intermediary codes to investors or their associates for paying them commission on their own investments, etc.*” SEBI had advised the AMFI to formulate specific guidelines and modalities within these parameters. Accordingly, AMFI in consultation with SEBI, had issued certain circulars to assist the asset management companies to ensure compliance with SEBI guidelines both by intermediaries distributing their products and through them, sub-brokers acting on behalf of such intermediaries in letter and spirit. Thereafter, with a view of issue a consolidated circular covering all aspects on the subject with suitable modification, wherever necessary, to ensure more clarity and to facilitate easy references by the asset management companies, AMFI guidelines were issued on June 18, 2002. In terms of the AMFI guidelines, no person or an entity would be entitled to sell units of mutual funds unless that person is registered with AMFI. AMFI has made provisions for issuing an ARN and photo identity card for individual intermediaries and certification of registration for corporate/non-individual intermediaries. Further, mutual funds are restricted from empaneling any intermediary to distribute mutual fund units who are not registered with AMFI.

AMFI certification is the sole criteria for allotting an ARN to an individual intermediary and employees of the corporate intermediaries. The corporate intermediaries can obtain an ARN by undertaking to ensure that all personnel engaged in sales and marketing pass the AMFI certification test and register with AMFI and obtain a photo-identity, with their corporate ARN. In terms of the AMFI Guidelines, the corporate intermediaries entering the business of mutual fund sales after the date of the SEBI circular and for personnel hired by exiting intermediaries, all such employees proposed to be engaged in the sales and marketing of mutual funds, are required to be registered with AMFI. In the case of a fresh corporate entrant, this would mean that despite obtaining an ARN it would not be able to do business until the first employee recruited for sales/ marketing holds AMFI certification and all subsequent employees recruited for engaging in sales/ marketing are also registered with AMFI and have obtained photo identity cards.

**SEBI (Research Analyst) Regulations, 2014**

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.

**Other applicable laws**

The list of other laws and regulations that may be applicable to our Company includes the following:

1. Apprentices Act, 1931
2. Child Labour (Prohibition and Regulation) Act, 1986
3. Companies Act, 2013
4. Consumer Protection Act, 1986
5. Contract Labour (Regulation and Abolition) Act, 1970
6. Employees’ Provident Fund and Miscellaneous Provisions Act, 1952
7. Employees’ State Insurance Act, 1948
8. Equal Remuneration Act, 1976
9. Goods and Services Tax Act, 2017
10. Income Tax Act, 1961
11. Information Technology Act, 2000
12. Maharashtra Labour Welfare Act, 1953
13. Maharashtra Shops and Establishment Act, 1948



14. Maternity Benefits Act, 1961
15. Micro, Small and Medium Enterprises Development Act, 2006
16. Minimum Wages Act, 1948
17. Payment of Bonus Act, 1965
18. Payment of Gratuity Act, 1972
19. Payment of Wages Act, 1936
20. Prevention of Money Laundering Act, 2002
21. Professional Tax Act, 1975
22. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
23. Trade Marks Act, 1999
24. Wealth Tax Act, 1957



#### 4.4 HISTORY AND CERTAIN CORPORATE MATTERS

##### Brief history of our Company

Our Company was originally incorporated on July 10, 2007 as a public limited company under the provisions of the CA 1956 as India Infoline Finance Holdings Limited with the ROC. 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, consequent upon change of name was issued by the ROC on November 06, 2007. 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 on August 12, 2015.

##### Changes in Registered Office

Date of change of registered office	Details of the address of registered office
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
August 04, 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.
January 03, 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.

The changes in the registered office were made to ensure greater operational efficiency and to meet growing business requirements.

##### Main Objects of our Company

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

*“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.”*

*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.

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.

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.”

For more information on our business, please see section titled “Our Business” on page 75 of this Information Memorandum.

#### **Amendments to the Memorandum of Association**

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

<b>Date of shareholders’ resolution</b>	<b>Particulars</b>
September 13, 2007	<p>a) The name clause was changed from India Infoline Finance Holdings limited to IIFL Capital Limited</p> <p>b) The main object clause III (A) was substituted with the existing clause and also clause 4, 5 and 6 were inserted in clause no.: III (B) of objects incidental or ancillary to the attainment of the main objects</p>
October 19, 2010	Object clause no. 3A stating “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,

Date of shareholders' resolution	Particulars
	<i>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> was added
March 24, 2011	The situation clause was changed from the state of Maharashtra to the state of Tamil Nadu
July 28, 2015	The name clause was changed from IIFL Capital Limited to 5paisa Capital Limited
September 12, 2016	The authorised share capital was increased from Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares having face value of Rs.10/- each to Rs.18,00,00,000/- divided into 1,80,00,000 Equity Shares having face value of Rs.10/- each
November 30, 2016	The situation clause was changed from the state of Tamil Nadu to state of Maharashtra

#### 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	Our Company was incorporated as India Infoline Finance Holdings Limited
2011	Our Company became a member of the Stock Exchanges and was granted a certificate of registration as a “stock broker” by SEBI
2015	Our Company was registered with AMFI as a “mutual fund distributor” and was allotted an AMFI registration number
2015	Our Company obtained approval from the Stock Exchanges for its internet trading application i.e., 5paisa Trade Station
2016	Our Company obtained approval from the Stock Exchanges for its mobile application i.e., 5paisa Trading and Robo Advisory
2016	Our Company launched the discount brokerage business offering execution of trades at flat Rs. 10/- per order
2016	Our Company became a member of CDSL and was granted a certificate of registration as a “depository participant” by SEBI
2017	Our Company was granted a certificate of registration as a “research analyst” by SEBI

#### Other details regarding our Company

For details regarding the description of our activities, the growth of our Company, strengths, strategies, technology, infrastructure, the standing of our Company in relation to the prominent competitors with reference to its products, management, marketing and competition, please see sections titled “*Our Business*” and “*Industry Overview*” on pages 75 and 70 of this Information Memorandum, respectively.

For details regarding our management, please see sections titled “*Our Management*” on page 92 of this Information Memorandum.

Our Company does not have any foreign operations.

#### **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**

Except as disclosed in section titled “*Scheme of Arrangement*” on page 44 of this Information Memorandum, our Company has neither acquired any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets.

#### **Capital raising activities through equity and debt**

Except as mentioned in “*Capital Structure*” on page 29 of this Information Memorandum, our Company has not raised any capital through equity. For details on the debt facilities of our Company, please see section titled “*Financial Indebtedness*” on page 218 of this Information Memorandum.

#### **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 (5) years**

Except as stated in this Information Memorandum, there has been no change in the activities of our Company during the last five (5) 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.

#### **Our shareholders**

As on date of this Information Memorandum, our Company has 32,523 shareholders. For further details regarding our shareholders, please see the section titled “*Capital Structure*” on page 29 of this Information Memorandum.

#### **Strategic or financial partners**

Our Company does not have any strategic or financial partner.

#### **Details of public/ rights issues made in the past five (5) years**

Except as disclosed in “*Capital Structure*” on page 29 of this Information Memorandum, our Company has not made public/ rights issues in the past five (5) years.

#### **Our holding company**

As on date of this Information Memorandum, our Company does not have a holding company.

#### **Our subsidiaries and associate companies**

As on date of this Information Memorandum, our Company does not have any subsidiaries and associate companies.

#### **Joint ventures of our Company**

As on date of this Information Memorandum, our Company does not have any joint ventures.

#### **Summary of key agreements**

Unless otherwise defined or repugnant to the context thereof, defined terms used in the descriptions below have the meanings given to such terms under the respective agreements:

##### *1. Investment Advice Transmission Agreement*

Our Company entered into the Investment Advice Transmission Agreement with Willaim O'Neil on July 11, 2017 for availing investment advice services from Willaim O'Neil ("Marketsmith"). Pursuant to this agreement, Marketsmith agreed to regularly provide non-client specific content to our Company which is primarily divided into two (2) categories i.e., premium content and free content. Marketsmith agreed to provide our Company an exclusive facility to receive premium content for a continuous period of six (6) months with the exclusion of all other market brokerage intermediaries. The content categorized as free content is provided to our Company on non-exclusive basis. The Marketsmith has the complete ownership of the products and services and it does not grant our Company any right or license, express or implied, in the products and services being provided pursuant to this agreement. Further, the agreement restricts our Company from producing, developing and/ or marketing any products and services, which are wholly or partially in competition with the products and services being provided pursuant to this agreement, or has features and/ or attributes partly or wholly similar to the products and services being provided pursuant to this agreement. The term of this agreement is twenty four (24) months from July 11, 2017, unless extended for a further period duly agreed by both the parties in writing or terminated earlier in accordance with provisions of the agreement. This agreement may be terminated by either party by giving ninety (90) days prior written notice to the other party. In the event of breach of any provisions of agreement and/ or if a winding up order is passed by any competent authority in relation to any party, the other party can terminate the agreement forthwith with fifteen (15) days' notice. Upon termination of the agreement, Marketsmith will withdraw access from the products and services.

##### *2. Referral Agreement*

Our Company entered into the Referral Agreement with IIFL Asset Management Limited ("Portfolio Manager") on July 10 2017. Pursuant to this agreement, our Company can refer its clients, who are interested in availing portfolio management services, to the Portfolio Manager. In return of such referral, the Portfolio Manager will pay our Company a referral fee for the introduction of clients. This is a non-exclusive agreement, and both our Company and the Portfolio Manager can enter into similar agreements with other parties. This agreement is effective for a continuous period unless terminated by either party. The parties may review the terms and conditions of this agreement from time to time by mutual consent in addition to reviewing the commercial terms at mutual convenience. Either party have the right to terminate this agreement forthwith, upon (i) breach of terms and conditions of this agreement, (ii) if a party engages in fraud or other illegal or unethical activities, or in any activities which the first party, in its reasonable judgement, believes could adversely affect the reputation of the first party; and (iii) if a party enters into liquidation whether compulsory or voluntarily or makes an assignment for the benefit of, or compounds with, its creditors or has a manager or



receiver appointed in respect of all or parts of its business or a petition for winding-up or other party ceases to carry on any part of its business or threatens to do any of these things.

### 3. *Software Development Agreement*

Our Company entered into the Software Development Agreement with Dion Global Solutions Limited (“**Dion**”) on November 26, 2015 to utilize Dion’s services in connection with the design and development of a software namely, fundboss, which provides a complete mutual fund back office solutions. The software calculates portfolio, allocation, returns and commissions. Pursuant to this agreement, Dion shall provide necessary assistance and cooperation for development of expertise through appropriate training with regards to the use of the software and its maintenance. Dion has granted our Company a non-exclusive and non-assignable permanent license linked with payment of annual maintenance contract to use the software subject to certain terms and conditions. Dion reserves the right to evaluate the feasibility of customization requests and has the right to refuse requests that it deems unfeasible. Prior to commencement of any customization services, the parties shall discuss and mutually agree on and execute acceptable service levels by way of statement of work, the number of resources, work hours, material required for completion, fees, warranty period and consequences of termination of the requirement for customization of the software prior to completion thereof and the same shall be deemed to form part of the separate schedule of this agreement.

Pursuant to this agreement, Dion is required to provide certain upgrades, maintenance and support to our Company in a timely manner without any delay and lag time. Our Company has the right to access the documents related to design and development specifications, if our Company feels that Dion has failed to provide continuous and timely services. However, this does not include access to source code of the software. All intellectual property rights in and title to the software, present or future modifications/ upgrades thereof or improvements, enhancements variations or additions thereto shall remain the property of Dion. This agreement does not and shall not transfer any ownership or proprietary interest in the software. The term of this agreement is three (3) years from November 30, 2015, unless terminated or extended in terms of the provisions of this agreement. Either party may terminate the agreement by writing to each other if **(i)** either party is declared insolvent, **(ii)** either party ceases to carry on the whole or substantial part of its business, **(iii)** either party compounds or makes any voluntary arrangement with its creditors, **(iv)** a resolution is passed (otherwise than for the purposes of amalgamation or reconstruction) or an order is made for the winding up, and **(v)** a receiver is appointed over all or any of either party’s assets or undertaking. Further, either party shall have the right to terminate this agreement without assigning any reasons by giving sixty (60) days written notice to the other party. During the notice period, Dion shall ensure uninterrupted operations. In the event our Company terminates the agreement on account of Dion’s breach of obligations, Dion is required to support our Company for transitioning to another software provider in case our Company requires on time and effort basis.

### **Guarantees**

None of our Promoters have furnished personal guarantees to guarantee the repayment of credit facilities availed by our Company.

#### 4.5 OUR MANAGEMENT

As per our Articles of Association, our Company is required to have not less than three (3) and not more than fifteen (15) directors. As on the date of this Information Memorandum, our Company has five (5) directors out of which two (2) are independent directors.

The following table sets forth details of our Board of Directors as on the date of this Information Memorandum:

Sr. No	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeship
1.	<p><b>Dr. Archana Niranjn Hingorani</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Occupation:</i> Professional</p> <p><i>Address:</i> 10, Jeevan Dhara, Dr Ambedkar Road, Bandra West, Mumbai 400 050</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five (5) years with effect from June 07, 2017</p> <p><i>DIN:</i> 00028037</p> <p><i>Date of appointment/ reappointment:</i> June 07, 2017</p>	52	<ul style="list-style-type: none"> <li>• Alembic Pharmaceuticals Limited</li> <li>• PNB Metlife India Insurance Company Limited</li> <li>• Edmobile Labs Private Limited</li> </ul>
2.	<p><b>Mr. Krishna Visvanath Iyer</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Occupation:</i> Professional</p> <p><i>Address:</i> Flat No. 403, Panchamrut Kasar Vadavalli, Ghodbunder Road, Thane West 400 601</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five (5) years effective from March 31, 2017</p> <p><i>DIN:</i> 03072033</p> <p><i>Date of appointment/ reappointment:</i> March 31, 2017</p>	49	<ul style="list-style-type: none"> <li>• KVA Management Advisors Private Limited</li> <li>• Iserve Financial Private Limited</li> <li>• Sibia Analytics And Consulting Services Private Limited</li> </ul>
3.	<p><b>Mr. Mohan Radhakrishnan</b></p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Occupation:</i> Service</p> <p><i>Address:</i> 2003, 20th Floor, B-Wing</p>	52	<ul style="list-style-type: none"> <li>• IIFL Facilities Services Limited</li> <li>• IIFL Alternate Asset Advisors Limited</li> <li>• IIFL Asset</li> </ul>

Sr. No	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeship
	<p>Lakshachandi Heights, Gokuldharm, Goregaon (East), Mumbai 400 063</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00012070</p> <p><i>Date of appointment/ reappointment:</i> July 10, 2007</p>		<p>Reconstruction Limited</p> <ul style="list-style-type: none"> <li>• IIFL Trustee Limited</li> <li>• IIFL Investment Adviser and Trustee Services Limited</li> <li>• India Infoline Limited</li> </ul>
4.	<p><b>Mr. Narendra Jain</b></p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Occupation:</i> Service</p> <p><i>Address:</i> Flat No. 202, Shri Narmada CHS Haridas Nagar, Shimpoli Road, Borivali (West), Mumbai 400092.</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 01984467</p> <p><i>Date of appointment/ reappointment:</i> November 02, 2010</p>	46	<ul style="list-style-type: none"> <li>• IIFL Alternate Asset Advisors Limited</li> <li>• IIFL Asset Reconstruction Limited</li> <li>• IIFL Management Services Limited</li> <li>• India Infoline Media and Research Services Limited</li> <li>• India Infoline Limited</li> </ul>
5.	<p><b>Mr. Prakarsh Gagdani</b></p> <p><i>Designation:</i> Whole-Time Director</p> <p><i>Occupation:</i> Service</p> <p><i>Address:</i> Room No. 23, Kalpit, Lane No 5, Sudama Nagar MIDC, Dombivli East, Thane – 421 203</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Three (3) years with effect from December 22, 2015</p> <p><i>DIN:</i> 07376258</p> <p><i>Date of appointment/ reappointment:</i> December 22, 2015</p>	36	<ul style="list-style-type: none"> <li>• India Infoline Insurance Brokers Limited</li> </ul>

#### Relationship between our Directors

None of our Directors are related to each other.

## Brief Biographies of Directors

**Dr. Archana Niranjana Hingorani**, aged 52 years, is an Independent Director of our Company. She holds a MBA and Ph.D. in finance from the University of Pittsburgh, United States. She has over thirty (30) years' experience in the asset management business, teaching and research. In the recent past, she was associated with IL&FS Investment Managers since 1994 for about twenty three (23) years and resigned after heading it the last nine (9) years of her time there. She has rich experience in fund raising, investing, nurturing investments through four different economic cycles, carving exit paths etc. She has overseen various investments catering to the consumer goods, retail sector, infrastructure, education, healthcare, logistics, clean energy and financial services and have consequently built strong entrepreneur relationships. She has also been involved in mentoring and nurturing smaller start-ups in the technology, education, financial inclusion and encouraging start-ups run by women entrepreneurs. She has been named as the most influential women in India by various publications, including Business Today in the year 2011, 2012 and 2013, Asian Investor in the year 2014, and Fortune India in year 2014, 2015 and 2016.

**Mr. Krishna Visvanath Iyer**, aged 49 years, is an Independent Director in our Company. He holds a B.com degree from Sydenham College, Mumbai and holds a post graduate diploma in management from Indian Institute of Management, Ahmedabad. In the past, he was associated with ICICI Limited and ICICI Securities Limited and Cognizant Technology Solutions. He co-founded Fin Eng Solutions Private Limited in 1997 and co-founded Iserve Financial Private Limited in 2015.

**Mr. Mohan Radhakrishnan**, aged 52 years, is a Non-Executive Director of our Company. He is a qualified chartered accountant. He has about twenty seven (27) years of experience in financial services and capital market regulations and compliances. He is associated with the IIFL group as the chief compliance officer since last twelve (12) years and is involved new and developmental initiatives and setting up regulatory systems and processes across the financial services activities of the IIFL group. In the past, he was associated with SEBI as a general manager and served for a period of over twelve (12) years. He had held various positions in the regulations, supervision, market surveillance and investigation functions at SEBI. During his tenure at SEBI, he also served as the member secretary of the "Group for Review of Portfolio Managers Regulations" in 2000, coordinator for the "Committee on Strengthening of Disclosures in the Offer Documents of Companies" in 2001, member of "Working Group to prepare Pilot Policy Statement on Takeover/ Merger and Transfer of Shares of Banks" set up by RBI in 2003. Prior to joining SEBI, he was associated with Carborundum Universal Limited, wherein he was involved in the areas such as corporate finance and taxation for five (5) years.

**Mr. Narendra Jain**, aged 46 years, is a Non-Executive Director in our Company. He holds a B.Com degree from University of Mumbai and is a qualified chartered accountant. He has over twenty one (21) years of experience in financial services in areas such as operations, taxation, internet banking and finance. He has handled various key positions in the India Infoline Group and has handled support functions such as back office operations, depository participant operations, know your client quality, customer service risk, audit administration and branch operations. In the past, he was associated with ICICI Brokerage Service Limited, where he has worked in areas like operations, risk, compliance and design and development of systems and processes. He was also associated with Hindustan Petroleum Corporation Limited wherein he was involved in areas such as indirect taxation and marketing analytics.

**Mr. Prakarsh Gagdani**, aged 36 years, is a Whole-Time Director in our Company. He holds a post graduate diploma degree in business management and has done his bachelors in Business Management from Mulund College of Commerce, Mumbai University. He has about fifteen (15) years of cross-functional experience in sales, advisory, product development and business development. He has gained expertise in retail equity broking domain and is a keen strategist with expertise in managing the entire business and ensuring optimal utilization of resources. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

### Confirmation

None of our Directors is or was a director of any listed company during the last five (5) years preceding the date of this Information Memorandum, 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.

### Terms of appointment of the Executive Directors

**Mr. Prakarsh Gagdani**, pursuant to a Board resolution dated December 22, 2015 and shareholders' approval dated July 21, 2016, was appointed as the Whole-Time Director of our Company for a period of three (3) years from December 22, 2015. Set out below are the details of salary and benefits which Mr. Prakarsh Gagdani is entitled to:

Particulars	Amount (in Rs. lakhs)
Basic salary	26.16
Perquisites (inclusive of bonus)	26.76
<b>Total</b>	<b>52.92</b>

### Payment or benefit to Directors of our Company

The sitting fees or other remuneration paid to our Directors in the Fiscal 2017 are as follows:

1. Remuneration to Executive Directors

Our Company has paid a sum of Rs. 52.92 lakhs as remuneration in the Fiscal 2017.

2. Remuneration to Independent Directors

Our Company has not paid any remuneration or made any reimbursement to any Independent Director for attending meeting of our Board and committees thereof during Fiscal 2017.

3. Remuneration to Non-Executive Directors

Our Company has not paid any remuneration or made any reimbursement to the Non-Executive Directors of our Company for attending meeting of our Board and committees thereof during Fiscal 2017.

### 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 Information Memorandum is set forth below:



Name of Director	Number of Equity Shares	Percentage (%)
Mr. Mohan Radhakrishnan	6,800	0.0534
Mr. Narendra Jain	2,220	0.0174
<b>Total</b>	<b>9,020</b>	<b>0.0708</b>

#### **Shareholding of Directors in our subsidiaries and associate companies**

As on the date of filing of this Information Memorandum, our Company does not have any subsidiaries and associate companies.

#### **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 the 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 (2) years prior to the date of this Information Memorandum, 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 123 of this Information Memorandum, 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 (2) 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 Mr. Prakarsh Gagdani who may be entitled to bonus in accordance with the terms of his 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 Information Memorandum.

**Changes in the Board in the last three (3) years**

<b>Name</b>	<b>Date of appointment/ change/ cessation</b>	<b>Reason</b>
Mr. Vishal Rana	March 10, 2014	Appointed as an additional Director
Mr. Vishal Rana	May 10, 2014	Appointed as a Whole-Time Director
Mr. Vishal Rana	July 29, 2014	Confirmation of appointment as Director and Whole-Time Director
Mr. Vishal Rana	December 22, 2015	Resigned as Whole-Time Director
Mr. Prakarsh Gagdani	December 22, 2015	Appointed as an additional Director and Whole-Time Director
Mr. Prakarsh Gagdani	July 21, 2016	Confirmation of appointment as Director and Whole-Time Director by shareholders
Mr. Krishna Visvanath Iyer	March 31, 2017	Appointed as an additional Independent Director
Mr. 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

**Borrowing Powers of the Board**

Our Articles of Association, subject to the provisions of the CA 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 has been authorized to borrow money from banks, financial institutions or any other lending institutions or persons or such other corporates or entities as the 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 Rs. 1,500 crores.

**Corporate Governance**

The provisions relating to corporate governance prescribed under the Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. In respect of corporate governance, we are in compliance with the requirements of the applicable laws including

Listing Regulations, equity listing agreement with the Stock Exchanges, the CA 2013, and the rules made thereunder. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees and formulation of policies, each as required under law, including the Listing Regulations.

Our Board has been constituted in compliance with the CA Act, 2013, the Listing Regulations and in accordance with best practices in corporate governance. The Board functions either as a full board, or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board of Directors periodic reports on the performance of the Company.

Currently, our Board has five (5) Directors. In compliance with the Listing Regulations, we have one (1) Executive Director, and two (2) Non-Executive Directors and two (2) Independent Directors on our Board.

### Committees of the Board

In addition to the committees of the 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
Mr. Krishna Visvanath Iyer	Chairman
Mr. Mohan Radhakrishnan	Member
Dr. Archana Niranjan Hingorani	Member

The audit committee was constituted by a resolution of our Board dated March 31, 2017 and was re-constituted on June 07, 2017 by passing a circular resolution. The scope and function of the Audit Committee is in accordance with Section 177 of the CA 2013 and Regulation 18 of the 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 CA 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 Rs. 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 (1) 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 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 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 CA 2013 or the Listing Regulations or by any other regulatory authority.

## 2. *Nomination and Remuneration Committee*

The members of the nomination and remuneration committee are:

<b>Name of the member</b>	<b>Designation</b>
Mr. Krishna Visvanath Iyer	Chairman
Mr. Mohan Radhakrishnan	Member
Dr. Archana Niranjana Hingorani	Member

The nomination and remuneration committee was constituted by a resolution of our Board dated March 31, 2017 and was re-constituted on June 07, 2017 by passing a circular resolution. The scope and function of the nomination and Remuneration committee is in accordance with Section 178 of the CA 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
Mr. Narendra Jain	Chairman
Dr. Archana Niranjani Hingorani	Member
Mr. Prakarsh Gagdani	Member

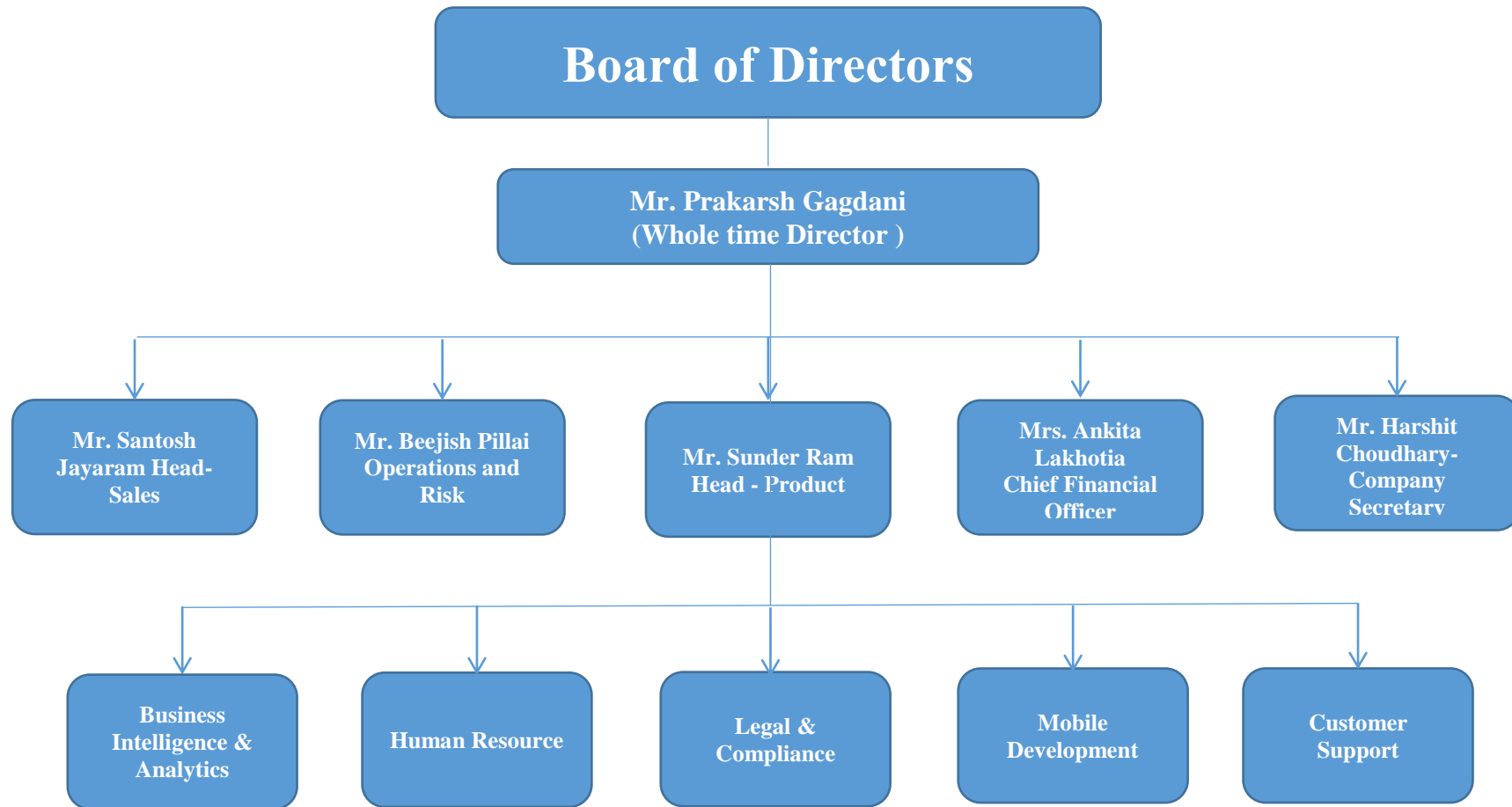
The stakeholders relationship committee was constituted by a resolution of our Board dated October 13, 2017. The scope and function of the stakeholders relationship committee is in accordance with Section 178 of the CA 2013 and Regulation 20 of the Listing Regulations. The terms of reference of the stakeholders 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 Organization Chart



## Key Management Personnel

The details of the Key Management Personnel as on the date of this Information Memorandum are as follows:

**Mr. Prakarsh Gagdani**, aged 36 years, is a Whole-Time Director of our Company. For further details in relation to Mr. Prakarsh Gagdani, see section titled “*Our Management –Brief Biographies of Directors*” on page 94 of this Information Memorandum.

**Mr. Santosh Jayaram**, aged 29 years, is the Sales Head of our Company. He holds a B. Tech degree from NMIS University, Mumbai and a master degree in business management from NMIS University, Mumbai. He has been associated with our Company since two (2) years and has about seven (7) years of experience in area of business process re-engineering, digitisation, product development, mobile application development and user experience management. In the past, he has been associated with IIFL Group. He handles sales operations functions in our Company. The gross remuneration paid to him during Fiscal 2017 was Rs. 12.88 lakhs.

**Mr. Beejish Pillai**, aged 37 years, is the Operations’ Head of our Company. He holds a B.Com degree from Kerala University and has completed his master in business management from Institute for Technology and Management, Warangal, Telangana. He has been associated with our Company since last two (2) years and has thirteen (13) years of experience in the field of capital markets business, broking and wealth management operations, product and process design, process automation, customer service functions. In the past, he has been associated with Yes Securities India Limited, Fullerton Securities Limited and Citi Group. He handles operations and risk management functions in our Company. The gross remuneration paid to him during Fiscal 2017 was Rs. 15.60 lakhs.

**Mr. Sunder Ram**, aged 34 years, is the Product Head of our Company He holds a degree in statistics and computer applications from Mumbai University and also has done part-time master of computer applications from Indira Gandhi Open University, New Delhi. He has been associated with our Company since last ten (10) months and has fifteen (15) years of experience in product management and deliveries. In past, he was associated with Angel Broking, Financial Technologies Limited and Stock Holding Limited. His area of expertise is web solutions and has business processes and engineered product solutions in the online trading and mobile platforms, wealth management and back-office products. He handles product development function in our Company. The gross remuneration paid to him during Fiscal 2017 was Rs. 5.43 lakhs.

**Ms Ankita Lakhotia**, aged 31 years, is the Chief Financial Officer of our Company. She holds a M.Com degree, from University of Kota and is a qualified chartered accountant. She has been associated with our Company since last six (6) months and has seven (7) years of experience in the field of accounts and finance. In the past, she was associated with Jindal Power Limited and with Bharti Airtel Limited. She handles finance and accounts functions in our Company. The gross remuneration paid to her during Fiscal 2017 was Rs. 1.02 lakhs.

**Mr. Harshit Choudhary**, aged 27 years, is the Company Secretary of our Company. He holds B.Com degree from Mumbai University, and is a qualified company secretary from Institute of Company secretaries of India. He has been associated with IIFL group since 2015 and has three (3) years of experience in the field of secretarial, legal and compliance. In the past, he was associated with Next Mediaworks Limited. He handles secretarial, legal and compliance functions in our Company. The gross remuneration paid to him during Fiscal 2017 was nil.

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

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**

None of our 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 Mr. Prakarsh Gagdani who may be entitled to bonus in accordance with the terms of his 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.

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.

### **Changes in our Key Management Personnel**

The changes in our Key Management Personnel in the last three (3) years are as follows:



<b>Name</b>	<b>Date of change</b>	<b>Reason for change</b>
Mr. Beejish Pillai	October 26, 2015	Appointed as Operation and Risk Head
Mr. Sunder Ram	December 17, 2015	Appointment as Product's Head
Mr. Vishal Rana	December 22, 2015	Resigned as Whole-Time Director
Mr. Prakarsh Gagdani	December 22, 2015	Appointed as Whole-Time Director
Mr. Santosh Jayaram	December 22, 2015	Appointed as Sales' Head
Mr. Jayesh Sharma	February 15, 2017	Appointed as Company Secretary
Ms. Ankita Lakhotia	March 31, 2017	Appointed as Chief Financial Officer
Mr. Jayesh Sharma	October 13, 2017	Resigned as Company Secretary
Mr. Harshit Choudhary	October 13, 2017	Appointed as Company Secretary

### **Payment or Benefit to officers of our Company**

Except as disclosed in this Information Memorandum, 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 (2) preceding years.

#### 4.6 OUR PROMOTERS AND PROMOTER GROUP

Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani are the Promoters of our Company.

	<p><b>Mr. Nirmal Bhanwarlal Jain</b></p> <p><b>Mr. Nirmal Bhanwarlal Jain</b>, aged 51 years, is a Promoter of our Company. He holds a post graduate diploma in management from Indian Institute of Management, Ahmedabad. He is a rank holder chartered accountant and a cost accountant. He has about twenty eight (28) years of experience in the financial services and other sectors. He is the founder and chairman of IIFL Holdings Limited. He founded Probity 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. In the past, he was associated with Hindustan Lever Limited where he handled commodities exports business. He has been conferred with various awards including ‘Entrepreneur of the Year’ award at the Franchise Awards, 2012 and ‘Pride of India Gold Medal’ by the NRI Institute in year 2009.</p> <p>Other than, IIFL Holdings Limited, Sunder Bhawar Holiday Homes Private Limited, India Infoline Housing Finance Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, Ardent Impex Private Limited, Orpheus Trading Private Limited, and Sunder Bhawar Ventures Private Limited, he is not involved in any other ventures.</p> <p>The voter identification number of Nirmal Bhanwarlal Jain is AMD3028164 and his driving license number is MH-02-92-10565.</p>
	<p><b>Mr. Venkataraman Rajamani</b></p> <p><b>Mr. Venkataraman Rajamani</b>, aged 50 years, is a Promoter of our Company. He holds a B. Tech (electronics and electrical communications engineering) degree from Indian Institute of Technology, Kharagpur and holds a post graduate diploma in management from Indian Institute of Management, Bangalore. He has an experience of twenty six (26) years in the financial services sector. He is the co-promoter and managing director of the IIFL Holdings Limited. In the past, he was associated with ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays – BZW, and G E Capital Services India Limited.</p> <p>Other than, IIFL Holdings Limited, India Infoline Housing Finance Limited, Samasta Microfinance Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, India Infoline Insurance Brokers Limited, India Infoline Commodities Limited and Orpheus Trading Private Limited, he is not involved in any other ventures.</p> <p>The voter identification number of Mr. Venkataraman Rajamani is SHA1673714 and his driving license number is MH-02-19960019154.</p>

**Interests of Promoters**

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, please see section titled "*Capital Structure*" on page 29 of this Information Memorandum.

**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 past two (2) years before filing of the Information Memorandum., or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

**Business Interest**

Our Promoters are interested in our Company to the extent of their shareholding in our Company. For details of our Promoters' shareholding in our Company, please see section titled "*Capital Structure*" on page 29 of this Information Memorandum. Further, our Promoters are directors in some of our Group Companies which are involved in the same line of business as our Company. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they arise. For further details, please see sections titled "*Our Group Companies*" and "*Related Party Transactions*" on pages 111 and 123 of this Information Memorandum, respectively.

Except the details of other ventures of our Promoters as set out above, none of our Promoters are interested as members of a firm or company. Further, no sum has been paid, or agreed to be paid to them or to such firm or company, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a director, or otherwise, for services rendered by them or by such promoter(s) or by 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 financial year, the nature of transactions and the cumulative value of transactions, see "*Related Party Transactions*" on page 123 of this Information Memorandum.

**Interest of Promoters in Sales and Purchases**

Other than as disclosed in "*Related Party Transactions*" on page 123 of this Information Memorandum, there are no sales/ purchases between our Company and our Promoter Group, Group Companies and our associate companies when such sales or purchases exceed in value the aggregate of ten percent (10%) of the total sales or purchases of our Company or any business interest between our Company, our Promoter Group, Entities and the associate companies as on the date of the last financial statements.

**Payment or Benefits to Promoters or Promoter Group**

Except as stated above, and otherwise as disclosed in the section titled "*Related Party Transactions*" on page 123 of this Information Memorandum, there has been no payment or benefit provided to our Promoters or Promoter Group by our Company during the two (2) years preceding the date of the Information Memorandum, 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 123 of this Information Memorandum, our Company has not entered into any contract, agreements or arrangements during the preceding two (2) years from the date of this Information Memorandum 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.

**Litigation involving our Promoters**

For details of legal and regulatory proceedings involving our Promoters, please see sections titled “*Outstanding Litigation and Material Developments – Litigation involving our Promoters*” on page 238 of this Information Memorandum.

**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 and members of our Promoter Group have not been 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.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five (5) years preceding the date of this Information Memorandum 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 are not related to any of the sundry debtors of our Company.

**Companies and firms with which our Promoters have disassociated in the last three (3) years**

Our Promoters have not disassociated themselves from any company and/ or firms during the preceding three (3) years.

**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, the entire shareholding of our erstwhile promoter i.e., IIFL Holdings Limited, in our Company was vested and transferred to the shareholders of IIFL Holdings Limited. Pursuant to such transfer, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani became our Promoters with the Promoter Group as detailed below under title “*Promoter Group*” on Page no.110 of this Information Memorandum. For further details, please see the note in section titled “*Capital Structure – The top ten (10) shareholders of our Company as on date of filing this Information Memorandum*” on page 40 of this Information Memorandum

**Guarantees**

Our Promoters and their immediate relatives have not given any loan to our Company, secured or unsecured, as on date of this Information Memorandum. 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 Information Memorandum.

## Promoter Group

The names of the persons and entities constituting the Promoter Group of our Company in terms of Regulation 2(I)(zb) of the 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 out Promoters), other than our Promoters, are as follows:

Name of the Promoter	Name of the relative	Relationship with the Promoter
Mr. Nirmal Bhanwarlal Jain	Ms. Madhu Nirmal Jain	Spouse
Mr. Venkataraman Rajamani	Ms. Aditi Athavankar	Spouse

2. *Entities forming part of the Promoter Group*

- Ardent Impex Private Limited
- Orpheus Trading Private Limited
- Ms. Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)



#### 4.7 OUR GROUP COMPANIES

As per the ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered companies covered under the applicable accounting standards i.e., Accounting Standard 18 issued by the Institute of Chartered Accountants of India (“AS 18”) in the Financial Statements.

Set forth below are our Group Companies as on the date of this Information Memorandum:

1. IIFL Holdings Limited
2. India Infoline Finance Limited
3. IIFL Wealth Management Limited
4. India Infoline Housing Finance Limited
5. IIFL Wealth Finance Limited
6. IIFL Facilities Services Limited
7. India Infoline Limited
8. Samasta Microfinance Limited
9. IIFL Management Services Limited
10. India Infoline Insurance Brokers Limited
11. India Infoline Media & Research Services Limited
12. India Infoline Commodities Limited
13. IIFL Trustee Limited
14. IIFL Asset Management 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. India Infoline Foundation

**A. Top five Group Companies**

As on date of this Information Memorandum, amongst our Group Companies, the equity shares of only one Group Company are listed on the Stock Exchanges. Set forth below are the details of our listed Group Company and other four Group Companies based on turnover.

**1. IIFL Holdings Limited**

*Corporate information*

IIFL Holdings Limited (“**IHL**”) was originally incorporated as a private limited company under the provisions of the CA 1956 on October 18, 1995 as Probity Research and Services Private Limited. On April 28, 2000, IHL was converted into a public limited company and its name was changed to Probity Research and Services Limited. Further, pursuant to the issuance of fresh certificate of incorporation, the name of IHL was changed to India Infoline.com Limited on July 23, 2000. Further, the name of IHL was changed to India Infoline Limited pursuant to the issuance of fresh certificate of incorporation on March 23, 2001. Subsequently, pursuant to the issuance of fresh certificate of incorporation on February 18, 2014, the name of IHL was changed to its present name. The registered office of IHL is situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle East, Thane – 400 604, Maharashtra.

The CIN of IHL is L74999MH1995PLC093797. IHL is registered with SEBI as a merchant banker and investment adviser and is 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.

### Interest of our Promoters

As on September 30, 2017, our Promoters i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani, hold 5,12,52,000 and 1,09,09,432 equity shares of IHL, respectively, amounting to 16.09% and 3.42% of the equity share capital of IHL, respectively. Further, Mr. Nirmal Bhanwarlal Jain is the executive chairman of IHL and Mr. Venkataraman Rajamani is the managing director of IHL.

### Financial Information

The following information has been derived from the audited standalone financial statements of IHL for the last three (3) Financial Years:

(Rs. in lakhs except per share values)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	6,358	6,331	6,205
Reserves and surplus (excluding revaluation)	1,43,591	1,41,258	1,33,802
Sales/Turnover	19,206	21,141	10,904
Profit/(Loss) after tax	15,678	17,198	9,822
Earnings per share (Rs.) (Basic)	4.94	5.49	3.24
Earnings per share (Rs.) (Diluted)	4.92	5.46	3.15
Net asset value per share (Rs.)	47.17	46.63	45.13

### Significant notes by auditors

There are no significant notes of the auditors for the last three (3) Financial Years.

### 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 (6) months are as follows:

Month	Month High	Month Low
April, 2017	514.60	393.65
May, 2017	524.80	441.25
June, 2017	630.00	494.55
July, 2017	619.90	507.25
August, 2017	642.70	555.00
September, 2017	740.00	586.05

(Source: www.nseindia.com)

The details of the highest and the lowest prices on BSE during the preceding six (6) months are as follows:

Month	Month High	Month Low
April, 2017	514.60	393.65
May, 2017	524.80	441.25
June, 2017	630.00	494.55
July, 2017	619.90	507.25
August, 2017	642.70	555.00

Month	Month High	Month Low
September, 2017	740.00	586.05

(Source: www.bseindia.com)

As on September 30, 2017, the closing share price of IHL on NSE was Rs. 607.75/- and the market capitalization as per the closing price on NSE was Rs. 1,93,553.52/- million.

As on September 30, 2017, the closing share price of IHL on BSE was Rs. 607.70/ and the market capitalization as per the closing price on BSE was Rs. 193537.60/- million.

## 2. **India Infoline Finance Limited**

### *Corporate information*

India Infoline Finance Limited (“**IIFL**”) was originally incorporated as a private limited company under provisions of the CA 1956 on July 07, 2004 as India Infoline Investment Services Private Limited. On July 10, 2007, IIFL was converted into a public limited company and its name was changed to India Infoline Investment Services Limited. Subsequently, pursuant to the issuance of fresh certificate of incorporation on November 18, 2011, the name of IIFL was changed to its present name. The registered office of IIFL is situated at 12A - 10, 13th Floor, Parinee Crescenzo, C-38 and C-39, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. The CIN of IIFL is U67120MH2004PLC147365. IIFL is registered with 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 i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani, hold 4,950 and 5,000 equity shares of IIFL as nominees of IIFL Holdings Limited. Further, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani are the whole-time directors of IIFL.

### *Financial Information*

The following information has been derived from the audited standalone financial statements of IIFL for the last three (3) Financial Years:

(Rs. in lakhs except per share values)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	23716.51	23715.40	23715.40
Reserves and surplus (excluding revaluation)	295601.18	174725.84	158530.79
Sales/Turnover	226422.43	219165.24	215870.08
Profit/(Loss) after tax	34272.80	27173.19	24772.60
Earnings per share (Rs.) (Basic)	13.9	10.1	10.3
Earnings per share (Rs.) (Diluted)	12.6	10.1	10.3
Net asset value per share (Rs.)	115.3	83.3	76.1

### *Significant notes by auditors*

There are no significant notes of the auditors for the last three (3) Financial Years.

### 3. **India Infoline Housing Finance Limited**

#### *Corporate information*

India Infoline Housing Finance Limited (“**IIHFL**”) was incorporated on December 26, 2006 under the provisions of the CA 1956 and has its registered office at 12A-10, 13<sup>th</sup> Floor, Parinee Crescenzo, C-38 and C-39, Bandra Kurla Complex, Bandra (East), Mumbai- 400051. The CIN of IIHFL is U65993MH2006PLC166475. It is a wholly owned subsidiary of IIFL and is registered with National Housing Bank as a housing finance company.

#### *Interest of our Promoters*

Our Promoter i.e., Mr. Nirmal Bhanwarlal Jain, holds 100 equity shares of IIHFL as a nominee of IIFL. Further, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani are one of the directors of IIFHL.

#### *Financial Information*

The following information has been derived from the audited standalone financial statements of IIHFL for the last three (3) Financial Years:

*(Rs. in lakhs except per share values)*

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	1,996.82	1,496.82	1,090.00
Reserves and surplus (excluding revaluation)	93,353.19	48,296.54	19,214.69
Sales/Turnover	90,497.54	56,959.69	23,662.78
Profit/(Loss) after tax	8,355.76	7,205.89	5,350.18
Earnings per share (Rs.) (Basic)	49.78	52.58	37.93
Earnings per share (Rs.) (Diluted)	49.78	51.17	37.93
Net asset value per share (Rs.)	473.34	325.59	175.51

#### *Significant notes by auditors*

There are no significant notes of the auditors for the last three (3) Financial Years.

### 4. **India Infoline Limited**

#### *Corporate information*

India Infoline Limited (“**IIL**”) was originally incorporated as a private limited company under the provisions of the CA 1956 on March 21, 1996 as Agri Marketing Services India Private Limited. Further, pursuant to the issuance of fresh certificate of incorporation, the name of IIL was change to India Infoline.com Distribution Company Private Limited on May 08, 2000. On December 02, 2005, India Infoline Limited was converted into public limited company and its name was changed to India Infoline.com Distribution Company Limited. Further, the name of IIL was changed to India Infoline Distribution Company Limited pursuant to the issuance of fresh certificate of incorporation on April 13, 2006. Subsequently, pursuant to the issuance of fresh certificate of incorporation on February 27, 2014, the name of India Infoline Limited was changed to its present name. The registered office of IIL is situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot no. B-23, Thane Industrial Area, Wagle Estate, Thane- 400604.

The CIN of IIL is U99999MH1996PLC132983. IIL is a subsidiary of IIFL Holdings Limited. IIL 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, services relating to research analyst and investment adviser.

*Interest of our Promoters*

Our Promoters i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani, hold 05 and 10 equity shares of IIL, respectively, as nominees of IIFL Wealth Management Limited.

*Financial Information*

The following information has been derived from the audited standalone financial statements of IIL for the last three (3) Financial Years:

(in Rs. lakhs except per share values)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	1,690	1,690	1,690
Reserves and surplus (excluding revaluation)	22,425	18,842	14,762
Sales/Turnover	50,840	48,192	54,598
Profit/(Loss) after tax	7,600	4,680	7,105
Earnings per share (Rs.) (Basic)	44.97	27.69	42.04
Earnings per share (Rs.) (Diluted)	44.97	27.69	42.04
Net asset value per share (Rs.)	142.69	121.49	97.35

*Significant notes by auditors*

There are no significant notes of the auditors for the last three (3) Financial Years.

**5. IIFL Wealth Finance Limited**

*Corporate information*

IIFL Wealth Finance Limited (“IWFL”) was originally incorporated on August 31, 1994 under provisions of the CA, 1956, as Chephis Capital Markets Limited. On February 13, 2016, IIFL Wealth Management Limited acquired 100% equity shares capital of the IWFL and pursuant to the issuance of the fresh certificate of incorporation on March 12, 2016, the name of Chephis Capital Markets Limited was changed to its present name. The registered office of IWFL is situated at 6th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai, 400 013.

The CIN of IWFL is U65990MH1994PLC080646. It is a RBI registered systemically important non-deposit accepting non-banking financial company and is 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 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 i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani, neither directly hold any equity shares nor are directors in IWFL.



### Financial Information

The following information has been derived from the audited standalone financial statements of IWFL for the last three (3) Financial Years:

(in Rs. lakhs except per share values)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	26,244.97	25,211.64	72.75
Reserves and surplus (excluding revaluation)	80,181.19	64,975.89	30.69
Sales/Turnover	46,147.19	739.30	14.31
Profit/(Loss) after tax	10,038.63	174.09	5.06
Earnings per share (Rs.) (Basic)	3.93	0.98	0.70
Earnings per share (Rs.) (Diluted)	3.93	0.98	0.70
Net asset value per share (Rs.)	40.55	35.77	14.22

### Significant notes by auditors

There are no significant notes of the auditors for the last 3 Financial Years.

### B. Details of Group Companies with negative net worth

As on date of this Information Memorandum, none of our Group Companies have negative networth.

### C. Details of other Group Companies

Set forth below are details of our other Group Companies, other than the top five (5) Group Companies, as on the date of this Information Memorandum:

Sr. No.	Name of the Group Company	Brief description of activities	Interest of our Promoters
1.	IIFL Wealth Management Limited	IIFL Wealth Management Limited is a SEBI registered intermediary and carries on the business of portfolio and wealth management, equity broking and depository participant	None of our Promoters directly hold any equity shares in IIFL Wealth Management Limited. However, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani are directors in IIFL Wealth Management Limited
2.	IIFL Facilities Services Limited	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
3.	Samasta Microfinance Limited	Samasta Microfinance Limited carries on the business of providing micro finance	None of our Promoters directly hold any equity shares in the Samasta Microfinance Limited. However, Mr. Venkataraman Rajamani is one of the directors of Samasta Microfinance Limited
4.	IIFL Management Services Limited	IIFL Management Services Limited carries on the	Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman

Sr. No.	Name of the Group Company	Brief description of activities	Interest of our Promoters
		business of real estate advisory services	Rajamani hold 100 equity shares each of IIFL Management Services Limited as a nominee of IIFL Holdings Limited. None of our Promoters are directors in IIFL Management Services Limited
5.	India Infoline Insurance Brokers Limited	India Infoline Insurance Brokers Limited carries on the business of insurance broking and is registered with Insurance Regulatory and Development Authority of India.	Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani hold 100 equity shares each of India Infoline Insurance Brokers Limited as a nominee of IIFL Holdings Limited. Also, Mr. Venkataraman Rajamani is one of the directors of India Infoline Insurance Brokers Limited
6.	India Infoline Media & Research Services Limited	India Infoline Media and Research Services Limited carries on the business of designing and developing websites, web portals, software and internet based services	Our Promoters neither directly hold any equity shares nor are directors in India Infoline Media and Research Services Limited
7.	India Infoline Commodities Limited	India Infoline Commodities Limited carries on the business of commodities broking	Mr. Nirmal Bhanwarlal Jain holds 4,950 equity shares of India Infoline Commodities Limited as a nominee of IIFL Holdings Limited and Mr. Venkataraman Rajamani holds 5,000 equity shares of India Infoline Commodities Limited as a nominee of IIFL Holdings Limited Also, Mr. Venkataraman Rajamani is one of the directors of India Infoline Commodities Limited
8.	IIFL Trustee Limited	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 Company Limited is a SEBI registered 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 acts as 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

Sr. No.	Name of the Group Company	Brief description of activities	Interest of our Promoters
11.	IIFL Distribution Services Limited	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
12.	IIFL Investment Adviser and Trustee Services Ltd	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 carries on the business of advising and dealing in securities	Our Promoters neither directly hold any equity shares nor are directors in IIFL Private Wealth Hong Kong Limited
14.	IIFL Private Wealth Management (Dubai) Limited	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 has applied for the broker-dealer registration with Securities and Exchange Commission, United States 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 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 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. is a registered as a broker dealer with Financial Industry Regulatory Authority and Securities and Exchange Commission, United States	Our Promoters neither directly hold any equity shares nor are directors in IIFL Capital Inc
19.	IIFL Asset Management (Mauritius) Limited	IIFL Asset Management (Mauritius) Limited is registered as an investment advisor with Financial Service Commission, Mauritius, acts as investment manager, it is engaged in the business of distribution of financial products and is registered	Our Promoters neither directly hold any equity shares nor are directors in IIFL Asset Management (Mauritius) Limited

Sr. No.	Name of the Group Company	Brief description of activities	Interest of our Promoters
		with SEBI as a foreign portfolio investor	
20.	IIFL (Asia) Pte. Limited	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 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 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 Asset Reconstruction Limited is proposed to carry on the asset reconstruction business	Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani hold 10 equity shares of IIFL Asset Reconstruction Limited as a nominee of IIFL Holdings Limited. None of our Promoters are directors in IIFL Asset Reconstruction Limited
24.	Ayusha Dairy Private Limited	Ayusha Dairy Private Limited 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 is a not for profit company conducts charitable/ social activities.	Our Promoters neither directly hold any equity shares nor are directors in India Infoline Foundation.

#### **D. Nature and extent of interest of Group Companies**

1. *In the promotion of our Company*

None of our Group Companies have any interest in the promotion or other interest in our Company.

2. *In the properties acquired or proposed to be acquired by our Company in the past two (2) years before filing this Information Memorandum*

None of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two (2) years preceding the filing of this Information Memorandum.

3. *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.

**E. Common pursuits among the Group Companies with our Company**

Some of our Group Companies conduct business similar to that is conducted by our Company. Our Company shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as any when they arise.

**F. Related business Transactions within the Group Companies and significance on the financial performance of our Company**

For more information, see “*Related Party Transactions*” on page 123 of this Information Memorandum.

**G. Significant sale/ purchase between Group Companies and our Company**

Except as disclosed in “*Related Party Transactions*” on page 123 of this Information Memorandum, 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.

**H. Business interest of Group Companies**

None of our Group Companies have any business interest in our Company.

**I. Defunct Group Companies**

None of our Group Companies remain defunct, and no application has been made to the registrar of companies for striking off the name of any of our Group Companies during the 5 years preceding the date of filing of this Information Memorandum. None of our Group Companies fall under the definition of sick companies under SICA and none of them are under winding up.

**J. Loss making Group Companies**

Except as disclosed below, none of our Group Companies are loss making.

(in Rs. lakhs )

Sr. No	Name	Fiscal 2017	Fiscal 2016	Fiscal 2015
1.	IIFL Inc	(47.32)	(14.71)	(123.03)
2.	IIFL Asia Pte Limited	(7.26)	(181.61)	(174.25)

**K. Litigation**

For details relating to the legal proceedings involving the Group Companies, see “*Outstanding Litigations and Material Developments – Involving our Group Companies*” on page 242 of this Information Memorandum.

**L. Confirmations**

- 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 (3) years, except as disclosed in this Information Memorandum in section titled “*Other Regulatory and Statutory Disclosures - Promise vis-à-vis performance*” on page 267 of this Information Memorandum.
- None of our Group Companies have been debarred from accessing the capital market for any reasons by SEBI, or any other regulatory authorities.



3. 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.
4. None of our Group Companies have outstanding unsecured loans, which may be recalled by the lenders at any time.





#### 4.8 **RELATED PARTY TRANSACTIONS**

For details of the related party disclosures, as per the requirements under Accounting Standard 18 'related party disclosures' issued by the Institute of Chartered Accountants, please see section titled "*Financial Statements*" on page 125 of this Information Memorandum.



#### 4.9 **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 CA 2013. 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. Our Company has no formal dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into, to finance our fund requirements for our business activities, contractual obligations, and applicable legal restrictions. For further details, please see section titled "*Financial Indebtedness*" on page 218 of this Information Memorandum.

Our Company has not declared any dividends in last five (5) financial years preceding the filing of the Information Memorandum.

## SECTION 5: FINANCIAL INFORMATION

### 5.1 FINANCIAL STATEMENTS

Tel. : 2200 4465, 2206 7440  
Fax : 22-2200 0649  
E-mail : [mumbai@vsa.co.in](mailto:mumbai@vsa.co.in)  
Website : [www.vsa.co.in](http://www.vsa.co.in)

### **V. Sankar Aiyar & Co.**

CHARTERED ACCOUNTANTS  
2-C, Court Chambers  
35, New Marine Lines  
Mumbai - 400 020

#### INDEPENDENT AUDITOR'S REPORT

#### TO THE BOARD OF DIRECTORS OF SPAISA CAPITAL LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SPAISA CAPITAL LIMITED ("the Company"), which comprise the Balance Sheet as at 30<sup>th</sup> September, 2017 the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control



**V. Sankar Aiyar & Co.**

CHARTERED ACCOUNTANTS  
Mumbai - 400 020

relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 30<sup>th</sup> September, 2017 and its loss and its cash flows for the period ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

**For V. Sankar Aiyar & Co,  
Chartered Accountants  
(Firm's Registration No. 109208W)**



**G Sankar  
Partner  
(Membership No. 46050)**

Place: Mumbai

Date: 13<sup>th</sup> October 2017

**SPAISA CAPITAL LIMITED (Formerly IIFL Capital Limited)**  
**Standalone Balance Sheet as at Sept 30, 2017**

Particulars	Note No	(Amount in ₹)	
		As at Sept 30, 2017	As at March 31, 2017
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	12,73,90,220	12,73,90,220
(b) Reserve and Surplus	4	63,83,56,851	75,49,60,032
<b>Sub Total</b>		<b>76,57,47,071</b>	<b>88,23,50,252</b>
<b>(2) Non Current Liabilities</b>			
(a) Long-Term borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term Liabilities		-	-
(d) Long-Term Provisions	5	31,58,503	31,47,248
<b>Sub Total</b>		<b>31,58,503</b>	<b>31,47,248</b>
<b>(3) Current liabilities</b>			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	6	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		17,09,66,545	9,32,18,745
(c) Other Current Liabilities	7	2,50,82,395	55,11,928
(d) Short-Term Provisions	8	4,28,70,582	4,05,99,191
<b>Sub Total</b>		<b>23,89,19,523</b>	<b>13,93,29,864</b>
<b>TOTAL</b>		<b>1,00,78,25,096</b>	<b>1,02,48,27,365</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	9	-	-
(i) Tangible Assets		38,34,218	26,85,802
(ii) Intangible Assets		69,42,633	20,27,238
(iii) Capital work in progress		49,523	12,73,533
<b>Sub Total</b>		<b>1,08,26,374</b>	<b>59,86,573</b>
For V Sankar Aiyar & Co			
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (Net)	10	9,95,40,647	7,01,70,597
(d) Long-Term Loans & Advances	11	8,58,69,946	4,10,95,844
(e) Other Non-Current Assets		-	-
<b>Sub Total</b>		<b>18,54,10,593</b>	<b>11,12,66,441</b>
<b>(2) Current assets</b>			
(a) Current Investments		-	0
(b) Inventories	12	6,47,45,843	2,55,43,484
(c) Trade Receivables	13	32,26,70,855	5,32,85,721
(d) Cash and Bank Balances	14	38,76,45,914	81,12,32,059
(e) Short-Term Loans & Advances	15	3,07,44,885	1,58,47,447
(f) Other Current Assets	16	57,80,633	16,65,640
<b>Sub Total</b>		<b>81,15,88,130</b>	<b>90,75,74,352</b>
<b>TOTAL</b>		<b>1,00,78,25,097</b>	<b>1,02,48,27,365</b>
See accompanying notes Forming a Part of Standalone Financial Statements	1-28		
As per our attached report of even date			

For V Sankar Aiyar & Co  
Chartered Accountants  
Firm's Registration No.109208W  
By the hand of

*G Sankar*

G Sankar  
Partner  
Membership No. 046050

For and on behalf of the Board of Directors

*Prakarsh Gagani*

Prakarsh Gagani  
Director  
(DIN :- 07376258)

*Narendra Jain*

Narendra Jain  
Director  
(DIN :- 01984467)

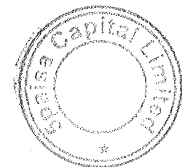
*Ankita Lakhota*

Ankita Lakhota  
Chief Financial Officer

*Harshit Choudhary*

Harshit Choudhary  
Company Secretary

Place : Mumbai  
Dated : 13<sup>th</sup> October, 2017

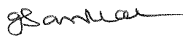


**SPAISA CAPITAL LIMITED (Formerly IIFL Capital Limited)**  
**Standalone Statement of Profit & Loss for the period ended Sept 30, 2017**

Particulars	Note No	(Amount in ₹)	
		For the Period ended Sept 30, 2017	For the Year ended March 31, 2017
<b>Income</b>			
Revenue From Operations	17	6,42,47,631	7,46,68,247
<b>Total Revenue</b>		<b>6,42,47,631</b>	<b>7,46,68,247</b>
<b>Expenditure</b>			
Employee Benefits Expense	18	9,20,19,551	8,76,95,210
Finance Cost	19	81	1,12,37,326
Other Expenses	20	11,61,98,920	13,67,71,581
Depreciation	21	20,02,312	27,70,045
<b>Total Expenditure</b>		<b>21,02,20,864</b>	<b>23,84,74,162</b>
<b>Profit Before Tax</b>		<b>(14,59,73,232)</b>	<b>(16,38,05,915)</b>
Deferred Tax Expenses		(2,93,70,051)	(4,65,51,496)
Short / (excess) provision of tax for earlier year		-	(3,53,522)
<b>Sub Total</b>		<b>(2,93,70,051)</b>	<b>(4,69,05,018)</b>
<b>Profit (Loss) For The Year</b>		<b>(11,66,03,181)</b>	<b>(11,69,00,897)</b>
Earnings Per Share (Face Value ₹10)	22		
Basic		(9.15)	(9.18)
Diluted		(9.15)	(9.18)
See accompanying notes Forming a Part of Standalone Financial Statements	1-28		

As per our attached report of even date

For V Sankar Aiyar & Co  
Chartered Accountants  
Firm's Registration No.109208W  
By the hand of




G Sankar  
Partner  
Membership No. 046050

Place : Mumbai  
Dated : 13<sup>th</sup> October, 2017



Prakash Gagdani  
Director  
(DIN :- 07376258)



Narendra Jain  
Director  
(DIN :- 01984467)



Ankita Lakhota  
Chief Financial Officer



Harshit Choudhary  
Company Secretary

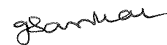




**5 PAISA CAPITAL LIMITED (Formerly IIFL Capital Limited)**  
**Cash Flow Statement for the period ended Sept 30, 2017**

Particulars	(Amount in ₹)	
	For the period ended Sept 30, 2017	For the year ended March 31, 2017
<b>Cash Flows From Operating Activities</b>		
Net profit before taxation and extraordinary item	(14,59,73,232)	(16,38,05,915)
<b>Adjustments for:</b>		
Net Loss/(gain) on Sale of Current Investments	(1,29,88,978)	(2,25,83,982)
Interest Income	(54,68,329)	(50,22,483)
Gratuity	4,27,696	12,75,158
Leave Encashment	4,16,017	4,86,594
Interest Expenses	81	(1,12,37,326)
<b>Operating Profit before Working Capital Changes</b>	<b>(1,76,13,513)</b>	<b>(1,46,07,387)</b>
<b>Changes in Working Capital :</b>	<b>(16,35,86,745)</b>	<b>(17,84,13,302)</b>
(Increase)/Decrease in Long Term Loan and Advances	(4,47,74,101)	24,55,320
Increase/(Decrease) in Other Current Liabilities	1,95,70,467	20,65,917
Decrease/(Increase) in Short Term Loans and advances	(1,48,97,437)	(1,25,33,052)
(Increase) / Decrease in Trade inventories	(3,92,02,360)	(1,50,64,107)
Decrease / (Increase) in other current assets	(41,14,992)	2,39,586
Increase / (Decrease) in Short term Provision	14,27,678	3,41,75,908
Increase / (Decrease) in Long term Provision	11,255	28,40,035
Increase / (Decrease) in Short term & Long term Borrowings	-	(2,31,00,000)
Decrease / (Increase) in Trade Receivable	(26,93,85,135)	17,76,43,657
Increase / (Decrease) in Trade Payable	7,77,47,800	(20,12,90,492)
Cash generated from/(Used) operations	(27,36,16,824)	(3,25,67,228)
Net income tax (paid) / refunds	(43,72,03,569)	(21,09,80,530)
<b>Net cash from/(used in) operating activities (a)</b>	<b>(43,72,03,569)</b>	<b>(3,53,522)</b>
<b>Cash Flows From Investing Activities</b>		
Sale / (Purchase) of Current Investments (Net)	0	(0)
Capital Gain on Investment	1,29,88,978	2,25,83,982
Interest received	54,68,329	50,22,483
Dividend Income	-	-
Bank Balance not considered as Cash and Cash Equivalents	(5,00,00,000)	(50,00,000)
(Purchase) /Sale of fixed assets (includes intangible assets) (net)	(48,39,801)	(27,98,362)
<b>Net cash from/(used in) investing activities (b)</b>	<b>(3,63,82,494)</b>	<b>1,98,08,103</b>
<b>Cash Flows From Financing Activities</b>		
Increase in share capital	-	87,99,90,000
Interest Paid	(81)	(1,12,37,326)
<b>Net cash from/(used in) financing activities (c)</b>	<b>(81)</b>	<b>86,87,52,674</b>
<b>Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>	<b>(47,35,86,144)</b>	<b>67,79,33,769</b>
Cash and Cash equivalents at beginning of year	75,62,32,059	7,82,98,290
Cash and Cash equivalents at end of year (Note 15)	28,26,45,914	75,62,32,059
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>(47,35,86,145)</b>	<b>67,79,33,769</b>
See accompanying notes Forming a Part of Standalone Financial Statements		1-30

For V Sankar Aiyar & Company  
Chartered Accountants  
Firm's Registration No.109208W  
By the hand of



G Sankar  
Partner  
Membership No. 046050

For and on behalf of the Board of Directors



Prakarsh Gagdani  
Director  
(DIN :- 07376258)



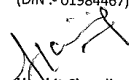
Narendra Jain  
Director  
(DIN :- 01984467)

Place : Mumbai  
Dated 13<sup>th</sup> October, 2017





Arif Lakhota  
Chief Financial Officer



Harshit Choudhary  
Company Secretary



**5Paise Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

**Note: 1. Corporate Information:**

5Paise 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.

**Note: 2**

**A) Scheme of Arrangement between IIFL Holdings Limited and 5paise Capital Limited**

The Scheme of Arrangement between IIFL Holdings Limited and 5paise 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 effective from 30.09.2017. Pursuant to order of NCLT, Mumbai Bench, 5paise digital Undertaking (the undertaking) on going concern basis was vested from IIFL Holdings Limited (IHL) to 5Paise Capital Ltd. (5PCL) w.e.f. the appointed date i.e. 01.10.2016

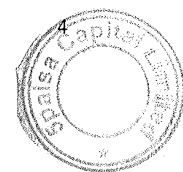
5Paise Digital Undertaking Business includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5Paise.com), software rights, brand i.e. 5Paise establishment, protection and support, Infrastructure and facilities services etc

**In accordance with the said Scheme of Arrangement:**

- 1**
- 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.
  - The face value of the equity share capital of 5 PCL of ₹ 177,165,000 held by IHL will get cancelled and without payment of Consideration.
  - 12,709,322 equity shares reflected as share suspense of ₹ 10 each will be issued by 5PCL to the members of IHL, whose names appear in the Register of Members of IHL or the Record Date of 18th Oct 2017.
  - The excess of net assets value of 5 Paise 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 5 Paise Digital Undertaking	(2,064,806)
Equity shares cancelled	177,165,000
New equity share capital to be issued	127,390,220
Capital Reserve (A+B-C)	47,709,974

- 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.



**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

3 Figures of previous years are not comparable with the figures of the current year as the warrant figures include the results of operations relating to 5 Paisa Digital Undertaking also with effect from 01.10.2016.

**B) Significant Accounting Policies:**

**2.1 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 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.

**2.2 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.

**2.3 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	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.



**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

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**2.4 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.

**2.5 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.

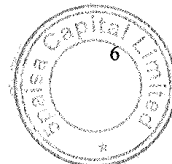
**2.6 Other Income Recognition:**

- (a) Interest Income is recognized on accrual basis.
- (b) Dividend income is recognized when the right to receive payment is established.

**2.7 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



**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

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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.

**2.8 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.

**2.9 Preliminary Expenses**

Preliminary Expenses is written off in same financial year in which they are incurred.

**2.10 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.

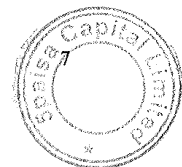
Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

**2.11 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.

**2.12 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.



**5 Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

**2.13 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.

**2.14 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.

**Note: 3. Issued, Subscribed and Paid-up share capital:**

**a) The Authorized, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:**

(Amount in ₹)

Particulars	As at Sept 30, 2017	As at March 31, 2017
<b>Authorized :</b>		
18,000,000 Equity Shares of ₹10 each	180,000,000	180,000,000
<b>Issued , Subscribed and Paid Up :</b>		
NIL (PY Upto 30.09.2016 - 17,716,500 and NIL after 30.09.2016) Equity Shares of ₹10 each fully paid – up	-	-
<b>Share Suspense Account</b>	127,390,220	127,390,220
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)		
<b>Total</b>	<b>127,390,220</b>	<b>127,390,220</b>

**b) Reconciliation of the shares outstanding**

Particulars	As at Sept 30, 2017		As at March 31, 2017	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
At the Beginning of the Year	-	-	3,050,000	30,500,000
Add:- Issued during the Year	-	-	14,666,500	146,665,000
Less : Shares Cancelled under Scheme of Arrangement (Refer Note 2(A))	-	-	17,716,500	177,165,000
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





5 Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017

c) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	Sept 30, 2017		March 31, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
IIFL Holdings Limited - The Holding Company upto 30.09.2016	-	-	-	-

d) Detail of shareholders holding more than 5% shares in the Company

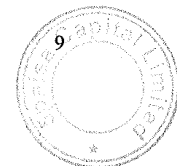
Particulars	As at Sept 30, 2016		As at March 31, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
IIFL Holdings Limited - The Holding Company upto 30.09.2016	-	-	-	-

Note: 4. Reserves and Surplus:

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
<b>Securities premium account</b>		
Opening balance	823,325,000	90,000,000
Addition during the year	-	733,325,000
<b>Closing Balance</b>	<b>823,325,000</b>	<b>823,325,000</b>
<b>Capital Reserve</b>		
Opening balance		
Addition during the year (Refer Note 2(A))	47,709,974	47,709,974
<b>Closing Balance</b>	<b>47,709,974</b>	<b>47,709,974</b>
<b>Profit and Loss Account</b>		
Opening balance		825,954
Addition during the year	(116,074,942)	(116,900,897)
<b>Closing Balance</b>	<b>(116,603,181)</b>	<b>(116,900,897)</b>
<b>Total</b>	<b>638,356,851</b>	<b>754,960,032</b>

Note: 5. Long Term Provision:

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
(i) Provision for Gratuity	2,841,592	2,576,654
(ii) Provision for Leave Encashment	316,911	570,594
<b>Total</b>	<b>3,158,503</b>	<b>3,147,248</b>



**5 Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

**Note: 6. Trade Payable:**

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
-Outstanding dues of micro & small enterprises*	-	-
-Outstanding dues of creditors other than micro & small enterprises	170,966,545	93,218,745
<b>Total</b>	<b>170,966,545</b>	<b>93,218,745</b>

\*. 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: 7. Other Current Liabilities:**

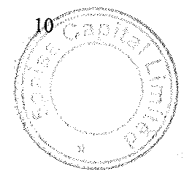
Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
Statutory remittances	10,665,374	4,399,741
Contractually reimbursable expenses	25,178	(5,595)
Accrued Salaries & Benefits	(20,475)	1,064,562
Other payables	58,630	53,220
Intercompany Payable	7,236,779	-
Others	7,116,909	-
<b>Total</b>	<b>25,082,395</b>	<b>5,511,928</b>

**Note: 8. Short Term Provisions:**

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
Provision for Expenses	38,651,137	38,957,430
Bonus Payable	2,462,532	743,476
Provision for Leave encashment	781,594	178,827
Provision for Gratuity	975,319	718,108
Provision for Taxation	-	1,350
<b>Total</b>	<b>42,870,582</b>	<b>40,599,191</b>

**Note :9 Fixed Assets**

Particulars	(Amount in ₹)				
	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
<b>Cost or Valuation</b>					
At April 1, 2017	14,70,034	3,22,640	18,36,897	15,02,086	51,31,657
Addition	14,38,380.00	3,73,780.08	17,110.00	1,84,762.00	20,14,033
Deductions/Adjustments during the year	-	-	-	-	-
<b>As at Sept 30, 2017</b>	<b>29,08,414</b>	<b>6,96,420</b>	<b>18,54,007</b>	<b>16,86,848</b>	<b>71,45,690</b>



5paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017

Depreciation					
At April 1, 2017	4,74,473	2,44,564	10,12,182	7,14,637	24,45,856
Depreciation For the year	4,50,935	21,847	99,162	2,93,672	8,65,616
Deductions/Adjustments during the year					-
<b>As at Sept 30, 2017</b>	<b>9,25,408</b>	<b>2,66,411</b>	<b>11,11,344</b>	<b>10,08,309</b>	<b>33,11,471</b>
Net Block					
At Sept 30, 2017	19,83,006	4,30,009	7,42,663	6,78,539	38,34,218
At March 31, 2017	995,561	78,076	824,715	787,449	2,685,802

Capital work in progress ₹ 49,523 /- (Previous year ₹ 1,273,533 /-) pertains to assets not yet capitalized.

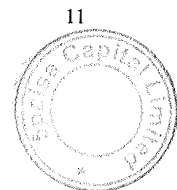
**Intangible Assets**

Particulars	Software	Total
Cost or Valuation		
At April 1, 2017	2,694,850	2,694,850
Addition	60,52,090	60,52,090
Deductions/Adjustments during the year	-	-
<b>As at Sept 30, 2017</b>	<b>87,46,940</b>	<b>87,46,940</b>
Depreciation		
At April 1, 2017	667,612	667,612
Depreciation For the year	11,36,696	11,36,696
Deductions/Adjustments during the year	-	-
<b>Up to Sept 30, 2017</b>	<b>18,04,307</b>	<b>18,04,307</b>
Net Block		
At Sept 30, 2017	69,42,633	69,42,633
At March 31, 2017	2,027,238	2,027,238

**Note: 10. Deferred Tax Assets:**

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
Depreciation	(227,855)	13,865
Deferred Tax Asset for Gratuity	523,597	413,456
Short term/Long Term Capital losses/ Business Loss	99,193,025	69,743,276
Provision for Doubtful debts	51,881	-
<b>Total</b>	<b>99,540,647</b>	<b>70,170,597</b>

"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."



5paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017

Note: 11. Long Term Loans & Advances:

(Amount in ₹)

Particulars	As at Sept 30,2017	As at March 31, 2017
<b>Unsecured, Considered Good :</b>		
Deposit with Exchange / Clearing Corporation	82,983,844	38,914,000
Security Deposits	1,917,200	-
Advance Income Tax & TDS	968,901	2,181,844
<b>Total</b>	<b>85,869,946</b>	<b>41,095,844</b>

Note: 12. Inventories - (At lower of cost or net realisable value):

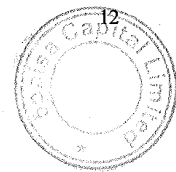
(Amount in ₹)

Script Name	As at Sept 30,2017			As at March 31,2017		
	Strike Price in ₹	Number	Amount in ₹	Strike Price in ₹	Number	Amount in ₹
<b>Exchange Traded Fund</b>						
EQ-SBISENSEX	330.3	6,965	1,654,910	301	5,497	1,654,910
EQ-SETFBANK EQ	243.7	3,619	3,074,025	211	14,564	3,074,025
EQ-SETFBSE100	97.2	28,859	2,847,312	88	32,380	2,847,312
EQ-SETFNIFJR EQ	281.0	12,108	1,231,916	245	5,029	1,231,916
EQ-SETFNIFTY EQ	98.9	50,494	5,766,957	93	62,332	5,766,957
EQ-UTINIFTYETF						
	1,009.0	5,109	9,615,570	882	10,908	9,615,570
EQ-UTISENSEXETF						
	315.9	8,163	1,352,794	294	4,604	1,352,794
EQ-UTINEXT50	276.0	7,240	19,98,240			
GMRINFRA	16.4	47,999	7,87,183			
RCOM	19.2	1,52,488	29,27,769			
JPASSOCIAT	17.7	408,000	72,21,600			
AMARAJABAT	709.0	2,400	17,01,600			
SUZLON	15.6	47,471	7,40,547			
Infibeam	126.7	212,000	4,99,480			
<b>TOTAL</b>			<b>64,745,843</b>			<b>25,543,484</b>
<b>Aggregate Market Value-Stock</b>			<b>65,222,839</b>			<b>26,661,454</b>

Note: 13. Trade Receivables:

(Amount in ₹)

Particulars	As at Sept 30,2017	As at March 31, 2017
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from date they are due for payment.	201,478	17,854
Other		
- Considered good	322,670,855	53,267,867
Less: Provision for Doubtful Debt	(201,478)	-
<b>Total</b>	<b>322,670,855</b>	<b>53,285,721</b>



5 Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017

Note: 14. Cash and Bank Balances:

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
<b>Cash &amp; Cash Equivalents:</b>		
<b>Balances with banks:</b>		
In current accounts		
Client bank accounts #	119,192,524	124,262,399
Others Bank accounts #	163,453,390	631,969,660
<b>Total Cash &amp; Cash Equivalent (a)</b>	<b>282,645,914</b>	<b>756,232,059</b>
<b>Other Balances</b>		
In Deposit account (Maturity From 3 months to 12 months)*	105,000,000	55,000,000
<b>Total Other Balances (b)</b>	<b>105,000,000</b>	<b>55,000,000</b>
<b>Total (a + b)</b>	<b>387,645,914</b>	<b>811,232,059</b>

\*Includes fixed deposits to the extent of ₹105,000,000/- (previous year ₹ 55,000,000/- )pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

# includes Cheque on hand ₹ 29,989,302 (Previous year ₹ 91, 93,314)

Note: 15. Short term Loan and Advances:

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
<b>Unsecured, Considered Good :</b>		
Advances recoverable in cash or in kind or for value to be received	908,435	1,969,009
<b>Balance with Government authorities</b>		
Service Tax Credit /GST Credit Receivable	29,836,450	13,878,438
<b>Total</b>	<b>30,744,885</b>	<b>15,847,447</b>

Note: 16. Other Current Assets:

Particulars	(Amount in ₹)	
	As at Sept 30, 2017	As at March 31, 2017
Prepaid expenses	5,220,905	1,464,021
Others	559,728	201,619
<b>Total</b>	<b>5,780,633</b>	<b>1,665,640</b>



5paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017

Note: 17. Revenue from Operations:

Particulars	(Amount in ₹)	
	For the period ended up to Sept 30,2017	For the year ended up to March 31,2017
<b>Capital Market Activity</b>		
Brokerage Income	1,52,97,515	92,57,490
Share/Currency Trading Income	4828578	2,42,27,151
Delay Payin Charges	1,02,53,219	31,12,936
Registration Charges	59,73,238	20,19,176
Others	94,37,775	84,45,029
<b>Total Revenue from Operations</b>	<b>4,57,90,325</b>	<b>4,70,61,782</b>
Capital Gains – Mutual Fund	1,29,88,978	2,25,83,982
Interest Income	54,68,329	50,22,483
<b>Total Operating Income</b>	<b>1,84,57,307</b>	<b>2,76,06,465</b>
<b>Total</b>	<b>6,42,47,632</b>	<b>7,46,68,247</b>

Note: 18. Employee Benefits Expense:

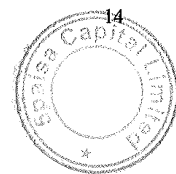
Particulars	(Amount in ₹)	
	For the period ended up to Sept 30,2017	For the year ended up to March 31,2017
Salaries and bonus	86,164,392	82,074,773
Contribution to provident and other funds	4,491,643	3,258,563
Gratuity	427,696	1,275,158
Staff Welfare Expenses	519,804	600,122
Leave Encashment	416,017	486,594
<b>Total</b>	<b>92,019,551</b>	<b>87,695,210</b>

Note: 19. Finance Costs:

Particulars	(Amount in ₹)	
	For the period ended up to Sept 30,2017	For the year ended up to March 31,2017
Interest Expenses	81	11,237,326
<b>Total</b>	<b>81</b>	<b>11,237,326</b>

Note: 20. Other expenses:

Particulars	(Amount in ₹)	
	For the period ended up to Sept 30,2017	For the year ended up to March 31,2017
Advertisement	61,801,256	66,526,428
Books & Periodicals	12,976	1,347
Exchange and statutory Charges	2,960,263	146,282
Brokerage related expenses	(11,910)	1,381,773
Marketing & Commission Expenses	2,517,209	2,210,873
Bank Charges	806,456	1,381,808
Communication	2,074,982	2,328,906





**5paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

Particulars	For the period ended up to Sept 30, 2017	For the year ended up to March 31, 2017
Electricity	4,847,558	5,427,256
Legal and professional charges	6,979,291	11,991,103
Office expenses	4,214,089	3,901,053
Meeting Seminar & Subscription	310,099	967,513
Postage and courier	193,065	304,760
Printing and stationery	237,666	244,363
Provision for bad and doubtful debts	201,482	(2)
Rent	14,616,640	15,786,715
Insurance	104,675	78,119
Rates & Taxes	199,508	1,891,957
<b>Repairs &amp; Maintenance</b>		
Computer	98,681	319,619
Others	703,943	571,489
Remuneration to Auditors :		
As auditors -Statutory Audit	5,808	11,500
Certification Work & other matters	8,543	17,086
Software Charges	10,129,780	17,478,161
Travelling and conveyance	3,186,856	3,783,767
<b>TOTAL</b>	<b>116,198,920</b>	<b>136,771,581</b>

**Note: 21. Depreciation**

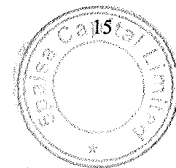
Particulars	(Amount in ₹)	
	For the period ended up to Sept 30, 2017	For the year ended up to March 31, 2017
Depreciation- Tangible	1,136,696	2,130,221
Depreciation – Intangible	865,616	639,834
<b>Total</b>	<b>2,002,312</b>	<b>2,770,045</b>

**Note: 22. Earnings per Share (EPS):**

Particulars	For the period ended up to Sept 30, 2017	For the year ended up to March 31, 2017
Net Profit/(Loss) after tax for the Year	(11,66,03,181)	(116,900,897)
Weighted Average No. of Shares to be issues under scheme of arrangement	1,27,39,022	12,739,022
Basic EPS	(9.15)	(9.18)
Diluted EPS	(9.15)	(9.18)

**Note: 23.**

The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / 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.

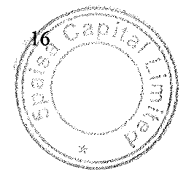


**5paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

Note: 24.

**A) Disclosures in respect of applicability of AS – 18 Related Party Disclosures:**

Nature of relationship	Name of party
Holding Company ceased w.e.f 01.10.2016 *	IIFL Holdings Limited
Fellow Subsidiaries ceased w.e.f 01.10.2016 *	India Infoline Commodities Limited India Infoline Media & Research Services Limited India Infoline Limited India Infoline Finance Limited IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited) India Infoline Insurance Brokers Limited IIFL Wealth Management Limited IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited ) IIFL Wealth (UK) Limited IIFL Capital Inc India Infoline Foundation
Group Companies	India Infoline Housing Finance Limited Samasta Microfinance Limited (w.e.f. 01 <sup>st</sup> Mar 2017) Ayusha Dairy Private Limited (w.e.f. 01 <sup>st</sup> 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 Assets Reconstruction Limited IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited) IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited) IIFL Distribution Services Limited IIFL Investment Advisers & Trustee Services Limited India Alternatives Investment Advisors Private Limited - ceased w.e.f 30 <sup>th</sup> March 2017 IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth (Mauritius) Ltd. IIFL Asia Pte Limited IIFL Private Wealth Hong Kong Limited IIFL Private Wealth Management (Dubai) Limited IIFL Inc. IIFL Private Wealth (Suisse) SA.
<b>Other related parties:</b>	
Key Managerial Personnel	Mr. Prakarsh Gagdani. (w.e.f 22/12/2015)



5paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017

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

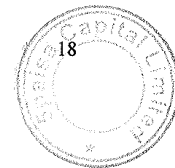
(Amount in ₹)

Nature of Transaction	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies	Key Managerial Person	Total
<b>ICD Received</b>					
India Infoline Finance Limited	- (-)	- (9,500,000)	- (-)	- (-)	- (9,500,000)
IIFL Holdings Limited	- (13,400,000)	- (-)	- (-)	- (-)	- (13,400,000)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited )	- (-)	- (8,400,000,000)	- (-)	- (-)	- (8,400,000,000)
IIFL Wealth Finance Ltd	- (-)	- (850,000,000)	- (-)	- (-)	- (850,000,000)
<b>ICD Received (Return)</b>					
India Infoline Finance Limited	- (-)	- (9,500,000)	- (-)	- (-)	- (9,500,000)
IIFL Holdings Limited	- (36,500,000)	- (-)	- (-)	- (-)	- (36,500,000)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited )	- (-)	- (8,400,000,000)	- (-)	- (-)	- (8,400,000,000)
IIFL Wealth Finance Ltd	- (-)	- (850,000,000)	- (-)	- (-)	- (850,000,000)
<b>ICD Given</b>					
India Infoline Insurance Brokers Limited	- (-)	- (84,000,000)	- (-)	- (-)	- (84,000,000)
<b>ICD Given (Received Back)</b>					
India Infoline Insurance Brokers Limited	- (-)	- (84,000,000)	- (-)	- (-)	- (84,000,000)
<b>Interest Expenses (ICD)</b>					
India Infoline Finance Limited	- (-)	- (2,863)	- (-)	- (-)	- (2,863)



5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017

Nature of Transaction	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies	Key Managerial Person	Total
IIFL Holdings Limited	- (1,002,175)	- (-)	- (-)	- (-)	- (1,002,175)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	- (-)	- (9,428,850)	- (-)	- (-)	- (9,428,850)
<b>Allocation / Reimbursement of Expenses Paid</b>					
India Infoline Ltd	- (-)	14,265,686 (15,852,154)	- (-)	- (-)	14,265,686 (15,852,154)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	- (-)	6,429,024 (4,638,976)	- (-)	- (-)	6,429,024 (4,638,976)
India Infoline Finance Limited	- (-)	7,575 (24,568)	- (-)	- (-)	7,575 (24,568)
<b>Allocation / Reimbursement of Expenses Received</b>					
India Infoline Ltd	- (-)	- (7,799,906)	- (-)	- (-)	- (7,799,906)
IIFL Wealth Management Limited	- (-)	- (49,714)	- (-)	- (-)	- (49,714)
<b>Rent Expense</b>					
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	- (-)	12,352,280 (13,621,441)	- (-)	- (-)	12,352,280 (13,621,441)
<b>Remuneration</b>					
Prakarsh Gagdani (w.e.f 22/12/2015)	- (-)	- (-)	- (-)	2,662,074 (5,291,652)	2,662,074 (5,291,652)
<b>Others Paid</b>					
India Infoline Ltd	- (-)	139,214 (17,045)	- (-)	- (-)	139,214 (17,045)
India Infoline Finance Limited	- (-)	- (5,000)	- (-)	- (-)	- (5,000)
<b>Others Received</b>					
India Infoline Ltd	- (-)	50,000 (8,829,878)	- (-)	- (-)	50,000 (8,829,878)



**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

Nature of Transaction	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies	Key Managerial Person	Total
India Infoline Insurance Brokers Limited	- (-)	102,550 (-)	- (-)	- (-)	102,550 (-)
India Infoline Finance Limited	- (-)	53,220 (-)	- (-)	- (-)	53,220 (-)
IIFL Holdings Limited	200,000 (-)	- (-)	- (-)	- (-)	200,000 (-)
<b>Service Income</b>					
India Infoline Ltd	- (-)	1,467,207 (535,367)	- (-)	- (-)	1,467,207 (535,367)
India Infoline Insurance Brokers Limited	- (-)	2,151,749 (736,707)	- (-)	- (-)	2,151,749 (736,707)

\*The NCLT vide its order dated March 30, 2017 has approved and sanctioned the Scheme of Amalgamation of IIFL Properties Private Limited with IIFL Real Estate Limited w.e.f. April 01, 2015. Thus, all the related party transactions with IIFL Properties Private Limited, for the current year and the previous year, have been shown under IIFL Real Estate Limited.

Note: Figures in bracket represent previous year's figure.

**Note: 25. Segment Reporting:**

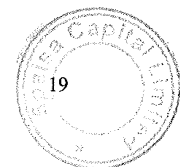
In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

**Note: 26.** There is no pending litigation by and on the Company as on the balance sheet date.

**Note: 27.** Earnings and expenses in foreign currency

(Amount in ₹)

Particulars	For the period ended up to Sept 30, 2017	For the year ended up to March 31, 2017
<b>Earnings in Foreign Currency</b>	-	-
<b>Total Income</b>	-	-
<b>Expenses in Foreign Currency</b>		
Advertisement Expenses	1,398,798	1,568,153
<b>Total Expenses</b>	<b>1,398,798</b>	<b>1,568,153</b>



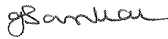
**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Period ended Sept 30, 2017**

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**Note: 28.** Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

**As per our attached report of even date**

**For For V Sankar Aiyar & Co**  
Chartered Accountants  
Firm's Registration No.109208W  
By the hand of



**G Sankar**  
Partner  
Membership No.: 046050

Place: Mumbai

Dated: 13<sup>th</sup> October, 2017

**For and on behalf of the Board of Directors**



**Prakash Gagdani**  
Director  
(DIN :- 07376258)



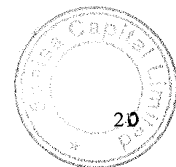
**Narendra Jain**  
Director  
(DIN :-01984467)



**Ankita Lakhotia**  
Chief Financial Officer



**Harshit Choudhary**  
Company Secretary





## Sharp & Tannan Associates

Chartered Accountants

87 Nariman Bhavan, 227 Nariman Point  
Mumbai (Bombay) 400 021, INDIA.

T: +91 22 6153 7500 ; 2202 2224 / 3857

F: +91 22 2202 3954

E: mumbai.office@sharp-tannan.com

W: www.sharp-tannan.com

### Independent Auditors' Report

#### To the Members of 5 Paise capital limited (Formerly IIFL Capital Limited)

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of 5 Paise capital limited (Formerly IIFL Capital Limited) ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Page 1 of 8

Also at Baroda, New Delhi and Pune. Associate Offices at Bangalore, Chennai (Madras), Hyderabad and Panaji (Goa).

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.


#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A"; a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its financial statements, refer note no. 28 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 26 to the standalone financial statements.

For Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.:109983W  
By the hand of



Tirtharaj Khot  
Partner

Membership No.: (F) 037457

Place: Mumbai  
Date: 2nd May, 2017

#### Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditor's report to the members of **5 Paisa capital limited (Formerly IIFL Capital Limited)** ("the Company") for the year ended 31st March 2017. We report that:

1. (a) The Company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets.  
  
(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.  
  
(c) The Company does not have any immovable property. Therefore, paragraph 3 (i) (c) of the order is not applicable to the Company.
2. The Company is a trading in equity, stock futures, currency futures, equity index, stock options and currency options on proprietary basis and the stock held at the yearend has been classified as inventory, such inventory is verified by the management during the year with reference to third party evidence like Demat statement. There were no discrepancies noticed during such verification.
3. The Company has granted loan to one company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').  
  
(a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.  
  
(b) In the case of the loans granted to the company listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.  
  
(c) There are no overdue amounts in respect of the loan granted to a company listed in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable, Therefore, Paragraph 3 (iv) of the Order is not applicable to the Company.



5. The Company has not accepted any deposits during the year from the public to which the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 and any other relevant provisions of the Act and the rules framed thereunder apply.
6. As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. Therefore, Paragraph 3 (vi) of the Order is not applicable to the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company, with the appropriate authorities. There were no material undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit with the appropriate authorities of disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax.
8. Based on our audit procedures and according to the information and explanations given to us, the Company has not borrowed from debentures holders or financial institution or bank or government during the year. Therefore, paragraph 3 (viii) of the Order is not applicable to the Company.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the period. Therefore, paragraph 3 (ix) of the Order is not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.



11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, paragraph 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, during the year the Company has made allotment of Equity shares to its holding company, the amount raised were utilized for the purpose for which they were raised. The Company has not made any other preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3 (xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.:109983W  
By the hand of



Tirtharaj Khot  
Partner  
Membership No.: (F) 037457

Place: Mumbai  
Date: 2nd May, 2017



**Annexure - B to the Auditors' Report**

**Independent Auditors' report to the members of 5 Paisa capital limited (Formerly IIFL Capital Limited) ("the Company") on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.: 109983W  
By the hand of



Tirtharaj Khot  
Partner

Membership No.: (F) 037457

Place: Mumbai  
Date: 2nd May, 2017

**S PAISA CAPITAL LIMITED (formerly IIFL Capital Limited)**  
**Standalone Balance Sheet as at March 31, 2017**

Particulars	Note No	As at March 31, 2017	As at March 31, 2016
(₹ in Millions)			
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	177.17	50.50
(b) Reserve and Surplus	4	719.70	90.83
<b>Sub Total</b>		<b>896.87</b>	<b>121.33</b>
<b>(2) Non Current Liabilities</b>			
(a) Long-Term borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term liabilities		-	-
(d) Long-Term Provisions	5	1.19	0.30
<b>Sub Total</b>		<b>1.19</b>	<b>0.30</b>
<b>(3) Current liabilities</b>			
(a) Short-Term Borrowings	6	-	23.10
(b) Trade Payables	7	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		93.72	294.51
(c) Other Current Liabilities	8	4.73	3.45
(d) Short-Term Provisions	9	28.44	2.14
<b>Sub Total</b>		<b>126.89</b>	<b>323.20</b>
<b>TOTAL</b>		<b>1,024.95</b>	<b>444.83</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	10	-	-
(i) Tangible Assets		2.30	1.27
(ii) Intangible Assets		2.03	0.97
(iii) Capital work in progress		1.27	0.09
<b>Sub Total</b>		<b>5.60</b>	<b>2.73</b>
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (Net)	11	70.57	29.62
(d) Long-Term Loans & Advances	12	41.10	43.55
(e) Other Non-Current Assets		-	-
<b>Sub Total</b>		<b>111.27</b>	<b>67.17</b>
<b>(2) Current assets</b>			
(a) Current Investments		-	-
(b) Inventories	13	25.54	10.48
(c) Trade Receivables	14	53.29	230.93
(d) Cash and Bank Balances	15	811.23	128.30
(e) Short-Term Loans & Advances	16	15.85	3.31
(f) Other Current Assets	17	1.67	1.91
<b>Sub Total</b>		<b>907.58</b>	<b>374.93</b>
<b>TOTAL</b>		<b>1,024.95</b>	<b>444.83</b>
See accompanying notes forming a Part of Standalone Financial Statements	1-30		

As per our attached report of even date

For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No. 209983W  
By the hand of


  
Yashraj Khot  
Partner

Membership No. (F) 037452



Place : Mumbai  
Dated : May 02, 2017

For and on behalf of the Board of Directors

  
Prakash Gargant  
Director  
(DIN : 07376258)

  
Ankita Lakhota  
Chief Financial Officer

  
Narendras Jain  
Director  
(DIN : 01984467)


  
Jyesh Sharma  
Company Secretary


**5 PAISA CAPITAL LIMITED (Formerly IIFL Capital Limited)**  
**Standalone Statement of Profit & Loss for the year ended March 31, 2017**

Particulars	Note No	₹ in Millions	
		For the Year ended March 31, 2017	For the Year ended March 31, 2016
<b>Income</b>			
Revenue From Operations	18	74.67	(12.18)
<b>Total Revenue</b>		<b>74.67</b>	<b>(12.18)</b>
<b>Expenditure</b>			
Employee Benefits Expense	19	77.66	21.63
Finance Cost	20	11.24	18.05
Other Expenses	21	134.43	25.01
Depreciation	22	2.70	0.12
<b>Total Expenditure</b>		<b>226.03</b>	<b>64.81</b>
<b>Profit Before Tax</b>		<b>(151.36)</b>	<b>(76.99)</b>
Deferred Tax Expenses		(46.55)	(23.51)
Short / (excess) provision of tax for earlier year		(0.36)	1.50
<b>Sub Total</b>		<b>(46.91)</b>	<b>(22.01)</b>
<b>Profit (Loss) For The Year</b>		<b>(104.45)</b>	<b>(54.98)</b>
Earnings Per Share (Face Value ₹10)	23		
Basic		(9.86)	(18.03)
Diluted		(9.86)	(18.03)
See accompanying notes Forming a Part of Standalone Financial Statements	<b>1-30</b>		


As per our attached report of even date


For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No. 109983W  
By the hand of

  
Arthraj Khot  
Partner  
Membership No. : (F) 037457



For and on behalf of the Board of Directors

  
Prekash Gagdani  
Director  
(DIN : 07376258)

  
Narendra Jain  
Director  
(DIN : 00984467)



  
Ankita Lakhota  
Chief Financial Officer

  
Jayesh Sharma  
Company Secretary

Place : Mumbai  
Dated : May 02, 2017

**5 PAISA CAPITAL LIMITED (Formerly IIFL Capital Limited)**  
**Cash Flow Statement for the year ended March 31, 2017**

Particulars	For the year ended		For the year ended	
	March 31, 2017		March 31, 2016	
<b>Cash Flows From Operating Activities</b>				
Net profit before taxation and extraordinary item		(151.36)		(76.99)
Adjustments for:				
Net Loss/(gain) on Sale of Current Investments	(22.58)		(0.17)	
Interest Income	(5.02)		(15.21)	
Gratuity	1.06		(0.29)	
Leave Encashment	0.48		0.11	
Interest Expenses	11.24	(14.82)	18.05	2.49
<b>Operating Profit before Working Capital Changes</b>		<b>(166.18)</b>		<b>(74.50)</b>
Changes in Working Capital :				
(Increase)/Decrease in Long Term Loan and Advances	2.46		(7.15)	
Increase/(Decrease) in Other Current Liabilities	1.28		(0.28)	
Decrease/(Increase) in Short Term Loans and advances	(12.53)		(2.33)	
(Increase) / Decrease in Trade Inventories	(15.06)		(10.48)	
Decrease / (Increase) in other current assets	0.24		(0.04)	
Increase / (Decrease) in Short term Provision	24.75		(12.87)	
Increase / (Decrease) in Long term Provision	0.89		-	
Increase / (Decrease) in Short term & Long term Borrowings	(23.10)		(125.20)	
Decrease / (Increase) in Trade Receivable	177.64		(203.26)	
Increase / (Decrease) in Trade Payable	(201.29)	(44.72)	291.19	(71.02)
Cash generated from/(Used) operations		(210.90)		(145.52)
Net income tax (paid) / refunds		0.35		(1.51)
<b>Net cash from/(used in) operating activities (a)</b>		<b>(210.55)</b>		<b>(147.03)</b>
<b>Cash Flows From Investing Activities</b>				
Capital Gain on Investment		22.58		0.17
Interest received		5.02		15.21
Bank Balance not considered as Cash and Cash Equivalents		(5.00)		200.00
(Purchase)/Sale of fixed assets (Includes intangible assets) (net)		(2.87)		(2.73)
<b>Net cash from/(used in) investing activities (b)</b>		<b>19.73</b>		<b>212.65</b>
<b>Cash Flows From Financing Activities</b>				
Increase in share capital		870.99		-
Interest Paid		(11.24)		(18.05)
<b>Net cash from/(used in) financing activities (c)</b>		<b>859.75</b>		<b>(18.05)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>		<b>677.94</b>		<b>47.57</b>
Cash and Cash equivalents at beginning of year		78.30		30.73
Cash and Cash equivalents at end of year (Note 15)		756.23		78.30
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>677.93</b>		<b>47.57</b>
See accompanying notes forming a Part of Standalone Financial Statements	1-30			

As per our attached report of even date


Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No. 109983W  
By the hand of



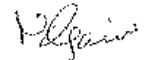
Nihar Khot  
Partner  
Membership No. : (F) 037457



For and on behalf of the Board of Directors



Prakash Gadhani  
Director  
(DIN : 07376258)



Narendra Jain  
Director  
(DIN : 01984467)

Place : Mumbai  
Dated : May 02, 2017




Anshu Lakhota  
Chief Financial Officer



Jayesh Sharma  
Company Secretary

**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017**

**Note: 1. Corporate Information:**

5Paisa Capital Ltd ["5PCL"] is a Wholly Owned Subsidiary of IIFL Holdings Ltd ["IIFLH"]. 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.

On Sept 30, 2016, the Board of Directors of 5paisa Capital Limited, have approved a draft Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 with IIFL Holdings Limited ["IIFLH"] and their respective shareholders to demerge 5paisa digital undertaking of IIFLH into 5PCL. As per the proposed Scheme, the consideration for the proposed demerger is through issue and allotment of 1 equity share of ₹ 10/- each fully paid up of 5PCL for every 25 equity shares of IIFLH held by the shareholders of IIFLH. The appointed date for the proposed demerger Scheme is October 01, 2016. The Scheme would be effective upon receipt of all requisite regulatory approvals and filing of the certified copies of the final order of National Company Law Tribunal ("NCLT") with the Registrar of Companies. "No Objection" has been received from SEBI, BSE and NSE on the draft Scheme of Arrangement and the same has been filed with NCLT by 5PCL and IIFLH. Pending final approval of the proposed scheme, the financials of 5PCL is without considering the effect of the proposed demerger.

**Note: 2. Significant Accounting Policies:**

**2.1 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 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.

**2.2 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.

**2.3 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.





**5Paisa Capital Limited (Formerly IFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017**

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.

**2.4 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.

**2.5 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.



**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017**

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**2.6 Other Income Recognition:**

- (a) Interest income is recognized on accrual basis.
- (b) Dividend income is recognized when the right to receive payment is established.

**2.7 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.

**2.8 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.

**2.9 Preliminary Expenses**

Preliminary Expenses is written off in same financial year in which they are incurred.

**2.10 Taxes on Income:**

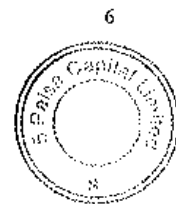
Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, 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.

**2.11 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.



**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017**

**2.12 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.

**2.13 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.

**2.14 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.

**Note: 3. Issued, Subscribed and Paid-up share capital:**

a) The Authorized, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
<b>Authorized :</b>		
18,000,000 (PY - 10,000,000) Equity Shares of ₹10 each	180.00	100.00
<b>Issued , Subscribed and Paid Up :</b>		
17,716,500 ( PY - 3,050,000) Equity Shares of ₹10 each fully paid – up	177.17	30.50
<b>Total</b>	<b>177.17</b>	<b>30.50</b>

b) Reconciliation of the shares outstanding

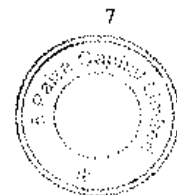
Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	3,050,000	30.50	3,050,000	30.50
Add:- Issued during the Year	14,666,500	146.67	-	-
<b>Outstanding at the end of the year</b>	<b>17,716,500</b>	<b>177.17</b>	<b>3,050,000</b>	<b>30.50</b>

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. IIFL Holdings Ltd (Formerly known as India Infoline Limited), the holding company holds 100% (Previous year 100%) of paid up share capital.

d) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	March 31, 2017		March 31, 2016	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
IIFL Holdings Limited - The Holding Company	17,716,500	100%	3,050,000	100%



5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

e) Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
IIFL Holdings Limited - The Holding Company	17,716,500	100%	3,050,000	100%

Note: 4. Reserves and Surplus:

Particulars	As at March 31, 2017		As at March 31, 2016	
	(₹ in Millions)			
<b>Securities premium account</b>				
Opening balance	90.00		90.00	
Addition during the year	733.32		-	
<b>Closing Balance</b>	<b>823.32</b>		<b>90.00</b>	
<b>Profit and Loss Account</b>				
Opening balance	0.83		55.81	
Addition during the year	(104.45)		(54.98)	
<b>Closing Balance</b>	<b>(103.62)</b>		<b>0.83</b>	
<b>Total</b>	<b>719.70</b>		<b>90.83</b>	

Note: 5. Long Term Provision:

Particulars	As at March 31, 2017		As at March 31, 2016	
	(₹ in Millions)			
(i) Provision for Gratuity	0.79		0.25	
(ii) Provision for Leave Encashment	0.40		0.05	
<b>Total</b>	<b>1.19</b>		<b>0.30</b>	

Note: 6. Short Term Borrowings:

Particulars	As at March 31, 2017		As at March 31, 2016	
	(₹ in Millions)			
Unsecured Loans & Advances from Related Parties Repayable on Demand	-		23.10	
<b>Total</b>	<b>-</b>		<b>23.10</b>	

Note: 7. Trade Payable:

Particulars	As at March 31, 2017		As at March 31, 2016	
	(₹ in Millions)			
-Outstanding dues of micro & small enterprises*	-		-	
-Outstanding dues of creditors other than micro & small enterprises	93.22		294.51	
<b>Total</b>	<b>93.22</b>		<b>294.51</b>	

\*.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.



5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

Note: 8. Other Current Liabilities:

Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
(i) Statutory remittances	4.40	0.96
(ii) Contractually reimbursable expenses	(0.01)	0.01
(iii) Accrued Salaries & Benefits	0.29	2.45
(iv) Other payables	0.05	0.03
<b>Total</b>	<b>4.73</b>	<b>3.45</b>

Note: 9. Short Term Provisions:

Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
Provision for Expenses	26.79	1.59
Bonus Payable	0.75	0.15
Provision for Leave encashment	0.18	0.02
Provision for Gratuity	0.72	0.03
Provision for Taxation @ (Net of Advance Tax of ₹ 17.94 Million, PY ₹ 26.96 Million)	0.00	0.35
<b>Total</b>	<b>28.44</b>	<b>2.14</b>

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note :10 Fixed Assets

Particulars	₹ in Millions				
	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
<b>Cost or Valuation</b>					
At April 1, 2016	1.00	-	-	0.36	1.36
Addition	0.47	0.32	1.84	0.46	3.09
Deductions/Adjustments during the year	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>1.47</b>	<b>0.32</b>	<b>1.84</b>	<b>0.82</b>	<b>4.45</b>
<b>Depreciation</b>					
At April 1, 2016	0.06	-	-	0.03	0.09
Depreciation For the year	0.41	0.25	1.01	0.39	2.06
Deductions/Adjustments during the year	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>0.47</b>	<b>0.25</b>	<b>1.01</b>	<b>0.42</b>	<b>2.15</b>
<b>Net Block</b>					
At March 31, 2017	1.00	0.07	0.83	0.40	2.30
At March 31, 2016	0.93	-	-	0.34	1.27

Capital work in progress ₹ 1.27 Million (Previous year ₹ 0.49 Million) pertains to assets not yet capitalized.

Intangible Assets

Particulars	Software	Total
<b>Cost or Valuation</b>		
At April 1, 2016	1.00	1.00
Addition	1.69	1.69
Deductions/Adjustments during the year	-	-



5paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

As at March 31, 2017	2.69	2.69
<b>Depreciation</b>		
At April 1, 2016	0.03	0.03
Depreciation For the year	0.64	0.64
Deductions/Adjustments during the year	-	-
<b>Up to March 31, 2017</b>	<b>0.67</b>	<b>0.67</b>
<b>Net Block</b>		
At March 31, 2017	2.03	2.03
At March 31, 2016	0.97	0.97

Note: 11. Deferred Tax Assets:

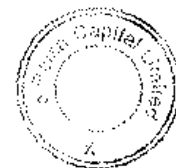
Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
Depreciation	0.01	(0.16)
Deferred Tax Asset for Gratuity	0.41	0.08
Short term/Long Term Capital losses/ Business Loss	69.75	23.70
<b>Total</b>	<b>70.17</b>	<b>23.62</b>

Note: 12. Long Term Loans & Advances:

Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, Considered Good :</b>		
<b>Deposit with Exchange / Clearing Corporation</b>		
DEPOSIT - BSE	0.90	0.90
DEPOSIT - BSE CASH ADD BASE CAPITAL	6.50	5.00
DEPOSIT - BSE CASH BASE CAPITAL	3.50	3.50
DEPOSIT - BSE F&O ADD BASE CAPITAL	1.00	6.00
DEPOSIT - NSCCL-CM - CASH	2.50	2.50
DEPOSIT - NSCCL-CM - IFSD	1.50	1.33
DEPOSIT - NSCCL-CURRENCY DERIVATIVE - CASH	2.50	2.50
DEPOSIT - NSCCL-CURRENCY DERIVATIVE - IFSD	2.50	2.30
DEPOSIT - NSCCL-F&O - CASH	2.50	2.50
DEPOSIT - NSCCL-F&O - IFSD	2.50	2.50
DEPOSIT - NSE CASH ADD BASE CAPITAL	0.01	-
DEPOSIT - NSEIL-CM- INTEREST FREE SECURITY DEPOSIT	8.50	8.50
DEPOSIT - NSEIL-IFSD- CURRENCY DERIVATIVE SEGMENT	2.00	2.00
DEPOSIT - NSEIL-IFSD- FUTURE AND OPTIONS SEGMENT	2.50	2.50
<b>Total</b>	<b>38.91</b>	<b>42.03</b>
Advance Income Tax & Tax Deducted at Source ( Net of Provision CY -NIL, PY- NIL)	2.19	1.52
<b>Total</b>	<b>41.10</b>	<b>43.55</b>



10





5Paisa Capital Limited (Formerly HFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

Note: 13. Inventories - (At lower of cost or net realisable value):

Script Name	As at March 31, 2017			As at March 31, 2016		
	Strike Price in ₹	Number	₹ in Million	Strike Price in ₹	Number	₹ in Million
<b>Exchange Traded Fund</b>						
EQ-SBISENSEX	301	5,497	1.65	247.48	2177	0.54
EQ-SETFBANK EQ	211	14,564	3.07	155.01	7360	1.14
EQ-SETFBSE100	88	32,380	2.85	78.70	12246	0.96
EQ-SETFNIFR EQ	245	5,029	1.23	186.19	2133	0.40
EQ-SETFNIFTY EQ	93	62,332	5.77	75.66	11225	0.85
EQ-UTINIFTYETF	882	10,908	9.62	755.08	5234	3.95
EQ-UTISENSEXETF	294	4,604	1.35	237.23	11118	2.64
<b>TOTAL</b>			<b>25.54</b>			<b>10.48</b>
<b>Aggregate Market Value-Stock</b>			<b>26.66</b>			<b>10.97</b>

Note: 14. Trade Receivables:

Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
Unsecured Considered good	53.29	230.93
<b>Total</b>	<b>53.29</b>	<b>230.93</b>

Note: 15. Cash and Bank Balances:

Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
<b>Cash &amp; Cash Equivalents:</b>		
<b>Balances with banks:</b>		
In current accounts		
Client bank accounts #	124.26	54.84
Others Bank accounts #	631.97	23.46
<b>Total Cash &amp; Cash Equivalent (a)</b>	<b>756.23</b>	<b>78.30</b>
<b>Other Balances</b>		
In Deposit account (Maturity From 3 months to 12 months)*	55.00	50.00
<b>Total Other Balances (b)</b>	<b>55.00</b>	<b>50.00</b>
<b>Total (a + b)</b>	<b>811.23</b>	<b>128.30</b>

\*Includes fixed deposits to the extent of ₹ 55 Million (previous year ₹ 50 Million) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

# Includes Cheque on hand ₹ 9.19 Million (Previous year ₹ 0.44 Million)

Note: 16. Short term Loan and Advances:

Particulars	₹ in Millions	
	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, Considered Good :</b>		
Advances recoverable in cash or in kind or for value to be received	1.97	0.06
<b>Balance with Government authorities</b>		
Service Tax Credit Receivable	13.88	3.25
<b>Total</b>	<b>15.85</b>	<b>3.31</b>



5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

Note: 17. Other Current Assets:

Particulars	₹ In Millions)	
	As at March 31, 2017	As at March 31, 2016
Margin with exchange	-	0.47
Prepaid expenses	1.47	1.37
Others	0.20	0.07
<b>Total</b>	<b>1.67</b>	<b>1.91</b>

Note: 18. Revenue from Operations:

Particulars	₹ in Millions)	
	For the year ended up to March 31, 2017	For the year ended up to March 31, 2016
<b>Capital Market Activity</b>		
Brokerage Income	9.26	3.12
Others	2.12	-
Delay Payin Charges	3.11	-
Registration Charges	2.02	-
<b>Fund Based Activity</b>		
Capital Gains – Mutual Fund	22.59	0.17
Interest Income	5.02	15.21
Others @	6.32	0.00
Share/Currency Trading Income	24.23	(30.68)
<b>Total</b>	<b>74.67</b>	<b>(12.18)</b>

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note: 19. Employee Benefits Expense:

Particulars	₹ in Millions)	
	For the year ended up to March 31, 2017	For the year ended up to March 31, 2016
Salaries and bonus	72.50	21.48
Contribution to provident and other funds #	3.02	0.31
Gratuity +	1.06	(0.29)
Staff Welfare Expenses	0.60	0.02
Leave Encashment	0.48	0.11
<b>Total</b>	<b>77.66</b>	<b>21.63</b>



5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

\* The Company is recognizing 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, 2017	For the year ended up to March 31, 2016
Discount rate previous year	7.72%	7.89%
Salary Escalation previous year	5.00%	5.00%
Discount rate current year	6.77%	7.72%
Salary Escalation Current year	5.00%	5.00%
<b>Change in Benefit Obligation</b>		
Liability at the beginning of the year	0.27	0.33
Interest Cost	0.02	0.02
Current Service Cost	0.11	0.11
Benefit paid	(0.04)	-
Actuarial (gain)/ Loss on obligations	0.97	(0.42)
Liability Transferred in/(out)	0.17	0.23
<b>Liability at the end of the year</b>	<b>1.50</b>	<b>0.27</b>
<b>Amount Recognized in the Balance Sheet</b>		
Liability at the end of the year	(1.50)	(0.27)
Fair value of plan Assets at the end of the year	-	-
Differences	(1.50)	(0.27)
<b>Amount of liability Recognized in the Balance Sheet</b>		
	<b>(1.50)</b>	<b>(0.27)</b>
<b>Expenses Recognized in the Income Statement</b>		
Current Service cost	0.11	0.11
Interest Cost	0.02	0.02
Expected return on plan assets	-	-
Actuarial Gain or Loss	0.97	(0.42)
<b>Expense Recognized in P&amp;L</b>	<b>1.10</b>	<b>(0.29)</b>
<b>Balance Sheet reconciliation</b>		
Opening Net liability	0.27	0.33
Expense as above	1.10	(0.29)
Net Transfer in	0.17	0.23
Benefit paid	(0.04)	-
<b>Amount Recognized in Balance Sheet</b>	<b>1.50</b>	<b>0.27</b>

# 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, 2017	For the year ended up to March 31, 2016
Contribution to provident fund and EPS	2.57	0.30

Note: 20. Finance Costs:

(₹ in Millions)		
Particulars	For the year ended up to March 31, 2017	For the year ended up to March 31, 2016
Interest Expenses	11.24	18.05
<b>Total</b>	<b>11.24</b>	<b>18.05</b>



5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

Note: 21. Other expenses:

Particulars	₹ in Millions	
	For the year ended up to March 31, 2017	For the year ended up to March 31, 2016
Advertisement	66.53	0.17
Books & Periodicals @	0.00	0.00
Exchange and statutory Charges	0.15	0.25
Brokerage related expenses	1.38	4.05
Marketing & Commission Expenses	2.21	0.29
Bank Charges	1.38	4.32
Communication	2.33	1.40
Electricity	5.43	0.37
Legal and professional charges	11.99	3.24
Miscellaneous Expenses	0.11	0.02
Office expenses	3.90	0.93
Meeting Seminar & Subscription	0.96	0.22
Postage and courier	0.30	0.01
Printing and stationery	0.24	0.02
Provision for bad and doubtful debts @	0.00	(0.01)
Rent	13.69	3.06
Insurance	0.08	0.32
Rates & Taxes	1.89	0.22
<b>Repairs &amp; Maintenance</b>		
Computer	0.32	0.03
Others	0.46	0.02
<b>Remuneration to Auditors :</b>		
As auditors - Statutory Audit	0.01	0.01
Certification Work & other matters	0.02	0.01
Software Charges	17.48	3.47
Travelling and conveyance	3.57	2.59
<b>TOTAL</b>	<b>134.43</b>	<b>25.01</b>

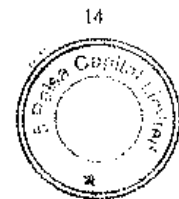
@ Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note: 22. Depreciation

Particulars	₹ in Millions	
	For the year ended up to March 31, 2017	For the year ended up to March 31, 2016
Depreciation- Tangible	2.06	0.09
Depreciation – Intangible	0.64	0.03
<b>Total</b>	<b>2.70</b>	<b>0.12</b>

Note: 23. Earnings per Share (EPS):

Particulars	For the year ended up to March 31, 2017	For the year ended up to March 31, 2016
Net Profit/(Loss) after tax for the Year (₹ in Millions)	(104.45)	(54.98)
Weighted Average No. of Shares	10,595,103	3,050,000
Basic EPS (in Rs)	(9.86)	(18.03)
Diluted EPS (in Rs)	(9.86)	(18.03)



**SPaisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017**

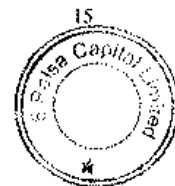
**Note: 24.**

The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / 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: 25.**

**A) Disclosures in respect of applicability of AS – 18 Related Party Disclosures:**

Nature of relationship	Name of party
Holding Company	IIFL Holdings Limited
Fellow Subsidiaries	India Infoline Commodities Limited India Infoline Media & Research Services Limited India Infoline Limited India Infoline Finance Limited India Infoline Insurance Services Limited India Infoline Insurance Brokers Limited IIFL Wealth Management Limited IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited ) IIFL Wealth (UK) Limited IIFL Capital Inc India Infoline Foundation
Group Companies	India Infoline Housing Finance Limited Samasta Microfinance Limited (w.e.f. 01 <sup>st</sup> Mar 2017) Ayusha Dairy Private Limited (w.e.f. 01 <sup>st</sup> 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 Assets Reconstruction Limited IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited) IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited) IIFL Distribution Services Limited IIFL Investment Advisers & Trustee Services Limited India Alternatives Investment Advisors Private Limited - ceased w.e.f 30 <sup>th</sup> March 2017 IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth (Mauritius) Ltd. IIFL Asia Pte Limited IIFL Private Wealth Hong Kong Limited IIFL Capital (Canada) Limited (w.e.f 14 <sup>th</sup> Nov 2016) IIFL Private Wealth Management (Dubai) Limited IIFL Inc. IIFL Private Wealth (Suisse) SA.
<b>Other related parties:</b>	
Key Managerial Personnel	Mr. Prakarsh Gagdani. (w.e.f 22/12/2015) Mr. Vishal Rana. (up to 22/12/2015)



SPaisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

Others	Mr. R Venkataraman
	Mr. Nirmal Jain
	Orpheus Trading Pvt. Limited
	Ardent Impex Pvt. Limited

B) Significant Transaction with Related Parties

(₹ in Millions)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
<b>Advance Taken (Max)</b>					
India Infoline Limited	(-)	(200.50)	(-)	(-)	(200.50)
<b>Advance Taken Return Back (Max)</b>					
India Infoline Limited	(-)	(52.20)	(-)	(-)	(52.20)
<b>ICD Received</b>					
India Infoline Finance Limited	-	9.50	-	-	9.50
	(-)	(543.00)	(-)	(-)	(543.00)
IIFL Holdings Limited	13.40	-	-	-	13.40
	(190.60)	(-)	(-)	(-)	(190.60)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	-	8,400.00	-	-	8,400.00
	(-)	(182.30)	(-)	(-)	(182.30)
India Infoline Insurance Brokers Limited	-	-	-	-	-
	(-)	(17.50)	(-)	(-)	(17.50)
IIFL Wealth Finance Ltd	-	850.00	-	-	850.00
	(-)	(-)	(-)	(-)	(-)
India Infoline Media & Research Services Limited	-	-	-	-	-
	(-)	(5.00)	(-)	(-)	(5.00)
<b>ICD Received (Return)</b>					
India Infoline Finance Limited	-	9.50	-	-	9.50
	(-)	(543.00)	(-)	(-)	(543.00)
IIFL Holdings Limited	36.50	-	-	-	36.50
	(167.50)	(-)	(-)	(-)	(167.50)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	-	8400.00	-	-	8400.00
	(-)	(182.30)	(-)	(-)	(182.30)
India Infoline Insurance Brokers Limited	-	-	-	-	-
	(-)	(17.50)	(-)	(-)	(17.50)
India Infoline Media & Research Services Limited	-	-	-	-	-
	(-)	(5.00)	(-)	(-)	(5.00)
IIFL Wealth Finance Ltd	-	850.00	-	-	850.00

16





5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
	(-)	(-)	(-)	(-)	(-)
<b>ICD Given</b>					
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	-	-	-	-	-
	(-)	(55.60)	(-)	(-)	(55.60)
India Infoline Insurance Brokers Limited	-	84.00	-	-	84.00
	(-)	(-)	(-)	(-)	(-)
<b>ICD Given (Received Back)</b>					
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	-	-	-	-	-
	(-)	(55.60)	(-)	(-)	(55.60)
India Infoline Insurance Brokers Limited	-	84.00	-	-	84.00
	(-)	(-)	(-)	(-)	(-)
<b>Interest Expenses (ICD)</b>					
India Infoline Limited	-	-	-	-	-
	(-)	(9.47)	(-)	(-)	(9.47)
India Infoline Finance Limited @	-	0.00	-	-	0.00
	(-)	(3.32)	(-)	(-)	(3.32)
IIFL Holdings Limited	1.00	-	-	-	1.00
	(3.54)	(-)	(-)	(-)	(3.54)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	-	9.43	-	-	9.43
	(-)	(0.65)	(-)	(-)	(0.65)
India Infoline Insurance Brokers Limited	-	-	-	-	-
	(-)	(0.01)	(-)	(-)	(0.01)
India Infoline Media & Research Services Limited @	-	-	-	-	-
	(-)	(0.00)	(-)	(-)	(0.00)
IIFL Wealth Finance Ltd	-	0.80	-	-	0.80
	(-)	(-)	(-)	(-)	(-)
<b>Allocation / Reimbursement of Expenses Paid</b>					
India Infoline Ltd	-	15.85	-	-	15.85
	(-)	(4.73)	(-)	(-)	(4.73)
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	-	4.64	-	-	4.64
	(-)	(-)	(-)	(-)	(-)
India Infoline Finance Limited	-	0.02	-	-	0.02
	(-)	(-)	(-)	(-)	(-)
<b>Allocation / Reimbursement of Expenses Received</b>					
India Infoline Ltd	-	7.80	-	-	7.80

17



5Paisa Capital Limited (Formerly IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
	(-)	(0.12)	(-)	(-)	(0.12)
India Infoline Media & Research Services Limited	-	-	-	-	-
	(-)	(0.06)	(-)	(-)	(0.06)
IIFL Wealth Management Limited	-	0.05	-	-	0.05
	(-)	(-)	(-)	(-)	(-)
<b>Rent Expense</b>					
IIFL Real Estate Limited* (formerly known as IIFL Facilities Services Limited and IIFL Realty Limited)	-	13.62	-	-	13.62
	(-)	(3.03)	(-)	(-)	(3.03)
<b>Remuneration</b>					
Prakarsh Gagdani (w.e.f 22/12/2015)	-	-	-	5.29	5.29
	(-)	(-)	-	(0.96)	(0.96)
Vishal Rana (up to 22/12/2015)	-	-	-	-	-
	(-)	(-)	(-)	(5.33)	(5.33)
<b>Others Paid</b>					
India Infoline Ltd	-	0.02	-	-	0.02
	(-)	(1.10)	(-)	(-)	(1.10)
India Infoline Finance Limited @	-	0.01	-	-	0.01
	(-)	(0.06)	(-)	(-)	(0.06)
<b>Others Received</b>					
India Infoline Ltd	-	8.83	-	-	8.83
	(-)	(0.18)	(-)	(-)	(0.18)
<b>Service Income</b>					
India Infoline Ltd	-	0.54	-	-	0.54
	(-)	(-)	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	0.74	-	-	0.74
	(-)	(-)	(-)	(-)	(-)

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

C. Closing Balance

(₹ in Millions)					
Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
<b>Sundry Payable</b>					
IIFL Holdings Limited	-	-	-	-	-
	(23.10)	(-)	(-)	(-)	(23.10)

\*The NCLT vide its order dated March 30, 2017 has approved and sanctioned the Scheme of Amalgamation of IIFL Properties Private Limited with IIFL Real Estate Limited w.e.f. April 01, 2015. Thus, all the related party transactions with IIFL Properties Private Limited, for the current year and the previous year, have been shown under IIFL Real Estate Limited.

Note: Figures in bracket represent previous year's figure.



**5Paisa Capital Limited (Formerly IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the Year ended March 31, 2017**

**Note: 26. Disclosure on Specified Bank Notes (SBNs)**

During the year, 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:

	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: 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.

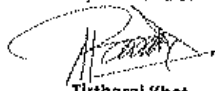
**Note: 29. Capital and Other Commitments at Balance Sheet date**

There are outstanding commitments to the tune of ₹4.11 Mn (net of advances) of the total contractual obligations entered by the company.

**Note: 30.** Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

As per our attached report of even date

**For Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of




**Tirtharaj Khot**  
Partner  
Membership No.: (F) 037457



**For and on behalf of the Board of Directors**



**Prakarsh Gagdani**  
Director  
(DIN :- 07376258)



**Narendra Jain**  
Director  
(DIN :- 01984467)




**Ankita Lakhota**  
Chief Financial Officer



**Jayesh Sharma**  
Company Secretary

Place: Mumbai  
Dated: May 02, 2017

## Sharp & Tannan Associates

Chartered Accountants

87 Nariman Bhavan, 227 Nariman Point  
Mumbai (Bombay) 400 021, INDIA.

T: +91 22 6153 7500 ; 2202 2224/8857

F: +91 22 2202 3856

E: mumbai.office@sharp-tannan.com

W: www.sharp-tannan.com

### Independent Auditors' Report

#### To the Members of 5 Paisa capital limited (Formerly IIFL Capital Limited)

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of 5 Paisa capital limited (Formerly IIFL Capital Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2016, and the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

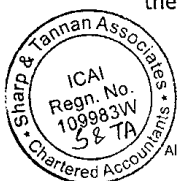
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Also at Baroda and Pune. Associate Offices at Bangalore, Chennai (Madras), Hyderabad, Panjim (Goa) and New Delhi.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

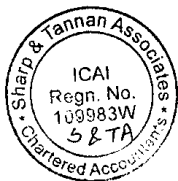
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A"; a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its financial statements, refer note no. 28 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.:109983W  
By the hand of



Tirtharaj Khot  
Partner  
Membership No.: (F) 037457

Place: Mumbai  
Date: 4<sup>th</sup> May, 2016

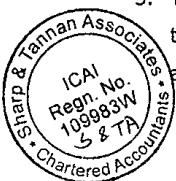


#### **Annexure A to the Auditors' Report**

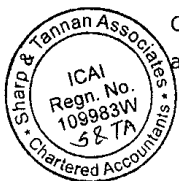
The Annexure referred to in Independent Auditor's report to the members of **5 Paisa capital limited (Formerly IIFL Capital Limited)** ("the Company") for the year ended 31 March 2016. We report that:

1. (a) The Company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets.  
  
(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.  
  
(c) The Company does not have any immovable property. Therefore, paragraph 3 (i) (c) of the order is not applicable to the Company.
2. The Company is a trading in equity, stock futures, currency futures, equity index, stock options and currency options on proprietary basis and the stock held at the yearend has been classified as inventory, such inventory is verified by the management during the year with reference to third party evidence like Demat statement. There were no discrepancies noticed during such verification.
3. The Company has granted loan to one company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').  
  
(a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.  
  
(b) In the case of the loans granted to the company listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.  
  
(c) There are no overdue amounts in respect of the loan granted to a company listed in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable, Therefore, Paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits during the year from the public to which the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 and any other relevant provisions of the Act and the rules framed thereunder apply.

Page 4 of 8



6. As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. Therefore, Paragraph 3 (vi) of the Order is not applicable to the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company, with the appropriate authorities. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company outstanding as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit with the appropriate authorities of disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax.
8. Based on our audit procedures and according to the information and explanations given to us, the Company has not borrowed from debentures holders or financial institution or bank or government during the year. Therefore, paragraph 3 (viii) of the Order is not applicable to the Company.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the period. Therefore, paragraph 3 (ix) of the Order is not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, paragraph 3 (xii) of the Order is not applicable to the Company.



13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3 (xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Mumbai  
Date: 4<sup>th</sup> May, 2016



For Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.: 109983W  
By the hand of



Tirtharaj Khot  
Partner  
Membership No.: (F) 037457

#### **Annexure - B to the Auditors' Report**

Independent Auditors' report to the members of **5 Paisa capital limited (Formerly IIFL Capital Limited)** ("the Company") on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of the Company as of 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

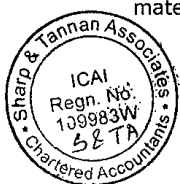
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

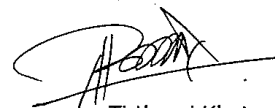
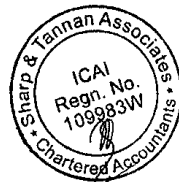
**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.: 109983W  
By the hand of



Tirtharaj Khot  
Partner  
Membership No.: (F) 037457

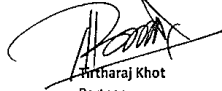
Place: Mumbai  
Date: 4<sup>th</sup> May, 2016

**5 PAISA CAPITAL LIMITED (Formerly IIFL Capital Limited)**  
**Standalone Balance Sheet as at March 31, 2016**

(Amount in ₹)			
Particulars	Note No	As at Mar 31, 2016	As at March 31, 2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	30,500,000	30,500,000
(b) Reserve and Surplus	4	90,825,954	145,804,912
<b>Sub Total</b>		<b>121,325,954</b>	<b>176,304,912</b>
<b>(2) Non Current Liabilities</b>			
(a) Long-Term borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term liabilities		-	-
(d) Long-Term Provisions	5	307,213	556,799
<b>Sub Total</b>		<b>307,213</b>	<b>556,799</b>
<b>(3) Current liabilities</b>			
(a) Short-Term Borrowings	6	23,100,000	148,300,000
(b) Trade Payables	7		
(A) total outstanding dues of micro enterprises and small enterprises			
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		294,509,237	3,317,863
(c) Other Current Liabilities	8	3,446,011	3,730,232
(d) Short-Term Provisions	9	2,143,443	14,945,622
<b>Sub Total</b>		<b>323,198,691</b>	<b>170,293,717</b>
<b>TOTAL</b>		<b>444,831,858</b>	<b>347,155,428</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assests		1,272,707	-
(ii) Intangible Assests		972,222	-
(iii) Capital work in progress		490,000	-
<b>Sub Total</b>		<b>2,734,929</b>	<b>-</b>
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (Net)	11	23,619,100	110,177
(d) Long-Term Loans & Advances	12	43,551,164	36,400,000
(e) Other Non-Current Assets		-	-
<b>Sub Total</b>		<b>67,170,264</b>	<b>36,510,177</b>
<b>(2) Current assets</b>			
(a) Current Investments		-	-
(b) Inventories	13	10,479,377	-
(c) Trade Receivables	14	230,929,377	27,667,085
(d) Cash And Bank Balance	15	128,298,290	280,728,032
(e) Short-Term Loans & Advances	16	3,314,395	984,622
(f) Other Current Assets	17	1,905,226	1,265,512
<b>Sub Total</b>		<b>374,926,665</b>	<b>310,645,251</b>
<b>TOTAL</b>		<b>444,831,858</b>	<b>347,155,428</b>
See accompanying notes Forming a Part of Standalone Financial Statements	1-29		

As per our attached report of even date

For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of


  
Anilharaj Khot  
Partner


Membership No. (F) 037457

Place : Mumbai  
Dated : 4th May, 2016



For and on behalf of the Board of Directors

  
Prakash Gagdani  
Director  
(DIN :- 07376258)

  
Mohan Radhakrishnan  
Director  
(DIN :- 00012070)



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**5 PAISA CAPITAL LIMITED (Formerly IFL Capital Limited)**  
**Standalone Statement of Profit & Loss for the year ended March 31, 2016**

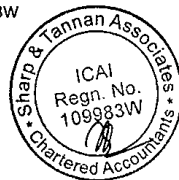
Particulars	Note No	(Amount in ₹)	
		2015-2016	2014-2015
<b>Income</b>			
Revenue From Operations	18	(12,175,599)	113,703,263
Other Income	19	-	11,040
<b>Total Revenue</b>		<b>(12,175,599)</b>	<b>113,714,303</b>
<b>Expenditure</b>			
Employee Benefits Expense	20	21,632,223	20,194,023
Finance Cost	21	18,047,734	22,954,581
Other Expenses	22	25,009,064	18,833,185
Depreciation	23	116,784	-
<b>Total Expenditure</b>		<b>64,805,805</b>	<b>61,981,789</b>
<b>Profit Before Tax</b>		<b>(76,981,404)</b>	<b>51,732,514</b>
<b>Tax Expenses</b>			
Current Tax Expenses For Current Year		-	16,436,625
Deferred Tax Expenses		(23,508,923)	(11,102)
Short Tax For Earlier Year		1,506,477	-
<b>Sub Total</b>		<b>(22,002,446)</b>	<b>16,425,523</b>
<b>Profit (Loss) For The Year</b>		<b>(54,978,958)</b>	<b>35,306,991</b>
Earnings Per Share (Face Value ₹10)	24		
Basic		(18.03)	11.58
Diluted		(18.03)	11.58
See accompanying notes Forming a Part of Standalone Financial Statements	1-29		

As per our attached report of even date

For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of




**Tirtharaj Khot**  
Partner  
Membership No. :(F) 037457



Place : Mumbai  
Dated : 4th May, 2016

For and on behalf of the Board of Directors



**Prakash Gagdani**  
Director  
(DIN :- 07376258)



**Mohan Radhakrishnan**  
Director  
(DIN :- 00012070)



**5 PAISA CAPITAL LIMITED (Formerly IIFL Capital Limited)**  
**Cash Flow Statement For The Year Ended March 31, 2016**

(Amount in ₹)

Particulars	As At March 31, 2016		As At March 31, 2015	
<b>Cash flows from operating activities</b>				
Net profit before taxation and extraordinary item		(76,981,404)		51,732,514
<b>Adjustments for:</b>				
Net Loss/(gain) on sale of Current Investments	(165,060)		(166,141)	
Interest Income	(15,211,644)		(22,916,176)	
Gratuity	(287,017)		41,751	
Leave Enchasmant	108,793		167,620	
Interest Expenses	18,047,734		22,949,015	
Dividend Income	-	2,492,806	(1,122,543)	(1,046,474)
<b>Operating profit before working capital changes</b>		<b>(74,488,598)</b>		<b>50,686,041</b>
<b>Changes in working Capital :</b>				
Changes in working Capital :	(2,734,929)			
Increase/(Decrease) in Long Term Loan and Advances	(7,151,164)		5,600,000	
Increase/(Decrease) in Other Current Liabilities	(284,221)		2,172,670	
Decrease/(Increase) in Short Term Loans and advances	(2,329,773)		(134,478)	
(Increase) / (Decrease) in Trade inventories	(10,479,377)		121,038	
Decrease / (Increase) in other current assets	(639,714)		(1,110,642)	
Decrease / (Increase) in other non current assets	-		96,586	
Increase / (Decrease) in Short term & Long term Provision	(12,873,541)		(923,273)	
Increase / (Decrease) in Short term & Long term Borrowings	(125,200,000)		148,300,000	
Decrease / (Increase) in Trade Receivable	(203,262,291)		(27,667,086)	
Increase / (Decrease) in Trade Payable	291,191,374		3,305,315	
Increase/(Decrease) in Other Long Term Liabilities	-	(73,763,636)	-	129,760,130
Cash generated from/(Used) operations		(148,252,234)		180,446,171
Net income tax(paid) / refunds		(1,506,477)		(16,436,625)
<b>Net cash from/(Used in) operating activities (a)</b>		<b>(149,758,711)</b>		<b>164,009,546</b>
<b>Cash flows from Investing activities</b>				
Sale / (Purchase) of Current Investments (Net)		165,060		166,141
Interest received		15,211,644		22,916,176
Dividend Income		-		1,122,543
Bank Balance not considered as Cash and Cash Equivalents		200,000,000		(149,930,466)
<b>Net cash from/(Used in) investing activities (b)</b>		<b>215,376,704</b>		<b>(125,725,606)</b>
<b>Cash flows from financing activities</b>				
Interest Paid		(18,047,734)		(22,949,015)
<b>Net cash from/(used in) financing activities (c)</b>		<b>(18,047,734)</b>		<b>(22,949,015)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>		<b>47,570,259</b>		<b>15,334,925</b>
Cash and Cash equivalents at beginning of year		30,728,032		15,393,107
Cash and Cash equivalents at end of year (Note 15)		78,298,290		30,728,032
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>47,570,259</b>		<b>15,334,925</b>

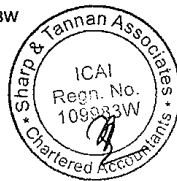
See accompanying notes Forming a Part of Standalone Financial Statements 1-29

As per our attached report of even date

Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of



Arifharaj Khot  
Partner  
Membership No. :(F) 037457



For and on behalf of the Board of Directors.



Prakash Gagdani  
Director  
(DIN :- 07376258)



Mohan Radhakrishnan  
Director  
(DIN :- 00012070)

Place :Mumbai  
Dated : 4th May, 2016



**5Paise Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

**Note: 1. Corporate Information:**

5Paise Capital Ltd (Formerly known as IIFL Capital Limited) a Wholly Owned Subsidiary of IIFL Holdings Ltd is Trading and Clearing member of National Stock Exchange of India Ltd. (NSE) & Bombay Stock Exchange Ltd (BSE) and is mainly involved in trading in Equity, Derivatives & Currency on Proprietary & Client account.

**Note: 2. Significant Accounting Policies:**

**2.1 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 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.

**2.2 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.

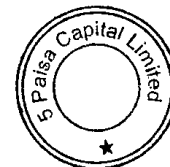
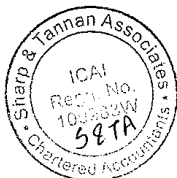
**2.3 Fixed Assets and Depreciation and Amortization:**

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	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.



**5Paisa Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

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**2.4 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.

**2.5 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

**2.6 Other Income Recognition:**

- (a) Interest Income is recognized on accrual basis.
- (b) Dividend income is recognized when the right to receive payment is established.

**2.7 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.



**5Paisa Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

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**2.8 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.

**2.9 Preliminary Expenses**

Preliminary Expenses is written off in same financial year in which they are incurred.

**2.10 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.

**2.11 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.

**2.12 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.

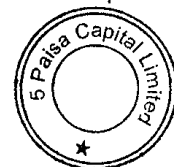
**2.13 Inventories:**

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 scrip.

**2.14 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.



5Paise Capital Limited (Formerly known as IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

**Note: 3. Share Capital:**

(a) The Authorized, Issued, Subscribed and fully paid up share capital comprises of equity shares having a par value of ₹10 as follows.

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorized Shares:</b>		
10,000,000(Previous year 10,000,000) Equity Shares of ₹10/- each	100,000,000	100,000,000
<b>Issued, Subscribed and Paid Up:</b>		
3,050,000(Previous year 3,050,000) Equity Shares of ₹10/- each fully paid-up	30,500,000	30,500,000

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

(Amount in ₹)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers	Amount	Numbers	Amount
Issued subscribed and Paid up at the beginning of the year	3,050,000	30,500,000	3,050,000	30,500,000
Add: Issued during the Year	-	-	-	-
Issued subscribed and Paid up at the End of the year	3,050,000	30,500,000	3,050,000	30,500,000

(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. IIFL Holdings Ltd (Formerly known as India Infoline Limited), the holding company holds 100% (Previous year 100%) of paid up share capital.

(d) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
IIFL Holdings Limited - The Holding Company	3,050,000	100%	3,050,000	100%

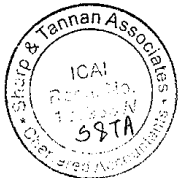
(e) Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
IIFL Holdings Ltd.	3,050,000	100%	3,050,000	100%

**Note: 4. Reserves and Surplus:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Securities premium account</b>		
Opening balance	90,000,000	90,000,000
Add : Premium on shares issued during the year	-	-
Closing Balance	90,000,000	90,000,000
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	55,804,912	20,497,921
Add: Profit / (Loss) for the year	(54,978,958)	35,306,991
Closing Balance	825,954	55,804,912
<b>Total</b>	<b>90,825,954</b>	<b>145,804,912</b>





5Paise Capital Limited (Formerly known as IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

**Note: 5. Long Term Provision:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) Provision for Gratuity	244,396	332,386
(ii) Provision for Leave Encashment	62,817	224,413
<b>Total</b>	<b>307,213</b>	<b>556,799</b>

**Note: 6. Short Term Borrowings:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured Loans & Advances from Related Parties Repayable on Demand	23,100,000	148,300,000
<b>Total</b>	<b>23,100,000</b>	<b>148,300,000</b>

**Note: 7. Trade Payable:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
(A) total outstanding dues of micro enterprises and small enterprises *	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	294,509,237	3,317,863
<b>Total</b>	<b>294,509,237</b>	<b>3,317,863</b>

\*.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: 8. Other Current Liabilities:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) Statutory remittances	957,180	1,683,753
(ii) Contractually reimbursable expenses	7,228	271,354
(ii) Accrued Salaries & Benefits	2,454,103	1,709,580
(iv) Other payables	27,500	65,545
<b>Total</b>	<b>3,446,011</b>	<b>3,730,232</b>

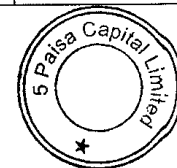
**Note: 9. Short Term Provision:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Expenses	1,592,414	1,333,817
Bonus Payable	145,114	6,000,000
Provision for Leave encashment	21,730	112,428
Provision for Gratuity	29,314	849
Provision for Taxation (Net of Advance Tax ₹ 26,964,528) (Previous year ₹16,793,230)	354,871	7,498,528
<b>Total</b>	<b>2,143,443</b>	<b>14,945,622</b>

**Note: 10. Fixed Assets**

**Tangible assets** (Amount in ₹)

Particulars	Computer	Office Equipment	Total
<b>Cost or Valuation</b>			
At April 1, 2015	-	-	-
Addition	997,196	364,518	1,361,714
Deductions/Adjustments during the year	-	-	-
As at March 31, 2016	997,196	364,518	1,361,714
<b>Depreciation</b>			
At April 1, 2015	-	-	-



**5Paisa Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

Particulars	Computer	Office Equipment	Total
Depreciation For the year	59,828	29,179	89,007
Deductions/Adjustments during the year	-	-	-
Up to March 31,2016	59,828	29,179	89,007
<b>Net Block</b>			
<b>At March 31, 2016</b>	<b>937,368</b>	<b>335,339</b>	<b>1,272,707</b>
<b>At March 31, 2015</b>	-	-	-

Note: Capital work in progress ₹ 4, 90,000/- (Previous year ₹Nil) pertains to assets not yet capitalised

**Intangible Assets**

Particulars	Software	Goodwill	Total
<b>Cost or Valuation</b>			
At April 1,2015	-	-	-
Addition	1,000,000	-	1,000,000
Deductions/Adjustments during the year	-	-	-
As at March 31, 2016	1,000,000	-	1,000,000
<b>Depreciation</b>			
At April 1, 2015	-	-	-
Depreciation For the year	27,778	-	27,778
Deductions/Adjustments during the year	-	-	-
Up to March 31,2016	27,778	-	27,778
<b>Net Block</b>			
<b>At March 31, 2016</b>	<b>972,222</b>	-	<b>972,222</b>
<b>At March 31, 2015</b>	-	-	-

**Note: 11. Deferred Tax Assets:**

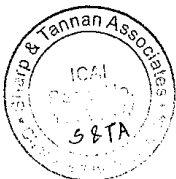
(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Depreciation	(157,501)	-
Deferred Tax Asset for Gratuity	84,576	110,177
Short term/Long Term Capital losses/ Business Loss	23,692,025	-
<b>Total</b>	<b>23,619,100</b>	<b>110,177</b>

**Note: 12. Long Term Loans & Advances:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, Considered Good :</b>		
<b>Deposit with Exchange / Clearing Corporation</b>		
NSCCL - NSE Currency Derivative IFSD / SD	4,800,000	5,000,000
NSEIL - NSE Currency Derivative Segment	2,000,000	2,000,000
NSCCL - CM -IFSD / SD	3,830,000	4,000,000
NSEIL - CM- IFSD	8,500,000	8,500,000
NSCCL - F&O -IFSD / SD	5,000,000	5,000,000
NSEIL - F&O -IFSD	2,500,000	2,500,000
BSE Cash Base Capital	3,500,000	3,500,000
Deposit - BSE	900,000	900,000
BSE Cash Add Base Capital	5,000,000	5,000,000
BSE F&O Add Base Capital	6,000,000	-
<b>Total</b>	<b>42,030,000</b>	<b>36,400,000</b>
Advance Income Tax & Tax Deducted at Source ( Net of Provision ₹ NIL , Previous Year ₹ NIL )	1,521,164	-
<b>Total</b>	<b>1,521,164</b>	-
<b>Net Total</b>	<b>43,551,164</b>	<b>36,400,000</b>



5Paise Capital Limited (Formerly known as IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

**Note: 13. Inventories - (At lower of cost or net realisable value):** (Amount in ₹)

Script Name	As at March 31, 2016			As at March 31, 2015		
	Face Value in ₹	Number	Amount in ₹	Face Value in ₹	Number	Amount in ₹
<b>Exchange Traded Fund</b>						
EQ-SBISENSEX	247.48	2177	538,770	-	-	-
EQ-SETFBANK EQ	155.01	7360	1,140,861	-	-	-
EQ-SETFBSE100	78.70	12246	963,760	-	-	-
EQ-SETFNIFJR EQ	186.19	2133	397,135	-	-	-
EQ-SETFNIFTY EQ	75.66	11225	849,285	-	-	-
EQ-UTINIFTYETF	755.08	5234	3,952,074	-	-	-
EQ-UTISENSEXETF	237.23	11118	2,637,492	-	-	-
<b>TOTAL</b>			<b>10,479,377</b>			

**Note: 14. Trade Receivable:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from date they are due for payment	-	-
<b>Other</b>		
- Considered good	230,929,377	27,667,085
<b>Total</b>	<b>230,929,377</b>	<b>27,667,085</b>

**Note: 15. Cash and Bank Balances:** (Amount in ₹)

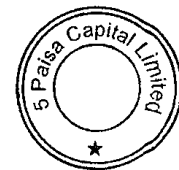
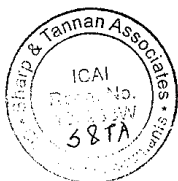
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash &amp; Cash Equivalents:</b>		
<b>Balances with banks:</b>		
In current accounts		
Client bank accounts #	54,838,771	9,915,119
Others Bank accounts #	23,459,519	20,812,913
<b>Total Cash &amp; Cash Equivalent (a)</b>	<b>78,298,290</b>	<b>30,728,032</b>
<b>Other Balances</b>		
In Deposit account (Maturity From 3 months to 12 months)*	50,000,000	250,000,000
<b>Total Other Balances (b)</b>	<b>50,000,000</b>	<b>250,000,000</b>
<b>Total (a + b)</b>	<b>128,298,290</b>	<b>280,728,032</b>

\*Includes fixed deposits to the extent of ₹ 50,000,000/- (previous year ₹ 250,000,000/-) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

# Includes Cheque on hand ₹ 442,158 (Previous year ₹ NIL)

**Note: 16. Short term Loan and Advance:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, Considered Good :</b>		
Advances recoverable in cash or in kind or for value to be received	62,975	-
<b>Balance with Government authorities</b>		
Service Tax Credit Receivable	3,251,420	984,622
<b>Total</b>	<b>3,314,395</b>	<b>984,622</b>



5Paise Capital Limited (Formerly known as IIFL Capital Limited)  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

**Note: 17. Other Current Asset:** (Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, Considered Good :</b>		
Margin with exchange	459,566	-
Prepaid expenses	1,373,319	1,005,096
Others	72,341	260,416
<b>Total</b>	<b>1,905,226</b>	<b>1,265,512</b>

**Note: 18. Revenue from Operation:** (Amount in ₹)

Particulars	2015-2016	2014-2015
<b>Capital Market Activities :</b>		
Brokerage Income	3,122,771	5,860,129
<b>Fund Based Activities :</b>		
Share / Currency Trading Income	(30,676,274)	83,638,274
Dividend Income Mutual Fund (Current)	-	1,122,543
Interest Income - Bank Fixed Deposit	15,211,644	22,916,176
Capital Gain Mutual Fund (Current)	165,060	166,141
Others	1,200	-
<b>Total</b>	<b>(12,175,599)</b>	<b>113,703,263</b>

**Note: 19. Other Income:** (Amount in ₹)

Particulars	2015-2016	2014-2015
Miscellaneous Income	-	11,040
<b>Total</b>	<b>-</b>	<b>11,040</b>

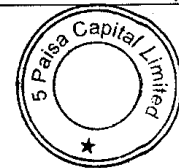
**Note: 20. Employee Benefits Expense:** (Amount in ₹)

Particulars	2015-2016	2014-2015
Salaries and bonus	21,472,866	19,816,428
Contribution to provident and other funds #	314,435	122,407
Gratuity *	(287,017)	41,751
Staff Welfare Expenses	23,146	45,817
Leave Encashment	108,793	167,620
<b>Total</b>	<b>21,632,223</b>	<b>20,194,023</b>

\* 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.

(Amount in ₹)

Assumptions	2015-2016	2014-2015
Discount rate previous year	7.89%	9.14%
Salary Escalation previous year	5.00%	5.00%
Discount rate current year	7.72%	7.89%
Salary Escalation Current year	5.00%	5.00%
<b>Change in Benefit Obligation</b>	<b>2015-2016</b>	<b>2014-2015</b>
Liability at the beginning of the year	333,235	291,484
Interest Cost	26,292	26,642
Current Service Cost	109,097	107,429
Benefit paid	-	-
Actuarial (gain)/ Loss on obligations	(422,406)	(92,320)
Liability Transferred in/(out)	227,492	-
<b>Liability at the end of the year</b>	<b>273,710</b>	<b>333,235</b>



**5Paise Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

Assumptions	2015-2016	2014-2015
<b>Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	(273,710)	(333,235)
Fair value of plan Assets at the end of the year	-	-
Differences	(273,710)	(333,235)
<b>Amount of liability Recognised in the Balance Sheet</b>	<b>(273,710)</b>	<b>(333,235)</b>
<b>Expenses Recognised in the Income statement</b>	<b>2015-2016</b>	<b>2014-2015</b>
Current Service cost	109,097	107,429
Interest Cost	26,292	26,642
Expected return on plan assets	-	-
Actuarial Gain or Loss	(422,406)	(92,320)
<b>Expense Recognised in P&amp;L</b>	<b>(287,017)</b>	<b>41,751</b>
<b>Balance Sheet reconciliation</b>	<b>2015-2016</b>	<b>2014-2015</b>
Opening Net liability	333,235	291,484
Expense as above	(287,017)	41,751
Net Transfer in	227,492	-
<b>Amount Recognised in Balance Sheet</b>	<b>273,710</b>	<b>333,235</b>

**# Defined Contribution Plans:**

The Company has also recognised the following amounts as an expense.

Particulars	2015-2016	2014-2015
Contribution to provident & other fund	304,354	122,225

(Amount in ₹)

**Note: 21. Finance Costs:**

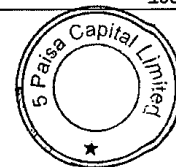
(Amount in ₹)

Particulars	2015-2016	2014-2015
<b>Interest expense on :</b>		
Interest Expenses	18,047,734	22,949,015
Other Borrowing Cost	-	5,566
<b>Total</b>	<b>18,047,734</b>	<b>22,954,581</b>

**Note: 22. Other expenses:**

(Amount in ₹)

Particulars	2015-2016	2014-2015
Advertisement	166,541	224,444
Books & Periodicals	1,619	3,576
Exchange and statutory Charges	247,542	1,08,700
Commission Expenses –Agent	4,050,956	5,184,581
Marketing & Commission Expenses	284,496	30,904
Bank Charges	4,324,657	4,715,219
Communication	1,403,657	168,364
Electricity	369,828	589,032
Legal and professional charges	3,239,812	202,838
Miscellaneous Expenses	19,607	11,397
Office expenses	932,484	619,329
Subscription	221,987	247,134
Postage and courier	9,894	24,008
Printing and stationery	19,653	50,486
Provision for doubtful debts and bad debts	(8,237)	(52,213)
Rent	3,064,813	2,359,523
Insurance	322,025	112,844
Rates & Taxes	219,561	106,618



**5Paise Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

Particulars	2015-2016	2014-2015
Repairs & Maintenance	-	-
Computer	32,369	7,022
Others	20,884	31,839
Remuneration to Auditors :		
Statutory Audit	11,500	11,500
Certification Work & other matters	8,500	-
Software Charges	3,457,141	3,048,946
Travelling and conveyance	2,587,775	10,27,094
<b>TOTAL</b>	<b>25,009,064</b>	<b>18,833,185</b>

**Note: 23. Depreciation** (Amount in ₹)

Particulars	2015-2016	2014-2015
Depreciation of tangible assets	89,007	-
Depreciation of Intangible assets	27,777	-
<b>Total</b>	<b>116,784</b>	<b>-</b>

**Note: 24. Earnings per Share (EPS):** (Amount in ₹)

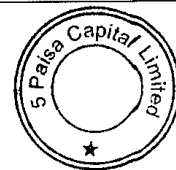
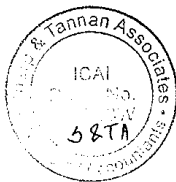
Particulars	2015-2016	2014-2015
Face Value of Equity Share in ₹ fully paid up	10	10
Net Profit/(Loss) after tax for the Year	(54,978,958)	35,306,991
Weighted Average No. of Shares	3,050,000	3,050,000
Basic EPS	(18.03)	11.58
Diluted EPS	(18.03)	11.58

**Note: 25.** The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / 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. Related Party Disclosure:**  
Related Party Disclosure for the year ended March 31, 2016

**A) List of Related Parties:**

Nature of relationship	Name of party
<b>Holding Company</b>	IIFL Holdings Limited
<b>Fellow Subsidiaries</b>	India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media & Research Services Limited India Infoline Commodities DMCC(up to 16 <sup>th</sup> January 2016) IIFL Wealth Management Limited India Infoline Insurance Services Limited India Infoline Insurance Brokers Limited IIFL Facilities Services Limited ( Formerly IIFL Realty Limited) India Infoline Limited IIFL Wealth (UK) Limited IIFL Capital Inc. IIFL Assets Reconstruction Limited India Infoline Foundation





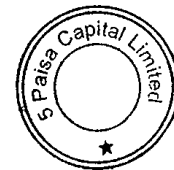
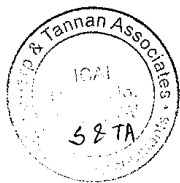
**5Paise Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

<b>Group Companies</b>	IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited). India Infoline Housing Finance Limited. IIFL Alternate Asset Advisors Limited. IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited) IIFL Investment Advisors & Trustee Services Limited (Formerly IIFL Trustee Services Limited). IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited). IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited). IIFL Securities Pte. Limited. IIFL Capital Pte. Limited. IIFL (Asia) Pte Limited. IIFL Private Wealth Management (Dubai) Limited. IIFL Inc. IIFL Private Wealth (Mauritius) Limited. IIFL Private Wealth (Suisse) SA. IIFL Private Wealth Hong Kong Limited. IIFL Properties Private limited (Formerly known as Ultra Sign & Display Private Limited). India Alternatives Investment Advisors Private Limited
<b>Key Management Personnel</b>	Mr. Vishal Rana.(up to 22/12/2015) Mr. Prakash Gagdani. (w.e.f 22/12/2015)
<b>Other related parties</b>	Mr. Nirmal Jain. Mr. R.Venkataraman. Orpheus Trading Private Limited. Ardent Impex Private Limited.

**B) Significant Transaction with Related Parties**

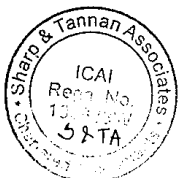
(Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
<b>Advance Taken (Max)</b>					
India Infoline Limited	-	200,500,000	-	-	200,500,000
	(-)	(200,500,000)	(-)	(-)	(200,500,000)
<b>Advance Taken Return Back (Max)</b>					
India Infoline Limited	-	52,200,000	-	-	52,200,000
	(-)	(52,200,000)	(-)	(-)	(52,200,000)
<b>ICD Received</b>					
India Infoline Commodities Limited	-	-	-	-	-
	(-)	(48,000,000)	(-)	(-)	(48,000,000)
India Infoline Limited	-	-	-	-	-
	(-)	(20,000,000)	(-)	(-)	(20,000,000)
India Infoline Finance Limited	-	543,000,000	-	-	543,000,000
	(-)	(1,069,500,000)	(-)	(-)	(1,069,500,000)
IIFL Holdings Limited	190,600,000	-	-	-	190,600,000
	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited	-	182,300,000	-	-	182,300,000
	(-)	(-)	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	17,500,000	-	-	17,500,000
	(-)	(-)	(-)	(-)	(-)
India Infoline Media & Research Services Limited	-	5,000,000	-	-	5,000,000
	(-)	(-)	(-)	(-)	(-)
<b>ICD Received (Return)</b>					
India Infoline Commodities Limited	-	-	-	-	-
	(-)	(48,000,000)	(-)	(-)	(48,000,000)
India Infoline Limited	-	-	-	-	-
	(-)	(20,000,000)	(-)	(-)	(20,000,000)



**5Paise Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

India Infoline Finance Limited	-	543,000,000	-	-	543,000,000
	(-)	(1,069,500,000)	(-)	(-)	(1,069,500,000)
IIFL Holdings Limited	167,500,000	-	-	-	167,500,000
	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited	-	182,300,000	-	-	182,300,000
	(-)	(-)	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	17,500,000	-	-	17,500,000
	(-)	(-)	(-)	(-)	(-)
India Infoline Media & Research Services Limited	-	5,000,000	-	-	5,000,000
	(-)	(-)	(-)	(-)	(-)
<b>ICD Given</b>					
IIFL Facilities Services Limited	-	55,600,000	-	-	55,600,000
	(-)	(-)	(-)	(-)	(-)
<b>ICD Given (Received Back)</b>					
IIFL Facilities Services Limited	-	55,600,000	-	-	55,600,000
	(-)	(-)	(-)	(-)	(-)
<b>Interest Expenses (ICD)</b>					
India Infoline Limited	-	9,473,518	-	-	9,473,518
	(-)	(132,329)	(-)	(-)	(132,329)
India Infoline Finance Limited	-	3,316,472	-	-	3,316,472
	(-)	(3,234,832)	(-)	(-)	(3,234,832)
India Infoline Commodities Limited	-	-	-	-	-
	(-)	(291,802)	(-)	(-)	(291,802)
IIFL Holdings Limited	3,543,704	-	-	-	3,543,704
	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited	-	649,879	-	-	649,879
	(-)	(-)	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	10,548	-	-	10,548
	(-)	(-)	(-)	(-)	(-)
India Infoline Media & Research Services Limited	-	1,507	-	-	1,507
	(-)	(-)	(-)	(-)	(-)
<b>Interest Expenses</b>					
India Infoline Ltd	-	-	-	-	-
	(-)	(18,964,605)	(-)	(-)	(18,964,605)
<b>Allocation / Reimbursement of Expenses Paid</b>					
India Infoline Ltd	-	4,727,029	-	-	4,727,029
	(-)	(15,126,748)	(-)	(-)	(15,126,748)
<b>Allocation / Reimbursement of Expenses Received</b>					
India Infoline Commodities Limited	-	-	-	-	-
	(-)	(1,500,000)	(-)	(-)	(1,500,000)
India Infoline Ltd	-	123,116	-	-	123,116
	(-)	(23,741,994)	(-)	(-)	(23,741,994)
India Infoline Media & Research Services Limited	-	57,176	-	-	57,176
	(-)	(-)	(-)	(-)	(-)
<b>Rent Expense</b>					
IIFL Properties Private limited	-	10,000	-	-	10,000
	(-)	(-)	(-)	(-)	(-)
IIFL Facilities Services Limited	-	3,028,488	-	-	3,028,488
	(-)	(-)	(-)	(-)	(-)
<b>Remuneration</b>					
Prakash Gagdani (w.e.f 22/12/2015)	-	-	-	963,888	963,888
	(-)	(-)	(-)	(-)	(-)
Vishal Rana (up to 22/12/2015)	-	-	-	5,334,436	5,334,436
	(-)	(-)	(-)	(6,902,296)	(6,902,296)



**5Paisa Capital Limited (Formerly known as IIFL Capital Limited)**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

<b>Others Paid</b>					
IIFL Holdings Ltd	-	-	-	-	-
	(-)	(154,550)	(-)	(-)	(154,550)
India Infoline Ltd	-	1,096,225	-	-	1,096,225
	(-)	(27,093,351)	(-)	(-)	(27,093,351)
India Infoline Finance Limited	-	63,090	-	-	63,090
	(-)	(-)	(-)	(-)	(-)
<b>Others Received</b>					
India Infoline Ltd	-	181,828	-	-	181,828
	(-)	(662,886)	(-)	(-)	(662,886)

**C. Closing Balance** **(Amount in ₹)**

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
<b>Sundry Payable</b>					
India Infoline Limited	-	-	-	-	-
	(-)	(148,300,000)	(-)	(-)	(148,300,000)
IIFL Holdings Limited	23,100,000	-	-	-	23,100,000
	(-)	(-)	(-)	(-)	(-)
IIFL Wealth Management Ltd	-	-	-	-	-
	(-)	(1,556,530)	(-)	(-)	(1,556,530)

Note: Figures in bracket represent previous year's figure.

**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.** Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

As per our attached report of even date

**For Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of



**Artharaj Khot**  
Partner  
Membership No.: (F) 037457



**For and on behalf of the Board of Directors**



**Prakash Gagdani**  
Director  
(DIN :-07376258)



**Mohan Radhakrishnan**  
Director  
(DIN :-00012070)



Place: Mumbai  
Dated: 4<sup>th</sup> May, 2016

## Sharp & Tannan Associates

Chartered Accountants

87 Nariman Bhavan, 227 Nariman Point  
Mumbai (Bombay) 400 021, INDIA.

T: +91 22 6153 7500 ; 2202 2224 / 8857

F: +91 22 2202 3856

E: mumbai.office@sharp-tannan.com

W: www.sharp-tannan.com

### Independent Auditor's Report

#### To the Members of IIFL Capital Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **IIFL Capital Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2015, and the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

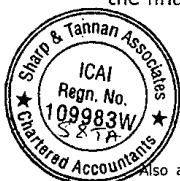
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

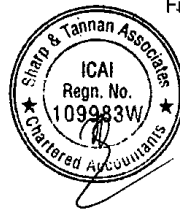
#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- 1) The Company does not have any pending litigations, refer note no. 27 to the financial statements;
  - 2) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - 3) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Place: Mumbai  
Date: 6<sup>th</sup> May, 2015



For Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.: 109983W  
By the hand of



Tirtharaj Khot  
Partner  
Membership No.: (F) 037457



### Annexure to the Auditors' Report

The Annexure referred to in our report to the members of **IIFL Capital Limited** ("the Company") for the year ended 31<sup>st</sup> March 2015. We report that:

1. The Company does not possess any fixed assets during the period, Paragraph 3 (i) (a) and (b) of the Order are not applicable to the Company.
2. (a) The Company is a trading in equity, stock futures, currency futures, equity index, stock options and currency options on proprietary basis and the stock held at the yearend has been classified as inventory, such inventory is verified by the management during the year with reference to third party evidence like Demat statement.  
  
(b) In our opinion considering the nature of the items of inventory the frequency and the manner of verification is reasonable and adequate.  
  
(c) The company is maintaining appropriate records in this regard. There was no discrepancies were noticed during such verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore the Paragraph 3 (iii) (a) and (b) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. The Company has not accepted any deposits during the year from the public to which the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 and any other relevant provisions of the Act and the rules framed thereunder apply.
6. As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. Therefore, Paragraph 3 (vi) of the Order is not applicable to the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues as applicable to the Company, with the appropriate

Page 4 of 5



authorities. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues as applicable to the Company outstanding as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit with the appropriate authorities of disputed dues income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess.

(c) According to the information and explanations given to us, there is no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and the rules made thereunder.

8. At the end of the financial year, the company has neither accumulated losses nor has incurred cash loss during the financial year covered by our audit, and in the immediately preceding financial year.
9. The Company has not borrowed from financial institution or bank or debenture holders during the year. Therefore Paragraph 3 (ix) of the Order is not applicable to the Company.
10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
11. The Company has not availed any term loan during the period. Therefore, Paragraph 3 (xi) of the Order is not applicable to the Company.
12. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any material fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by management.

Place: Mumbai  
Date : 06<sup>th</sup> May, 2015



For Sharp & Tannan Associates  
Chartered Accountants  
Firm's registration no.109983W  
By the hand of



Tirtharaj Khot  
Partner  
Membership No. (F) 037457

Page 5 of 5

**IIFL CAPITAL LIMITED**  
Standalone Balance Sheet as at March 31, 2015

(Amount in ₹)

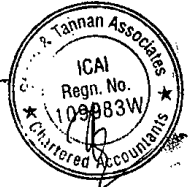
Particulars	Note No	As at March 31, 2015	As at March 31, 2014
<b>I EQUITY AND LIABILITIES</b>			
(1) Shareholder's funds			
(a) Share Capital	3	30,500,000	30,500,000
(b) Reserve and Surplus	4	145,804,912	110,497,921
<b>Sub Total</b>		<b>176,304,912</b>	<b>140,997,921</b>
<b>(2) Non Current Liabilities</b>			
(a) Long-Term borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term liabilities		-	-
(d) Long-Term Provisions	5	556,799	483,704
<b>Sub Total</b>		<b>556,799</b>	<b>483,704</b>
<b>(3) Current liabilities</b>			
(a) Short-Term Borrowings	6	148,300,000	-
(b) Trade Payables	7	3,317,863	12,548
(c) Other Current Liabilities	8	3,730,232	1,557,563
(d) Short-Term Provisions	9	14,945,622	15,732,619
<b>Sub Total</b>		<b>170,293,717</b>	<b>17,302,730</b>
<b>TOTAL</b>		<b>347,155,428</b>	<b>158,784,355</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets		-	-
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (Net)	10	110,177	99,075
(d) Long-Term Loans & Advances	11	36,400,000	42,000,000
(e) Other Non-Current Assets	12	-	96,586
<b>Sub Total</b>		<b>36,510,177</b>	<b>42,195,661</b>
<b>(2) Current assets</b>			
(a) Current Investments		-	-
(b) Inventories	13	-	121,038
(c) Trade Receivables	14	27,667,085	-
(d) Cash And Bank Balance	15	280,728,032	115,462,641
(e) Short-Term Loans & Advances	16	984,622	850,145
(f) Other Current Assets	17	1,265,512	154,870
<b>Sub Total</b>		<b>310,645,251</b>	<b>116,588,694</b>
<b>TOTAL</b>		<b>347,155,428</b>	<b>158,784,355</b>
See accompanying notes Forming a Part of Standalone Financial Statements	1-28		

As per our attached report of even date


For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No.109983W

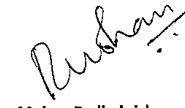
By the hand of

  
Tirtharaj Khot  
Partner  
Membership No. (F) 037457



For and on behalf of the Board of Directors

  
Vishal Rana  
Director  
(DIN :- 02029689)

  
Mohan Radhakrishnan  
Director  
(DIN :- 00012070)

Place : Mumbai  
Dated : 06<sup>th</sup> May, 2015




**IIFL CAPITAL LIMITED**


**Standalone Statement of Profit & Loss for the year ended March 31, 2015**

(Amount in ₹)			
Particulars	Note No	2014-15	2013-14
<b>Income</b>			
Revenue From Operations	18	113,703,263	45,766,268
Other Income	19	11,040	-
<b>Total Revenue</b>		<b>113,714,303</b>	<b>45,766,268</b>
<b>Expenditure</b>			
Employee Benefits Expense	20	20,194,023	19,296,799
Finance Cost	21	22,954,581	17,048
Other Expenses	22	18,833,185	9,036,266
<b>Total Expenditure</b>		<b>61,981,789</b>	<b>28,350,113</b>
<b>Profit Before Tax</b>		<b>51,732,514</b>	<b>17,416,155</b>
<b>Tax Expenses</b>			
Current Tax Expenses For Current Year		16,436,625	5,858,403
Deferred Tax Expenses		(11,102)	(99,075)
Short Tax For Earlier Year		-	11,431
<b>Sub Total</b>		<b>16,425,523</b>	<b>5,770,759</b>
<b>Profit For The Year</b>		<b>35,306,991</b>	<b>11,645,396</b>
Earnings Per Share (Face Value ₹10)	23		
Basic		11.58	3.82
Diluted		11.58	3.82
See accompanying notes Forming a Part of Standalone Financial Statements	<b>1-28</b>		


As per our attached report of even date

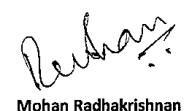
For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of

  
Tirtharaj Khot  
Partner  
Membership No. :(F) 037457



For and on behalf of the Board of Directors

  
Vishal Rana  
Director  
(DIN :- 02029689)

  
Mohan Radhakrishnan  
Director  
(DIN :- 00012070)

Place : Mumbai  
Dated : 06<sup>th</sup> May, 2015



**HFL CAPITAL LIMITED**  
Cash Flow Statement For The Year Ended March 31, 2015

(Amount in INR)

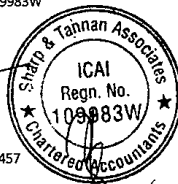
Particulars	As At March 31, 2015		As At March 31, 2014	
<b>Cash flows from operating activities</b>				
Net profit before taxation and extraordinary item		51,732,514		17416155
<b>Adjustments for:</b>				
Net Loss/(gain) on sale of Current Investments	(166,141)		(7,707,823)	
Interest Income	(22,916,176)		(6,307,770)	
Gratuity	41,751		291,484	
Leave Encasment	167,620		251,153	
Interest Expenses	22,949,015		17,048	
Dividend Income	(1,122,543)	(1,046,474)	(460,545)	(13,916,453)
<b>Operating profit before working capital changes</b>		<b>50,686,041</b>		<b>3,499,702</b>
<b>Changes in working Capital :</b>				
Increase/(Decrease) in Long Term Loan and Advances	5,600,000		(42,000,000)	
Increase/(Decrease) in Other Current Liabilities	2,172,670		1,499,653	
Decrease/(Increase) in Short Term Loans and advances	(134,478)		(189,254)	
(Increase) / Decrease in Trade inventories	121,038		(121,038)	
Decrease / (Increase) in other current assets	(1,110,642)		(154,870)	
Decrease / (Increase) in other non current assets	96,586		(96,586)	
Increase / (Decrease) in Short term & Long term Provision	(923,273)		14,843,915	
Increase / (Decrease) in Short term & Long term Borrowings	148,300,000			
Decrease / (Increase) in Trade Receivable	(27,667,086)			
Increase / (Decrease) in Trade Payable	3,305,315	129,760,130	12,548	(26,205,632)
Cash generated from/(Used) operations		180,446,171		(22,705,930)
Net income tax(paid) / refunds		(16,436,625)		(5,869,834)
<b>Net cash from/(Used in) operating activities (a)</b>		<b>164,009,546</b>		<b>(28,575,764)</b>
<b>Cash flows from Investing activities</b>				
Sale / (Purchase) of Current Investments (Net)		166,141		132,844,948
Interest received		22,916,176		6,307,770
Dividend Income		1,122,543		460,545
Bank Balance not considered as Cash and Cash Equivalents		(149,930,466)		(100,069,534)
<b>Net cash from/(Used in) Investing activities (b)</b>		<b>(125,725,606)</b>		<b>39,543,729</b>
<b>Cash flows from financing activities</b>				
Interest Paid		(22,949,015)		(17,048)
<b>Net cash from/(used in) financing activities (c)</b>		<b>(22,949,015)</b>		<b>(17,048)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>		<b>15,334,925</b>		<b>10,950,917</b>
cash and cash equivalents at beginning of year		15,393,107		4,442,190
cash and cash equivalents at end of year (Note 15)		30,728,032		15,393,107
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>15,334,925</b>		<b>10,950,917</b>
See accompanying notes Forming a Part of Standalone Financial Statements		1-28		

As per our attached report of even date

Sharp and Tannan Associates  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of

Tirtharaj Khot  
Partner  
Membership No. : (F) 037457

Place : Mumbai  
Dated : 06<sup>th</sup> May, 2015



For and on behalf of the Board of Directors.

Vishal Rana  
Director  
(DIN :- 02029689)

Mohan Radhakrishnan  
Director  
(DIN :- 00012070)



IIFL Capital Limited

Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

**Note 1. Corporate Information:**

IIFL Capital limited a Wholly Owned Subsidiary of IIFL Holdings Ltd (Formerly known as India Infoline Limited) has Trading and Clearing membership of National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) and is mainly involved in trading in Equity, Derivatives & Currency on Proprietary & Client account.

**Note2. Significant Accounting Policies:**

**2.1 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 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.

**2.2 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.

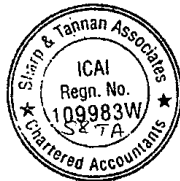
**2.3 Fixed Assets and Depreciation and Amortization:**

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 has 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 is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.





IIFL Capital Limited

Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

#### 2.4 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.

#### 2.5 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

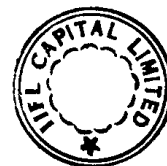
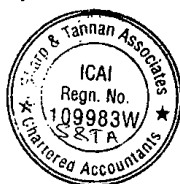
#### 2.6 Other Income Recognition:

- (a) Interest Income is recognized on accrual basis.
- (b) Dividend income is recognized when the right to receive payment is established.

#### 2.7 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.



IIFL Capital Limited

Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

**2.8 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.

**2.9 Preliminary Expenses**

Preliminary Expenses is written off in same financial year in which they are incurred.

**2.10 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.

**2.11 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.

**2.12 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.

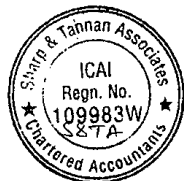
**2.13 Inventories:**

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 scrip.

**2.14 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.



IIFL Capital Limited  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

**Note: 3. Share Capital:**

(a) The Authorised, Issued, Subscribed and fully paid up share capital comprises of equity shares having a par value of ₹10 as follows.

(Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Authorized Shares:</b>		
10,000,000(Previous year 10,000,000) Equity Shares of ₹10/- each	100,000,000	100,000,000
<b>Issued, Subscribed and Paid Up:</b>		
3,050,000(Previous year 3,050,000) Equity Shares of ₹10/- each fully paid-up	30,500,000	30,500,000

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

(Amount in ₹)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Numbers	Amount	Numbers	Amount
Issued subscribed and Paid up at the beginning of the year	3,050,000	30,500,000	3,050,000	30,500,000
Add: Issued during the Year	-	-	-	-
Issued subscribed and Paid up at the End of the year	3,050,000	30,500,000	3,050,000	30,500,000

(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. IIFL Holdings Ltd (Formerly known as India Infoline Limited), the holding company holds 100% (Previous year 100%) of paid up share capital.

(d) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
IIFL Holdings Limited (Formerly known as India Infoline Limited)- The Holding Company	3,050,000	100%	3,050,000	100%

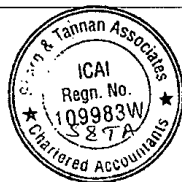
(e) Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
IIFL Holdings Ltd. (Formerly known as India Infoline Limited)	3,050,000	100%	3,050,000	100%

**Note: 4. Reserves and Surplus:**

(Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Securities premium account</b>		
Opening balance	90,000,000	90,000,000
Add : Premium on shares issued during the year	-	-
<b>Closing Balance</b>	90,000,000	90,000,000
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	20,497,921	8,852,525
Add: Profit / (Loss) for the year	35,306,991	11,645,396
<b>Closing Balance</b>	55,804,912	20,497,921
<b>Total</b>	145,804,912	110,497,921



IIFL Capital Limited  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

**Note: 5. Long Term Provision:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
(i) Provision for Gratuity	332,386	290,822
(ii) Provision for Leave Encashment	224,413	192,882
<b>Total</b>	<b>556,799</b>	<b>483,704</b>

**Note: 6. Short Term Borrowings:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured Loans & Advances from Related Parties Repayable on Demand	148,300,000	-

**Note: 7. Trade Payable:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Payable *	3,317,863	12,548
<b>Total</b>	<b>3,317,863</b>	<b>12,548</b>

\* Trade payable includes ₹ Nil (previous year - ₹ Nil) payable to "suppliers" referred under the Micro, Small and Medium Enterprises Development Act, 2006. No Interest has been paid/is payable by company during the year to "Suppliers" referred under the act. 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: 8. Other Current Liabilities:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
(i) Statutory remittances	1,683,753	479,871
(ii) Contractually reimbursable expenses	271,354	391,649
(ii) Accrued Salaries & Benefits	1,709,580	584,468
(iv) Other payables	65,545	101,575
<b>Total</b>	<b>3,730,232</b>	<b>1,557,563</b>

**Note: 9. Short Term Provision:** (Amount in ₹)

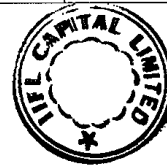
Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Expenses	1,333,817	774,420
Bonus Payable	6,000,000	12,000,546
Provision for Leave encashment	112,428	58,271
Provision for Gratuity	849	662
Provision for Taxation (Net of Advance Tax ₹ 16,793,230 ) (Previous year ₹4,956,414 )	7,498,528	2,898,720
<b>Total</b>	<b>14,945,622</b>	<b>15,732,619</b>

**Note: 10. Deferred Tax Assets:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred Tax Asset for Gratuity	110,177	99,075
<b>Total</b>	<b>110,177</b>	<b>99,075</b>

**Note: 11. Long Term Loans & Advances:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, Considered Good :		
Deposit with Exchange / Clearing Corporation		



IIFL Capital Limited

Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

Particulars	As at March 31, 2015	As at March 31, 2014
NSCCL – NSE Currency Cash Base Capital	5,000,000	5,000,000
NSEIL – NSE Currency Cash Base Capital	2,000,000	2,000,000
NSE F&O Add Base Capital	-	15,000,000
NSE Cash Base Capital	12,500,000	12,500,000
NSE F&O Base Capital	7,500,000	7,500,000
BSE Cash Base Capital	3,500,000	-
Deposit – BSE	900,000	-
BSE Cash Add Base Capital	5,000,000	-
<b>Total</b>	<b>36,400,000</b>	<b>42,000,000</b>

Note: 12. Other Non Current Asset :

(Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, Considered Good :</b>		
Exchange Receivable	-	96,586
<b>Total</b>	<b>-</b>	<b>96,586</b>

Note: 13. Inventories - (At lower of cost or net realisable value):

(Amount in ₹)

Script Name	As at March 31, 2015			As at March 31, 2014		
	Face Value in ₹	Number	Amount in ₹	Face Value in ₹	Number	Amount in ₹
<b>Exchange Traded Fund</b>						
EQ-IIFLNIFTY	-	-	-	10	180	121,038
<b>TOTAL</b>						<b>121,038</b>

Note 14. Trade Receivable:

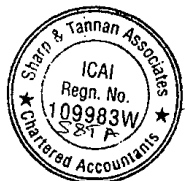
(Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from date they are due for payment	-	-
<b>Other</b>		
- Considered good	27,667,085	-
<b>Total</b>	<b>27,667,085</b>	<b>-</b>

Note: 15. Cash and Bank Balances:

(Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Cash &amp; Cash Equivalents:</b>		
<b>Balances with banks:</b>		
In current accounts		
Client bank accounts	9,915,119	
Others Bank accounts	20,812,913	15,393,107
<b>Total Cash &amp; Cash Equivalent (a)</b>	<b>30,728,032</b>	<b>15,393,107</b>
<b>Other Balances</b>		
In Deposit account (Maturity From 3 months to 12 months)*	250,000,000	100,069,534
<b>Total Other Balances (b)</b>	<b>250,000,000</b>	<b>100,069,534</b>
<b>Total (a+b)</b>	<b>280,728,032</b>	<b>115,462,641</b>



IIFL Capital Limited  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

\*Includes fixed deposits to the extent of ₹ 250,000,000/- (previous year ₹ 10,000,000/-) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

**Note: 16. Short term Loan and Advance:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, Considered Good :</b>		
Balance With Government authorities		
Service Tax Credit Receivable	984,622	850,145
<b>Total</b>	<b>984,622</b>	<b>850,145</b>

**Note: 17. Other Current Asset:** (Amount in ₹)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, Considered Good :</b>		
Prepaid expenses	1,005,096	154,870
Others	260,416	-
<b>Total</b>	<b>1,265,512</b>	<b>154,870</b>

**Note: 18. Revenue from Operation:** (Amount in ₹)

Particulars	2014-2015	2013-2014
<b>Capital Market Activities :</b>		
Share / Currency Trading Income	83,638,274	31,290,130
Brokerage Income	5,860,129	
<b>Fund Based Activities :</b>		
Dividend Income Mutual Fund (Current)	1,122,543	460,545
Interest Income - Bank Fixed Deposit	22,916,176	6,307,770
Interest Income - (From Associates)		-
Capital Gain Mutual Fund (Current)	166,141	7,707,823
<b>Total</b>	<b>113,703,263</b>	<b>45,766,268</b>

**Note: 19. Other Income:** (Amount in ₹)

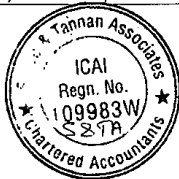
Particulars	2014-2015	2013-2014
Miscellaneous Income	11,040	-
<b>Total</b>	<b>11,040</b>	<b>-</b>

**Note: 20. Employee Benefits Expense :** (Amount in ₹)

Particulars	2014-2015	2013-2014
Salaries and bonus	19,816,428	18,705,120
Contribution to provident and other funds	122,407	3,163
Gratuity	41,751	291,484
Staff Welfare Expenses	45,817	45,879
Leave Encashment	167,620	251,153
<b>Total</b>	<b>20,194,023</b>	<b>19,296,799</b>

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.

Assumptions	2014-2015	2013-2014
Discount rate previous year	-	-
Salary Escalation previous year	-	-





IIFL Capital Limited  
Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

Discount rate current year	7.89%	9.14%
Salary Escalation Current year	5.00%	5.00%
<b>Change in Benefit Obligation</b>	<b>2014-2015</b>	<b>2013-2014</b>
Liability at the beginning of the year	291,484	-
Interest Cost	26,642	-
Current Service Cost	107,429	-
Benefit paid	-	-
Actuarial (gain)/ Loss on obligations	(92,320)	-
Liability Transferred in/(out)		291,484
Liability at the end of the year	333,235	291,484
<b>Amount Recognised in the Balance Sheet</b>	<b>2014-2015</b>	<b>2013-2014</b>
Liability at the end of the year	333,235	291,484
Fair value of plan Assets at the end of the year	-	-
Differences	-	-
<b>Amount of liability Recognised in the Balance Sheet</b>	<b>333,235</b>	<b>291,484</b>
<b>Expenses Recognised in the Income statement</b>	<b>2014-2015</b>	<b>2013-2014</b>
Current Service cost	107,429	291,484
Interest Cost	26,642	-
Expected return on plan assets	-	-
Actuarial Gain or Loss	(92,320)	-
<b>Expense Recognised in P&amp;L</b>	<b>41,751</b>	<b>291,484</b>
<b>Balance Sheet reconciliation</b>	<b>2014-2015</b>	<b>2013-2014</b>
Opening Net liability	291,484	-
Expense as above	41,751	291,484
Net Transfer in	-	-
Employers contribution	-	-
<b>Amount Recognised in Balance Sheet</b>	<b>333,235</b>	<b>291,484</b>

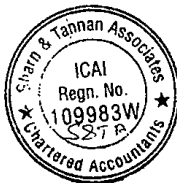
**\*Defined Contribution Plans:**

The Company has also recognised the following amounts as an expense.

Particulars	(Amount in ₹)	
	2014-2015	2013-2014
Contribution to provident & other fund	122,225	3,163

**Note: 21. Finance Costs:**

Particulars	(Amount in ₹)	
	2014-2015	2013-2014
<b>Interest expense on :</b>		
Interest Expenses	22,949,015	17,048
Other Borrowing Cost	5,566	-
<b>Total</b>	<b>22,954,581</b>	<b>17,048</b>



IIFL Capital Limited

Notes forming part of Standalone Financial Statements for the year ended March 31, 2015

Note: 22.: Other expenses :

(Amount in ₹)

Particulars	2014-2015	2013-2014
Advertisement	224,444	-
Books & Periodicals	3,576	6,598
Exchange and statutory Charges	1,08,700	880
Commission Expenses –Agent	5,184,581	653,306
Marketing & Commission Expenses	30,904	-
Bank Charges	4,715,219	2,417
Communication	168,364	553,175
Electricity	589,032	1,670,751
Legal and professional charges	202,838	10,000
Miscellaneous Expenses	11,397	-
Office expenses	619,329	176,094
Subscription	247,134	269,189
Postage and courier	24,008	3,297
Printing and stationery	50,486	2,775
Provision for doubtful debts and bad debts	(52,213)	3
Rent	2,359,523	-
Insurance	112,844	-
Rates & Taxes	106,618	-
Repairs & Maintenance	-	-
Computer	7,022	-
Others	31,839	3,490
Remuneration to Auditors :	-	-
Statutory Audit	11,500	10,000
Certification Work & other matters	-	-
Out of pocket expenses	-	-
Software Charges	3,048,946	5,336,329
Travelling and conveyance	10,27,094	284,258
Others	-	53,704
<b>TOTAL</b>	<b>18,833,185</b>	<b>9,036,266</b>

Note: 23. Earnings per Share (EPS):

(Amount in ₹)

Particulars	2014-2015	2013-2014
Net Profit/(Loss) after tax for the Year	35,306,991	11,645,396
Weighted Average No. of Shares	3,050,000	3,050,000
Basic EPS	11.58	3.82
Diluted EPS	11.58	3.82

**Note: 24** The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / 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.



**IIFL Capital Limited**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2015**

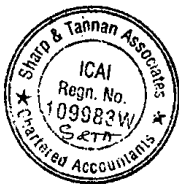
Note: 25.

**A) Disclosures in respect of applicability of AS – 18 Related Party Disclosures:**

Nature of relationship	Name of party
<b>Holding Company</b>	IIFL Holdings Limited (Formerly known as India Infoline Limited)
<b>Fellow Subsidiaries</b>	India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media & Research Services Limited India Infoline Commodities DMCC IIFL Wealth Management Limited India Infoline Insurance Services Limited India Infoline Insurance Brokers Limited IIFL Realty Limited India Infoline Limited (Formerly known as India Infoline Distribution Company Limited) IIFL Wealth (UK) Limited IIFL Capital Inc. IIFL Assets Reconstruction Limited India Infoline Foundation
<b>Group Companies</b>	IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited). India Infoline Housing Finance Limited. IIFL Alternate Asset Advisors Limited. IIFL Investment Advisors & Trustee Services Limited (Formerly known as IIFL Trustee Services Limited). India Infoline Trustee Company Limited. India Infoline Asset Management Company Limited. IIFL Securities Pte. Limited. IIFL Capital Pte. Limited. IIFL (Asia) Pte Limited. IIFL Private Wealth Management (Dubai) Limited. IIFL Inc. IIFL Private Wealth (Mauritius) Limited. IIFL Private Wealth (Suisse) SA. IIFL Private Wealth Hong Kong Limited. IIFL Properties Private limited (Formerly known as Ultra Sign & Display Private Limited). India Alternatives Investment Advisors Private Limited
<b>Key Management Personnel</b>	Mr. Vishal Rana.
<b>Other related parties</b>	Mr. Nirmal Jain. Mr. R.Venkataraman. Orpheus Trading Private Limited. Ardent Impex Private Limited.

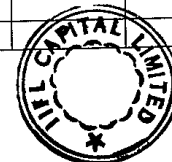
**B) Significant Transaction with Related Parties** (Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
<b>Advance Taken (Max)</b>	-	200,500,000	-	-	200,500,000
India Infoline Limited (Formerly Known as India Infoline Distribution Limited)	-	(4,438,437)	-	-	(4,438,437)



**IIFL Capital Limited**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2015**

<b>Advance Taken Return Back (Max)</b>					
India Infoline Limited (Formerly Known as India Infoline Distribution Limited)	-	52,200,000	-	-	52,200,000
		(4,438,437)			(4,438,437)
<b>ICD Received</b>					
India Infoline Commodities Limited	-	48,000,000	-	-	48,000,000
India Infoline Limited (Formerly Known as India Infoline Distribution Limited)	-	20,000,000	-	-	20,000,000
	-	-	-	-	-
India Infoline Finance Limited		1,069,500,000			1,069,500,000
<b>ICD Received (Return)</b>					
India Infoline Commodities Limited	-	48,000,000	-	-	48,000,000
	-	-	-	-	-
India Infoline Limited (Formerly Known as India Infoline Distribution Limited)	-	20,000,000	-	-	20,000,000
	-	-	-	-	-
India Infoline Finance Limited	-	1,069,500,000	-	-	1,069,500,000
	-	-	-	-	-
<b>Interest Expenses (ICD)</b>					
India Infoline Limited (Formerly Known as India Infoline Distribution Limited)	-	132,329	-	-	132,329
	-	-	-	-	-
India Infoline Finance Limited	-	3,234,832	-	-	3,234,832
	-	-	-	-	-
India Infoline Commodities Limited	-	291,802	-	-	291,802
	-	-	-	-	-
<b>Interest Expenses</b>					
India Infoline Ltd (Formerly Known as India Infoline Distribution Ltd)	-	18,964,605	-	-	18,964,605
	-	-	-	-	-
<b>Allocation / Reimbursement of Expenses Paid</b>					
India Infoline Ltd (Formerly Known as India Infoline Distribution Ltd)	-	15,126,748	-	-	15,126,748
	-	(11,506,149)	-	-	(11,506,149)
<b>Allocation / Reimbursement of Expenses Received</b>					
India Infoline Commodities Limited	-	1,500,000	-	-	1,500,000
	-	-	-	-	-
India Infoline Ltd (Formerly Known as India Infoline Distribution Ltd)	-	23,741,994	-	-	23,741,994
	-	-	-	-	-
<b>Remuneration</b>					
Vishal Rana	-	-	-	6,902,296	6,902,296
	-	-	-	(581,377)	(581,377)
<b>Others Paid</b>					



**IIFL Capital Limited**  
**Notes forming part of Standalone Financial Statements for the year ended March 31, 2015**

IIFL Holdings Ltd (Formerly Known as India Infoline Ltd)	-	154,550	-	-	154,550
	-	-	-	-	-
India Infoline Ltd (Formerly Known as India Infoline Distribution Ltd)	-	27,093,351	-	-	27,093,351
	-	-	-	-	-
<b>Others Received</b>					
India Infoline Ltd (Formerly Known as India Infoline Distribution Ltd)	-	662,886	-	-	662,886
	-	-	-	-	-

**(Amount in ₹)**

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Person	Total
<b>Sundry Payable</b>					
India Infoline Ltd (Formerly Known as India Infoline Distribution Co. Ltd)	-	148,300,000	-	-	148,300,000
<b>Sundry Receivable</b>					
IIFL Wealth Management Ltd	-	1,556,530	-	-	1,556,530

**Note: 26. 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.

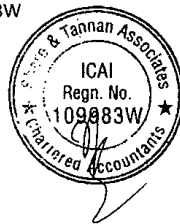
**Note: 27.** There are no pending litigation by and on the Company as on the balance sheet date.

**Note: 28.** Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

As per our attached report of even date


**For Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration No.109983W  
By the hand of

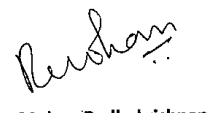
  
**Anil Khot**  
Partner  
Membership No.: (F) 037457



Place: Mumbai  
Dated: 6<sup>th</sup> May, 2015

For and on behalf of the Board of Directors

  
**Vishal Rana**  
Director  
(DIN :-02029689)

  
**Mohan Radhakrishnan**  
Director  
(DIN :-00012070)



## 5.2 FINANCIAL INDEBTNESS

As of March 31 2017, our Company has availed a non-fund based credit facility (bank guarantee) from third party lender which aggregates to Rs. 500 lakhs. Set forth below is a brief summary of the non-fund based credit facility (bank guarantee):

Name of the bank/ financial institution	Sanctioned amount (in Rs. lakhs)	Amount outstanding as on March 31, 2017 (in Rs. lakhs)	Rate of interest/ commission (%)	Repayment Schedule	Principle terms and security
Axis Bank Limited	500	100	0.85%	Not applicable	50% margin as fixed deposit



### 5.3 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 audit financial information as of and for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and six (6) months period ended September 30, 2017, all prepared in accordance with the provisions under the CA 2013 and Indian GAAP, including the notes and schedules thereto, included in the section titled "Financial Statements" on page 125 of this Information Memorandum. You should also read the section titled "Risk Factors" on page 08 of this Information Memorandum, 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 75 of this Information Memorandum, 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, 2015, March 31, 2016, March 31, 2017 and six (6) months period ended September 30, 2017 and, in relevant parts, on internally prepared statistical information available to our management and publicly available information.*

*The financial statements included in this Information Memorandum 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 Information Memorandum 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 Information Memorandum 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.*

#### **BUSINESS OVERVIEW**

We are engaged in providing financial products through our online technology platform and our mobile applications. We are registered with SEBI as a stock broker, depository participant and research analyst and are also registered with AMFI as a mutual fund distributor. We have been active in financial services sector since 2007 and our main focus is on emerging investor class beyond metro cities and about 64% of our clientele is based out of Tier II and Tier III cities. For further details, please see section titled "Our Business" on page 75 of this Information Memorandum.

#### **Our Key Strengths**

We believe that the following are our key strengths:

##### *Effective Technological Platform*

Technology is the heart of our organization. We are tech based financial service provider. Our consistent effort in building robust Trading platform, advanced mobile app, Artificial Intelligence powered Robo Advisory platform, Paperless Account opening platform are some examples of Tech superiority. As a company we strongly believe in making entire investing experience of a customer seamless and hence we have significantly invested in creating an efficient technological architecture comprising of our product offering, customer satisfaction as well as operational processing. We believe that our focus on innovation and understanding customer behaviour provides us with a significant competitive advantage.



### *One Stop Investment Platform*

The main focus of our Company is to provide a technology platform to offer wide range of financial products under one umbrella. We believe that our wide range of services and products under one umbrella enables us to build strong relationship with our clients and to increase volume of business offered.

Through our technology platform, our clients can avail equity broking services and can select various mutual fund and other financial products which makes us a one stop investment platform. Through our focus on innovation, over a period of time we have developed our services to provide a seamless user experience to our client.

### *Low Cost of Services and Effortless User Experience*

We are one of the low cost financial service providers and charge as low as Rs. 10/- per order. We believe in providing an effortless user experience to our customers throughout the lifecycle of the investment at a low cost. Beginning from on-boarding of the client to execution of trades to after trade support, our interactive user interface with minimal human intervention, enhances the customer experience which is backed by real-time data analytics to help them take informed investment decisions.

### *Established Brand*

One of our key strengths is our affiliation and our relationship with one of India's prominent financial services company i.e., IIFL Holdings Limited which, by itself and/ or through its subsidiaries, has interests in various financial sector services such as broking, wealth management services, distribution of financial products, non-banking financial company and other activities in financial services. We leverage IIFL Holdings Limited's experience in various facets of the financial sector services which allows us to understand the market trends and mechanics and helps us design our services to suit the requirements of our target customer bases as well to address opportunities that arise out of the changes in the market trends. We believe that by leveraging on our existing relationship and synergies with IIFL Holdings Limited, we will be able to further expand our services. Further, we believe that our relationship with IIFL Holdings Limited provides us instant brand recognition.

### *Robust Risk Management*

Management of risk is essential in financial services business and we believe that we have in place robust mechanism to manage our risk. 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 strategies, position and trading limits and automatic squaring off positions. These procedures cover our internal control system, customer margin requirement and overall risk management. We have dedicated and experienced risk management which oversees our risk management functions from our registered office. We periodically review and modify such procedures, as necessary or appropriate. Our risk management team monitors real-time market conditions and our client's positions and informs our clients the potential risks and takes action accordingly.

### *Strong Management Team and Corporate Governance*

Our Company has an experienced Board that oversees and guides our strategy and operations. Our Directors have experience in areas relevant to our business. Similarly, the members of our experienced management team and our employees share common vision of excellence. We believe that the extensive relevant experience and financial acumen of our management and executive provide us with a distinctive competitive advantage. For further details on our Board, please see section titled "*Our Management*" on page 92 of this Information Memorandum.

Our strict adherence to regulatory and supervisory norms and diligent Board are a few examples of how our policies reflect our strong corporate governance. Our Company believes that good corporate

governance is an important constituent in enhancing stakeholder value. The corporate governance framework is based on an effective independent Board, separation of supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

### **Our Business Strategy**

Our vision is to use technological innovation and to be the leader in meeting our clients' board based investment needs through our technology platform at a low cost. We intend to continue increasing our revenues and market share and profitability through the following key strategies:

#### *Product Development*

We aim to develop a comprehensive range of products which would enable various facets of investment cycle i.e., decision making to the execution of trades. Increasing the range of our product offering is key to maintain and growing our market share in the Indian financial services market. Further, we seek to capture relevant insights into client's behaviour, financial strength and goals which will enable us to provide an effective advice to our clients based on defined exhaustive data driven algorithmic approach, assessing the targets on periodic basis and optimizing their performance by providing recommendations. We believe that technological innovations will improve our user experience, efficiency of our technology platform and will help in creating a long lasting relationship with our clients.

#### *Low Pricing*

We aim to offer our services at a low cost to our client. Minimal human intervention and robust technological infrastructure will enable us to minimize our overhead expenses and help us optimize our costs. By minimizing overhead expenses and optimizing our costs, our Company aims to pass on the benefits to our clients in the form of low pricing for our services.

#### *Expand Reach*

We believe that increase in internet penetration will enable our Company in expanding its client base. Our Company aims on increasing its presence by leveraging technological innovations and focusing on investor segments which are currently ignored by traditional channels and help in channelization of investment in financial assets. With seamless user experience at the core of our strategy, we aim to ensure client retention and expansion. We further aim to strengthen our existing robust customer care services to enhance our client experience.

#### *Pursue selective acquisitions, partnerships opportunities and inorganic growth*

We believe that the financial services market in India offers opportunities for inorganic growth in order to complement our existing client experience, and we will actively seek out for such opportunities that, in our assessment, are aligned to our existing services. These opportunities could be by way of strategic acquisitions, collaborations, joint ventures, new partner tie ups and asset purchases. We will pursue such opportunities where we believe that they will add value to our business, our stakeholders and our clients.

#### *Continue to attract and develop talent*

We currently have access to a talent pool of experienced professionals, who have significant experience in financial services market. The quality of our management team has been instrumental in our growth and we believe that the management team provides strategic direction towards growth and profitability.

We will seek to actively recruit, develop and retain talent. We believe that these steps will enable us enhance our management capabilities in longer term, while improving efficiency and profitability in the near term as well.

*Continue to upgrade Risk Management Procedures and related systems*

We view risk management as a crucial part of our business. Therefore, we will continue to focus on monitoring and strengthening our risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, market risk and operational risk. We believe that prudent risk management policies will allow us to expand our financial services business without experiencing significant increases in non-performing assets.

**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 08 of this Information Memorandum. Our financial condition and results of operations are also affected by various factors of which the following are of particular importance:

*Conditions in securities’ market*

A substantial portion of our income is derived from broking services across equities (cash and derivatives). Distribution of financial products also contributes significantly to our revenues. All such products and services are dependent on favourable 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 not limited to government changes to monetary, fiscal or trade policies, political and market conditions, interest rates, foreign exchange rates and inflation.

*Changes in Indian macroeconomic conditions*

As a financial services company with our businesses operating only in the domestic Indian market, our results of operations are highly dependent on the overall economic conditions in India, including GDP growth rate, the economic cycle, prevalent interest rate regimes, financial policies of the government and the securities’ markets performance. Any trends or events which have a significant impact on the economic situation in India, including any changes in the interest rate regimes and commodity costs, could have an adverse effect on the financial condition of our customers, lead to a slowdown in sectors important to our businesses and have a disruptive effect on 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. We believe our wide product offering, our constant technological innovation, our technical expertise, and brand image will allow us to face such competition.

*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.

*Personnel costs*

Personnel related expenses is one of the proportions of our cost structure. The Indian financial services sector is highly competitive, and it can be difficult and expensive to attract and retain talented and experienced employees. In addition, we also strive to ensure effective utilization of our human resources and may need to adjust to the dynamic business environment as we increase our scope of operations, activities across the board and expand into new business products.

#### *Operating costs*

Owing to the nature of our business, we incur expenses towards various exchange and other regulatory charges, membership fees, stamp duty payments, technology related costs in addition to the employee benefits expenses.

#### *Technology*

Information technology systems are crucial to the success of our business operations and help us improve our overall productivity. We believe that our technology systems enable us to effectively monitor and control risks and manage our nationwide operations. Our Company has invested significant amounts in creating our information technology infrastructure and further investment into technology thus shall be an important requirement for our business strategy.

### **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 Statements*” on page 125 of this Information Memorandum.

#### *Basis of accounting and preparation of financial statements:*

The financial statements have been prepared in accordance with the Indian GAAP to comply with all material aspects of the applicable accounting standards notified under Section 133 of the CA 2013 read with Rule 7 of the Companies Accounts Rules, 2014, as amended, and the relevant provisions of the CA 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

#### *Use of estimates:*

The preparation of financial statements is in conformity with the Indian GAAP 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 Rs. 5,000 have been depreciated in full in the year of purchase.

#### *Estimated useful life of the assets is as under:*

Class of assets	Useful life in years
-----------------	----------------------

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

*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.

- 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 are determined based on the first-in first-out cost of the securities sold.
  - ii.) Profit/ loss on arbitrage transactions is accounted for as explained below:
    1. 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.
    2. 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 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.

*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 as amended. 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.

*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 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.

## RESULTS OF OPERATIONS

The table below sets forth a summary of our financial results containing significant items of our income and expenses years ended March 31, 2015, March 31, 2016, March 31, 2017 and six (6) months period ended September 30, 2017 based on our Financial Statements included in the section titled “Financial Statements” on page 125 of this Information Memorandum.

Particulars	For the six (6) months ended September 30, 2017		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015	
	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue
Revenue from operations	457.90	71%	470.62	63%	-275.52	226%	1137.03	100%
Other Operating Income	184.57	29%	276.06	37%	153.77	(126%)	0.11	0%
<b>Total Revenue</b>	<b>642.48</b>		<b>746.68</b>		<b>(121.76)</b>		<b>1137.14</b>	
Employee Cost	920.20	143%	776.57	104%	216.32	(178%)	201.94	18%
Depreciation	20.02	3%	27.02	4%	1.17	(1%)	0	0%
Administration Expenses and other Expenditure	1,161.99	181%	1344.25	180%	250.09	(205%)	188.33	17%
Finance Cost	0.0008	0%	112.37	15%	180.48	(148%)	229.55	20%
<b>Total Expenses</b>	<b>2,102.21</b>	<b>327%</b>	<b>2260.22</b>	<b>303%</b>	<b>648.06</b>	<b>(532%)</b>	<b>619.82</b>	<b>55%</b>
<b>Profit before Tax</b>	<b>(1,459.73)</b>		<b>(1513.53)</b>		<b>(769.81)</b>		<b>(517.32)</b>	
<b>Current Tax</b>							164.37	14%
Deferred Tax	(293.70)	(46%)	(469.05)	(63%)	(220.02)	181%	(0.11)	0%
<b>Profit after Tax</b>	<b>(1,166.03)</b>		<b>(1044.48)</b>		<b>(549.79)</b>		<b>353.06</b>	

### Description of Income and Expenses Items

#### Total revenue

The following table sets out the principle components of our revenue comprises our revenue and as a percentage of our total revenue for the periods indicated:

Particulars	For the six (6) months ended September 30, 2017		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015	
	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue
Revenue from operations	457.90	71%	470.62	63%	(275.52)	226%	1,137.03	100%
Other operating income	184.57	29%	276.06	37%	153.77	(126%)	0.11	0%

*Revenue from operations*

Our revenue from operations comprises majorly of:

- a) Brokerage and other related income comprising of income earned for carrying of share sale/purchase transactions, registration charges for opening an account, delayed pay-in charges for interest earned on delay in payments by clients, depository charges income.
- b) Share trading income.
- c) Service fees income earned through various cross sale and other services provided by our Company.

*Other income*

Our other income is derived from (i) interest on fixed deposits and (ii) gains from sale of investments.

Total expenditure

The following table sets out the principal components of our expenditure and as a percentage of our total expenditure, for the periods indicated:

Particulars	For the six (6) months ended September 30, 2017		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015	
	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue	Amount in Rs. lakhs	% of total revenue
Employee Cost	920.20	143%	776.57	104%	216.32	(178%)	201.94	18%
Depreciation	20.02	3%	27.02	4%	1.17	(1%)	0	0%
Administration Expenses and other Expenditure	1161.99	181	1344.25	180%	250.09	(205%)	188.33	17%
Finance Cost	-	0%	112.37	15%	180.48	(148%)	229.55	20%
<b>Total Expenses</b>	<b>2102.21</b>	<b>327%</b>	<b>2260.22</b>	<b>303%</b>	<b>648.06</b>	<b>(532%)</b>	<b>619.82</b>	<b>55%</b>

*Total expenses:*

Our total expenses are primarily comprised of the following:

- a) *Administration and other expenses:* Our administration and other expenses were primarily attributable to advertisement expenses, software and technology cost, charges related to rent and usage of leased premises, legal and professional fees, electricity and office expenses, travelling and conveyance expenses, marketing and commission expenses and miscellaneous expenses (such as those relating to printing and stationary, housekeeping).
- b) *Depreciation and amortization expense:* Depreciation and amortization expense consist of depreciation on the fixed assets of our Company which primarily includes electrical installation, computers, office equipment, furniture and fixtures, and amortisation of intangible assets.
- c) *Employee benefits expenses:* Employee benefit expenses include (i) salaries, bonus and allowances, (ii) contribution to provident and other employee benefit funds, and (iii) staff welfare activities.

- d) *Finance cost:* These include interest paid on short term borrowings and inter-corporate deposits, interest on bank overdraft lines and other financial expenses.

#### **Results of operations for the six (6) months ended September 30, 2017**

During the six (6) months ended September 30, 2017, the total income of our Company was Rs. 642.5 lakhs as compared to Rs. 746.7 lakhs in Fiscal 2017. This increase in our revenue was primarily due to the (i) increase in client base which increased by 150% as compared to last year and (ii) increase in average revenue per client. We saw growth in our revenue due to favourable market conditions which provided better investing opportunities to clients. Due to our expansion plans, our employee cost has increased and our Company has invested significantly in advertising, marketing activities and technology, which resulted in increase in our administration costs and other expenses.

#### Total revenue

Our total revenue was Rs. 642.48 lakhs for the six (6) months ended September 30, 2017, of which 71%, was derived from revenue from operations.

#### *Revenue from operations*

Our revenue from operations was Rs. 457.90 lakhs for six (6) months ended September 30, 2017. Revenue from operations benefited from the continued growth majorly in:

- a) Brokerage and other related income of Rs. 365.19 lakhs.
- b) Share trading income of Rs. 48.29 lakhs.
- c) Service fee income of Rs. 44.43 lakhs.

#### *Other income*

Our other income was Rs. 184.57 lakhs for the six (6) months ended September 30, 2017 which comprises of:

- a) Interest income on fixed deposits and bonds of Rs. 54.68 lakhs.
- b) Capital gains income from mutual fund investment (short term).

#### Total expenditure

Our total expenditure was Rs. 2,102.21 lakhs for the six (6) months ended September 30, 2017 which comprises of:

- a) Employee benefits expense of Rs. 920.20 lakhs consisting of (i) salaries, bonus and allowances, (ii) contribution to provident and other employee benefit funds, and (iii) staff welfare activities.
- b) Administration and other expenses of Rs. 1161.99 lakhs consisting of (ii) advertisement, (ii) software and technology cost, (iii) rent expenses, (iv) legal and professional charges and (v) other office expenses.
- c) Depreciation of Rs. 20.02 lakhs primarily on softwares and computers.

#### EBITDA

As a result of the foregoing, our EBITDA was Rs. (1439.71) lakhs for the six (6) months ended September 30, 2017.

Financial charges

Our financial charges were Rs. 0.0008 lakhs for the six (6) months ended September 30, 2017.

Depreciation and amortisation

Our depreciation and amortisation was Rs. 20.02 lakhs for the six (6) months ended September 30, 2017 and comprised primarily depreciation of software and computers.

Profit/ (loss) before tax

For the six (6) months ended September 30, 2017, our loss before tax was Rs. (1459.73) lakhs which is 227 % of our total revenue.

Tax expenses

Our Company has provided for deferred tax asset of Rs. (293.7) lakhs for the six (6) months ended September 30, 2017. In the said period, our current tax was nil, while our deferred tax was Rs. (293.7) lakhs.

Profit/ (loss) for the year (after tax)

Our loss after tax was Rs. (1166.03) lakhs for the six (6) months ended September 30, 2017. As a percentage of our total revenue, our loss for the year after tax was 181% for the six (6) months ended September 30, 2017.

**Results of operations for Fiscal 2017 compared with Fiscal 2016**

During the Fiscal 2017, the total income of our Company was Rs. 746.7 lakhs as compared to Rs. (121.8) lakhs in Fiscal 2016. The increase in our revenue was backed by expansion of our retail operations. Our Company acquired more than 10,000 clients by providing value added services and a wide variety of financial products. During Fiscal 2017, our Company invested heavily in online marketing, branding and technology due to which our expenses increased to Rs. 2260.22 lakhs from Rs. 648.05 lakhs.

Total revenue

Our total revenue increased by 868% to Rs.746.68 lakhs in Fiscal 2017 from Rs.(121.76) lakhs in Fiscal 2016 primarily due to a 746% increase in revenue from operations in Fiscal 2017 from Fiscal 2016.

Revenue from operations

Our revenue from operations increased by 746 % to Rs.470.62 lakhs in Fiscal 2017 from Rs. (275.52) lakhs in Fiscal 2016 primarily due to increased revenue in Fiscal 2017 from share trading income, brokerage income and other related income and service fees income . The broad details are as follows:

- a) Brokerage and other related income increased by 445% to Rs. 170.30 lakhs in Fiscal 2017 from Rs. 31.23 lakhs in Fiscal 2016 mainly due to increase in delay pay-in charges, brokerage income and registration income.
- b) Share trading income increased by 176% to Rs. 243.67 lakhs in Fiscal 2017 from Rs. (304.73) lakhs in Fiscal 2016 mainly due to favourable market conditions.
- c) Service fees income increased to 58.03 lakhs in Fiscal 2017 from nil in Fiscal 2016.

Other income

Our other income increase by 80% to Rs. 276.06 lakhs in Fiscal 2017 from Rs. 153.77 lakhs in Fiscal 2016. This was primarily due to increase in capital gains income from mutual fund investment (short term) to Rs. 225.84 lakhs in Fiscal 2017 from Rs. 1.65 lakhs in Fiscal 2016 and decrease in interest income from fixed deposit by 67% to Rs. 50.22 lakhs in Fiscal 2017 from Rs. 152.12 lakhs in Fiscal 2016.

#### Total expenditure

Our total expenditure increased by 249% to Rs.2,260.22 lakhs in Fiscal 2017 from Rs. 648.06 lakhs in Fiscal 2016. This increase was primarily due to increases in:

- a) Employee benefits expense increased by 259% to Rs. 776.57 lakhs in Fiscal 2017 from Rs. 216.32 lakhs in Fiscal 2016. These primarily included (i) salaries, bonus and allowances, (ii) contribution to provident and other employee benefit funds, and (iii) staff welfare activities.
- b) Administration and other expenses increased by 438% to Rs. 1344.25 lakhs in Fiscal 2017 from Rs. 250.09 lakhs in Fiscal 2016 primarily consisting of (i) advertisement, (ii) software and technology cost, (iii) rent expenses, (iv) legal and professional charges and (v) other office expenses.
- c) Depreciation increased by 2214% to Rs. 27.02 lakhs in Fiscal 2017 from Rs. 1.17 lakhs in Fiscal 2016 mainly on furniture, fixtures, computers and software for developing infrastructure and technology due to growth plans of our Company.

#### EBITDA

As a result of the foregoing, our EBITDA decreased by 134% to Rs. (1374.14) lakhs in Fiscal 2017 from Rs. (588.17) lakhs in Fiscal 2016.

#### Financial charges

Our financial charges decreased by 38% to Rs. 112.37 lakhs in Fiscal 2017 from Rs. 180.48 lakhs in Fiscal 2016. This decrease was primarily due to decrease in interest on inter-corporate deposits.

#### Depreciation and amortisation

Our depreciation and amortisation increased 2214% to Rs. 27.02 lakhs in Fiscal 2017 from Rs. 1.17 lakhs in Fiscal 2016 mainly on furniture, fixtures, computers and software for developing infrastructure and technology due to growth plans of our Company.

#### Profit/ (loss) before tax

Our loss increased by 96.61% to Rs. (1513.53) lakhs in Fiscal 2017 from Rs. (769.81) in Fiscal 2016. As a percentage of our total revenue, our loss before tax was 203% in Fiscal 2017 and 632% in Fiscal 2016.

#### Tax expenses

Our deferred tax assets increased by 113% to Rs.(469.05) lakhs in Fiscal 2017 from Rs.(220.02) lakhs 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 90% to Rs. (1044.48) lakhs in Fiscal 2017 from Rs. (549.79) lakhs in Fiscal 2016. As a percentage of our total revenue, our loss for the year after tax was 140% in Fiscal 2017 and loss was 452% in Fiscal 2016.

### **Results of operations for Fiscal 2016 compared with Fiscal 2015**



During Fiscal 2016, total income of our Company decreased to Rs. (121.8) lakhs from Rs. 1137.1 lakhs in Fiscal 2015. Our Company incurred loss of Rs. 549.8 lakhs as compared to net profit of Rs. 353.1 lakhs in Fiscal 2015. The decline in our income was due to losses incurred by our Company in its proprietary business and due to extreme market volatility. Pursuant to this, the Company has pruned its proprietary business from January 2016 and commenced the retail broking and mutual fund distribution business through online platform.

#### Total revenue

Our total revenue decreased by 111% to Rs. (121.76) lakhs in Fiscal 2016 from Rs. 1,137.14 lakhs in Fiscal 2015 primarily due to a 111% decrease in revenue from operations in Fiscal 2016 from Fiscal 2015.

#### *Revenue from operations*

Our revenue from operations decreased by 111% to Rs.(275.52) lakhs in Fiscal 2016 from Rs. 1137.03 lakhs in Fiscal 2015 primarily due to decreased revenue in Fiscal 2016 from share trading income. The details are as follows:

- a) Brokerage and other related income decreased by 43% to Rs. 31.23 lakhs in Fiscal 2016 from Rs. 55.22 lakhs in Fiscal 2015.
- b) Share trading income decreased to Rs. (306.76) lakhs in Fiscal 2016 from Rs. 836.38 lakhs in Fiscal 2015 due to unfavourable market conditions.

#### *Other income*

Other operating income decreased by 33.62% to Rs. 152.12 lakhs in Fiscal 2016 from Rs. 229.16 lakhs in Fiscal 2015. This was primarily due to decrease in interest income from fixed deposit by 33.62% to Rs. 152.12 lakhs in Fiscal 2016 from Rs. 229.16 lakhs in 2015.

#### Total expenditure

Our total expenditure increased by 5% to Rs. 648.06 lakhs in Fiscal 2016 from Rs. 619.82 lakhs in Fiscal 2015. This increase was primarily due to increase in:

- a) Employee benefits expense increased by 7% to Rs. 216.32 lakhs in Fiscal 2016 from Rs. 201.94 lakhs in Fiscal 2015. These primarily included (i) salaries, bonus and allowances, (ii) contribution to provident and other employee benefit funds, and (iii) staff welfare activities.
- b) Administration and other expenses increased by 33% to Rs. 250.09 lakhs in Fiscal 2016 from Rs. 188.33 lakhs in Fiscal 2015, primarily consisting of brokerage related expenses, software and technology cost, rent expenses, legal and professional charges and other office expenses.
- c) Depreciation increased to Rs. 1.17 lakhs in Fiscal 2016 from nil in Fiscal 2015 primarily on computers and software.

#### EBITDA

As a result of the foregoing, our EBITDA decreased by 179% to Rs. (588.17) lakhs in Fiscal 2016 from Rs. 746.87 lakhs in Fiscal 2015.

#### Financial charges

Our financial charges decreased by 21% to Rs. 180.48 lakhs in Fiscal 2016 from Rs. 229.55 lakhs in Fiscal 2015. This decrease was primarily due to interest on inter-corporate deposits.

Depreciation and amortisation

Our depreciation and amortisation was Rs. 1.17 lakhs in Fiscal 2016 as compared to nil in Fiscal 2015, primarily on computers and software.

Profit/ (loss) before tax

Our loss increased by 249% to Rs. (769.81) lakhs in Fiscal 2016 from profit of Rs. 517.32 lakhs in Fiscal 2015. As a percentage of our total revenue, our loss before tax was 632% in Fiscal 2016 and profit before tax was 45% in Fiscal 2015.

Tax expenses

Our tax expense was nil in Fiscal 2016 from Rs. 164.37 lakhs in Fiscal 2015. Our deferred tax assets increased to Rs.(220.02) lakhs in Fiscal 2016 from Rs.(0.11) lakhs in Fiscal 2015.

Profit/ (loss) for the year (after tax)

Our loss for the year after tax increased by 256% to Rs.(549.79) lakhs in Fiscal 2016 from profit of Rs. 353.06 lakhs in Fiscal 2015. As a percentage of our total revenue, our loss for the year after tax was 452% in Fiscal 2016 and our profit for the year after tax was 31% in Fiscal 2015.

**Results of operations for Fiscal 2015 compared with Fiscal 2014**

During Fiscal 2015, the total income of the Company was Rs.1137.1 lakhs as compared to Rs.457.7 lakhs in Fiscal 2014. This increase was primarily due to buoyancy in equity markets which provided better business opportunities by way of arbitrage to the Company and resulted in an increase in average daily turnover of the Company. During the Fiscal 2015, our Company earned a net profit of Rs.353.1 lakhs as compared to net profit of Rs. 116.5 lakhs in Fiscal 2014.

Total revenue

Our total revenue increased by 148% to Rs. 1137.14 lakhs in Fiscal 2015 from Rs. 457.66 lakhs in Fiscal 2014 primarily due to a 148% increase in revenue from operations in Fiscal 2015 from Fiscal 2014.

Revenue from operations

Our revenue from operations increased by 148% to Rs.1137.03 lakhs in Fiscal 2015 from Rs. 457.66 lakhs in Fiscal 2014, primarily due to increase in revenue in Fiscal 2015 from share trading income and brokerage and other related income. The details are as follows:

- a) Brokerage and related income increased to Rs. 58.60 lakhs in Fiscal 2015 from nil in Fiscal 2014.
- b) Share trading income increased by 167% to Rs. 836.38 lakhs in Fiscal 2015 from Rs.312.90 lakhs in Fiscal 2014 majorly due to favourable market conditions.
- c) Other operating income was 242.04 lakhs in Fiscal 2015 as compared to Rs. 144.60 in Fiscal 2014.

Total expenditure

Our total expenditure increased by 119% to Rs. 619.82 lakhs in Fiscal 2015 from Rs. 283.50 lakhs in Fiscal 2014. This increase was primarily due to increases in:

- a) Employee benefits expense increased by 5% to Rs. 201.94 lakhs in Fiscal 2015 from Rs. 192.97 lakhs in Fiscal 2014. These primarily included (i) salaries, bonus and allowances, (ii) contribution to provident and other employee benefit funds, and (iii) staff welfare activities.
- b) Administration and other expenses increased by 108% to Rs. 188.33 lakhs in Fiscal 2015 from Rs. 90.36 lakhs in Fiscal 2014, primarily consisting of brokerage related expenses, software and technology cost, rent expenses, legal and professional charges and other office expenses.

#### EBITDA

As a result of the foregoing, our EBITDA increased by 328% to Rs.746.87 lakhs in Fiscal 2015 from Rs. 174.33 lakhs in Fiscal 2014.

#### Financial charges

Our financial charges increased to Rs. 229.55 lakhs in Fiscal 2015 from Rs. 0.17 lakhs in Fiscal 2014. This increase was primarily due to increase in interest on inter-corporate deposit.

#### Profit before tax

Our profit increased by 197% to Rs. 517.32 lakhs in Fiscal 2015 from Rs. 174.16 lakhs in Fiscal 2014. As a percentage of our total revenue, our profit before tax was 45% in Fiscal 2015 and 38% in Fiscal 2014.

#### Tax expenses

Our tax expense increased by 180% to Rs. 164.37 lakhs in Fiscal 2015 from Rs. 58.69 lakhs in Fiscal 2014. Our deferred tax assets decreased by 89% to Rs. (0.11) lakhs in Fiscal 2015 from Rs.(0.99) lakhs in Fiscal 2014.

#### Profit/ (loss) for the year (after tax)

Our profit for the year after tax increased by 203% to Rs.353.06 lakhs in Fiscal 2015 from profit of Rs. 116.46 lakhs in Fiscal 2014. As a percentage of our total revenue, our profit for the year after tax was 31% in Fiscal 2015 and 25% in Fiscal 2014.

### **Liquidity and capital resources**

Liquidity risk management refers to the way we manage the use and availability of various funding sources to meet our current and future operating needs. These needs are largely a result of asset growth. We monitor our assets and liabilities profile on a continuous basis. The sources of our funds includes funds generated from our operations and issuance of Equity Shares.

### **Qualitative disclosure about market risks**

We are primarily exposed to market risk, liquidity risk, operational risk and reputational risks. We focus on risk management systems to ensure that there are checks and balances in place to contain the risk aspects and its impact. We have implemented comprehensive policies and procedures to identify, measure, monitor and control risk throughout our organization. Our risk management strategy is based on understanding the various types of risk, assessment of the risk and continuous monitoring of the risk.

### **Market risk**

The risk of change in overall market or asset class due to the impact of economic conditions and/ or other factors impacting index specific stocks.

The value of investments are vulnerable to factors such as changes in economic conditions, interest rates, investor sentiments, developments in global markets, international and domestic political events and acts of war or terrorism.

Value at Risk (“VaR”) is closely supervised by risk management team and our Company has defined maximum limits for VaR, exposure across various segments/ trading strategies. Continuous monitoring of VaR, exposure limits and initiation of appropriate action is undertaken to minimize the impact of market risk.

### **Credit risk**

Credit risk is the risk of margin erosion due to market volatility/ fluctuations, failure of clients to meet their financial obligations.

Our Company has in place, a widespread credit policy to monitor clients margin requirement to prevent risk of default which includes well defined basis for categorization of securities, client-wise/ scrip-wise maximum exposure, segment-wise margin requirement, etc. for better management of credit risk.

### **Operational risks**

The risk of loss that arises from shortcomings or failures in internal processes or systems and which can arise on account of inadequate systems, controls or human errors.

Our Company manages the operational risks through well-defined operational processes, policies and systems which are reviewed on a periodical basis. Frequent audits by internal auditors further ensure adherence to defined processes and policies.

#### *Off-balance sheet transactions*

We have not had any off-balance sheet transactions other than as disclosed in the section titled “Financial Statements” on page 125 of this Information Memorandum.

#### *Unusual or infrequent events or transactions*

There has been no unusual or infrequent event or transactions 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, please see section titled “Risk Factors” on page 08 of this Information Memorandum.

#### *New product or business segment*

Being in 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, please see section titled “Our Business” on page 75 of this Information Memorandum.

#### *Seasonality of business*

Our business is not seasonal. Our business is 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.

*Related party transactions*

For details, please see section titled “*Financial Statements*” on page 125 of this Information Memorandum.

## SECTION 6: LEGAL AND OTHER INFORMATION

### 6.1 OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) material litigation, (iv) claims for any direct and indirect tax liabilities, in each case involving our Company, Directors, Promoters and Group Companies.*

*Our Board, in its meeting held on October 13, 2017 has adopted a policy for identification of material legal proceedings (“**Materiality Policy**”). For the purposes of disclosure, pursuant to the 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 is in excess of Rs. 1 crore, 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 Information Memorandum.*

*It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company, Directors, Promoters and the Group Companies shall, unless otherwise decided by the Board, not be considered as litigation 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 Information Memorandum. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.*

#### **A. Outstanding litigation involving our Company**

##### **1. Criminal proceedings involving our Company**

###### *a. Criminal proceedings against our Company*

As on date of this Information Memorandum, there are no criminal cases that have been instituted against our Company.

###### *b. Criminal proceedings by our Company*

As on date of this Information Memorandum, there are no criminal cases that have been instituted by our Company.

##### **2. Litigation involving our Company in accordance with the Materiality Policy**

###### *a. Civil proceedings against our Company*

As on the date of this Information Memorandum, there are no material civil cases that have been instituted against our Company.

###### *b. Civil proceedings by our Company*

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by our Company.



**3. *Actions by statutory or regulatory authorities against our Company***

As on date of this Information Memorandum, no actions have been taken by statutory or regulatory authorities our Company.

**4. *Tax proceedings involving our Company***

Nature of case	Number of cases	Amount involved (Rs. in lakhs)
Direct tax	Nil	Nil
Indirect tax	Nil	Nil

**5. *Proceedings initiated against our Company for economic offences***

As on date of this Information Memorandum, there are no proceedings that have been initiated against our Company for any economic offences.

**6. *Material frauds against our Company***

There have been no material frauds committed against our Company in the five (5) years preceding this Information Memorandum.

**7. *Inquiries, inspections or investigation initiated or conducted under the CA 1956/ CA 2013***

As on date of this Information Memorandum, there have been no inquiries, inspections or investigations have been initiated or conducted against our Company under the CA 1956/ CA 2013 during the past five (5) years.

**8. *Statutory dues***

As on date of this Information Memorandum, there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company; (ii) overdues to companies or financial institutions by our Company, or (iii) defaults against companies or financial institutions by our Company.

**9. *Dues to small scale undertakings***

As on date of this Information Memorandum, our Company does not owe any small scale undertakings any amount which is outstanding for more than thirty (30) days. There are no disputes with such entities in relation to payments to be made to them.

**B. *Outstanding litigation involving our Directors***

**1. *Criminal proceedings involving our Directors***

*a. Criminal proceedings against our Directors*

As on date of this Information Memorandum, no criminal proceedings have been initiated against our Directors.

*b. Criminal proceedings by our Directors*

As on date of this Information Memorandum, there are no criminal proceedings have been initiated by our Directors.

**2. *Litigation involving our Directors in accordance with the Materiality Policy***

a. *Civil proceedings against our Directors*

As on date of this Information Memorandum, no civil proceedings have been initiated against our Directors in accordance with the Materiality Policy, except against Mr. Mohan Radhakrishnan and Mr. Narendra Jain, the details of which are set forth below:

- i.) A commercial suit dated February 07, 2017 was filed by Mr. Harish Thawani, a client of NSEL, before the Bombay High Court, against India Infoline Commodities Limited, its directors and directors of its group companies (namely, Mr. Kranti Sinha, Mr. Nirmal Bhanwarlal Jain, Mr. Venkataraman Rajamani, Mr. Arun Purwar, Mr. Nilesh Vikamsey, Mr. Subbaraman Narayan, Mr. Chandran Ponnaiah, Ms. Geeta Mathur, Mr. Mohan Radhakrishnan, Mr. Narendra Jain, Mr. Aniruddha Dange and Mr. Chintan Modi), key personnel and employees, for alleged losses, refund of brokerage, warehouse charges, damages and legal costs. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Commodities Limited*” on page 250 of this Information Memorandum.

b. *Civil proceedings by our Directors*

As on date of this Information Memorandum, no civil proceedings have been initiated by our Directors in accordance with the Materiality Policy.

3. *Actions by statutory or regulatory authorities against our Directors*

As on date of this Information Memorandum, no actions by statutory or regulatory authorities have been initiated against our Directors.

4. *Tax proceedings involving our Directors*

Nature of case	Number of cases	Amount involved (Rs. In lakhs)
<i>Dr. Archana Niranjan Hingorani</i>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
<i>Mr. Krishna Iyer</i>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
<i>Mr. Mohan Radhakrishnan</i>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
<i>Mr. Narendra Jain</i>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
<i>Mr. Prakarsh Gagdani</i>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil

C. **Outstanding litigation involving our Promoters**

1. **Mr. Nirmal Bhanwarlal Jain**

- a. *Criminal proceedings against Mr. Nirmal Bhanwarlal Jain*
- i.) A first information report dated February 02, 2008 was registered by Mr. Namo Jain against Mr. Arun Punia, Mr. Aman Chadda, as well as Mr. Nirmal Bhanwarlal Jain, director of India Infoline Limited, at Lalkurti Police Station, Meerut, for the offence of, *inter alia*, cheating and criminal breach of trust by unauthorised trading in the account. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 242 of this Information Memorandum.
  - ii.) A complaint dated November 25, 2010 was filed by Sadashiv Pandurang Mantri before the Chief Judicial Magistrate, Pune, against India Infoline Limited, its then director Mr. Nirmal Bhanwarlal Jain and its employees under the provisions of IPC for cheating and forgery. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 243 of this Information Memorandum.
  - iii.) A complaint dated May 07, 2013 was filed by Mr. Gustad Ankelsaria before the Metropolitan Magistrate Court, Bandra, Mumbai against India Infoline Limited, its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani) and others for the offence of, *inter alia*, unauthorised trading, cheating, criminal breach of trust etc. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 243 of this Information Memorandum.
  - iv.) A complaint dated July 12, 2011 was filed by Ms. Sushama Agarwal before Chief Judicial Magistrate, Meerut, against India Infoline Limited and its director (namely, Mr. Nirmal Bhanwarlal Jain) and its employees for the offence of, *inter alia*, unauthorised trading, criminal breach of trust, cheating and forgery. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 243 of this Information Memorandum.
  - v.) A first information report dated October 24, 2010 was registered by Mr. Anil Kumar Tibrewal at Sunlight Colony, South East District, Delhi against India Infoline Commodities Limited and its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani), for the offence of, *inter alia*, cheating, forgery and conspiracy. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Commodities Limited*” on page 249 of this Information Memorandum.
  - vi.) A complaint dated May 07, 2013 was filed by Ms. Gauari Manjunath Joniya before Chief Judicial Magistrate, Nagpur, against IIFL Management Services Limited and its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani), for the offence of, *inter alia*, cheating, forgery, criminal breach of trust and misuse of her insurance license. For further details, please see section titled “*Outstanding Litigation and*

*Material Developments – Litigations involving Group Companies – IIFL Management Services Limited*” on page 260 of this Information Memorandum.

- vii.) A complaint dated March 01, 2014 was filed by Mr. Abdul Rahim Siddiqui before Chief Judicial Magistrate, Muzzafarpur, Bihar, against India Infoline Limited and its directors (namely, Mr. Nirmal Bhanwarlal Jain, Mr. Kranti Sinha, Mr. Venkataraman Rajamani, Mr. Arun Kumar Purwar, and Mr. Nilesh Shivji Vikamsey), and others, alleging unauthorised trading, criminal breach of trust, cheating and forgery etc. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 244 of this Information Memorandum.
- viii.) A complaint dated December 02, 2014 was filed by Mr. Arunava Patra before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against India Infoline Limited, its directors (namely, Mr. Nirmal Bhanwarlal Jain, Mr. Venkataraman Rajamani, Mr. Arun Kumar Purwar, and Mr. Nilesh Shivji Vikamsey), and others, alleging forgery and criminal conspiracy under the IPC, and certain offences under the CA 1956. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 244 of this Information Memorandum.

b. *Civil proceedings against Mr. Nirmal Bhanwarlal Jain in accordance with the Materiality Policy*

- i.) A commercial suit dated February 07, 2017 was filed by Mr. Harish Thawani, a client of NSEL, before the Bombay High Court, against India Infoline Commodities Limited, its directors and directors of its group companies (namely, Mr. Kranti Sinha, Mr. Nirmal Bhanwarlal Jain, Mr. Venkataraman Rajamani, Mr. Arun Purwar, Mr. Nilesh Vikamsey, Mr. Subbaraman Narayan, Mr. Chandran Ponnaiah, Ms. Geeta Mathur, Mr. Mohan Radhakrishnan, Mr. Narendra Jain, Mr. Aniruddha Dange and Mr. Chintan Modi), key personnel and employees, for alleged losses, refund of brokerage, warehouse charges, damages and legal costs. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Commodities Limited*” on page 250 of this Information Memorandum.

2. **Mr. Venkataraman Rajamani**

a. *Criminal proceedings against Mr. Venkataraman Rajamani*

- i.) A first information report dated October 24, 2010 was registered by Mr. Anil Kumar Tibrewal at Sunlight Colony, South East District, Delhi against India Infoline Commodities Limited and its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani), for the offence of, *inter alia*, cheating, forgery and conspiracy. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Commodities Limited*” on page 249 of this Information Memorandum.

- ii.) A complaint dated May 07, 2013 was filed by Mr. Gustad Ankelsaria before the Metropolitan Magistrate Court, Bandra, Mumbai against India Infoline Limited, its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani) and others for the offence of, *inter alia*, unauthorised trading, cheating, criminal breach of trust etc. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 243 of this Information Memorandum.
- iii.) A complaint dated May 07, 2013 was filed by Ms. Gauari Manjunath Joniya before Chief Judicial Magistrate, Nagpur, against IIFL Management Services Limited and its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani), for the offence of, *inter alia*, cheating, forgery, criminal breach of trust and misuse of her insurance license. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies – IIFL Management Services Limited*” on page 260 of this Information Memorandum.
- iv.) A complaint dated March 01, 2014 was filed by Mr. Abdul Rahim Siddiqui before Chief Judicial Magistrate, Muzzafarpur, Bihar, against India Infoline Limited and its directors (namely, Mr. Nirmal Bhanwarlal Jain, Mr. Kranti Sinha, Mr. Venkataraman Rajamani, Mr. Arun Kumar Purwar, and Mr. Nilesh Shivji Vikamsey), and others, alleging unauthorised trading, criminal breach of trust, cheating and forgery etc. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 244 of this Information Memorandum.
- v.) A complaint dated December 02, 2014 was filed by Mr. Arunava Patra before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against India Infoline Limited, its directors (namely, Mr. Nirmal Bhanwarlal Jain, Mr. Venkataraman Rajamani, Mr. Arun Kumar Purwar, and Mr. Nilesh Shivji Vikamsey), and others, alleging forgery and criminal conspiracy under the IPC, and certain offences under the CA 1956. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Limited*” on page 244 of this Information Memorandum.
- b. *Civil proceedings against Mr. Venkataraman Rajamani in accordance with the Materiality Policy*
- i.) A commercial suit dated February 07, 2017 was filed by Mr. Harish Thawani, a client of NSEL, before the Bombay High Court, against India Inforline Commodities Limited, its directors and directors of its group companies (namely, Mr. Kranti Sinha, Mr. Nirmal Bhanwarlal Jain, Mr. Venkataraman Rajamani, Mr. Arun Purwar, Mr. Nilesh Vikamsey, Mr. Subbaraman Narayan, Mr. Chandran Ponnaiah, Ms. Geeta Mathur, Mr. Mohan Radhakrishnan, Mr. Narendra Jain, Mr. Aniruddha Dange and Mr. Chintan Modi), key personnel and employees, for alleged losses, refund of brokerage, warehouse charges, damages and legal costs. For further details, please see section titled “*Outstanding Litigation and Material Developments – Litigations involving Group Companies - India Infoline Commodities Limited*” on page 250 of this Information Memorandum.

### 3. *Tax proceedings involving our Promoters*

Nature of case	Number of cases	Amount involved (Rs.)
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		in lakhs)
<i>Mr. Nirmal Bhanwarlal Jain</i>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<i>Mr. Venkataraman Rajamani</i>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

**4. *Litigation or legal action by any Ministry or Department of the Government of India or any statutory authority in the last five(5) years***

There is no litigation or legal action pending or taken by a ministry, department of the Government of India or statutory authority during the last five (5) years preceding the date of this Information Memorandum against our Promoters.

**D. Outstanding litigation involving our Group Companies**

**1. India Infoline Limited (“IIL”)**

*a. Criminal proceedings against IIL*

- i.) A first information report dated February 02, 2008 was registered by Mr. Namo Jain against Mr. Arun Punia, Mr. Aman Chadda, as well as Mr. Nirmal Bhanwarlal Jain, director of IIL, at Lalkurti Police Station, Meerut, for the offence of, *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 first information report. Subsequently, a writ petition was filed by Mr. Arun Punia, Mr. Aman Chadda and Mr. Nirmal Bhanwarlal Jain, before the Allahabad High Court, for quashing of the charge sheet. The Allahabad High Court directed them to file a discharge application before 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.
- ii.) A complaint dated November 24, 2008 was filed by GHCL Employees Stock Option Trust (“**GHCL ESOP Trust**”) before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi against IIL and its directors and the company secretary (namely, Mr. Nirmal Bhanwarlal Jain, Mr. Kranti Sinha, Mr. Venkataraman Rajamani, Mr. Arun Kumar Purwar, Mr. Nilesh Shivji Vikamsey and Mr. Nimish Ramesh Mehta). The trustees of the GHCL ESOP Trust had opened a dematerialized account with IIL and continued purchasing shares through the dematerialized account. By its letter dated April 30, 2008, IIL informed the GHCL ESOP Trust of its outstanding debit of Rs. 10,48,00,000/- and the existence of lien on the 2,046,195 shares purchased by it. In its response, GHCL ESOP Trust (a) claimed that Rs. 10,48,00,000/- had been duly paid by it, and later it had noted that the correct amount, as reflected in its statement of account was Rs. 10,22,80,000/-; and (b) alleged that IIL instead of refunding the difference amount of Rs. 25,20,000/- asked the GHCL ESOP Trust to clear the debits of 5 companies, and on failing to do so, IIL sold 67,000 shares belonging to GHCL ESOP Trust illegally and without any authorization. A summons order dated September 27, 2008 was passed by the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi summoning IIL to face trial for the offences under the provisions of the Indian Penal Code, 1860 (“**IPC**”). IIL filed a petition in the Delhi High



Court 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. With respect to IIL, the order only allowed the charges of criminal breach of trust to continue. GHCL ESOP Trust filed an appeal in the Supreme Court against the order of the Delhi High Court on March 11, 2010 and the appeal is presently pending. As the Delhi High Court order was not stayed by the Supreme Court, GHCL ESOP Trust filed a special leave petition dated March 17, 2010 against IIL before the Supreme Court, along with an application for ex-parte stay requesting it to stay the operation of Delhi High Court's order dated December 14, 2009. 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 IIL and the matter is presently pending before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi against IIL.

- iii.) A complaint dated December 06, 2010 was filed by Sadashiv Pandurang Mantri before the Kothrud Police Station, Pune against IIL and its employees alleging that it had bought and sold shares from his account, without any authorization. The final investigation report filed with the Judicial Magistrate Class I, Pune stated that the allegations were false and that intention to file the complaint was only to get a refund from IIL. The matter is presently pending before the Judicial Magistrate Class I, Pune. In the meantime, the complainant filed a complaint dated November 25, 2010 before the Chief Judicial Magistrate, Pune, against IIL, its then director Mr. Nirmal Bhanwarlal Jain and its employees under the provisions of IPC for cheating and forgery. Pursuant to the complaint, the Chief Judicial Magistrate, Pune, passed an order dated December 06, 2012 for issuance of process. IIL filed a revision application dated March 16, 2016 before the Sessions Court, Pune for quashing of the order passed by the Chief Judicial Magistrate, Pune. The Sessions Court, Pune passed an order dated August 29, 2016, quashing the complaint and set aside the order of the Chief Judicial Magistrate, Pune. The matter is presently pending before the Judicial Magistrate Class I, Pune for compliance of the order by the Chief Judicial Magistrate, Pune and passing the necessary order pursuant to the directions of the Sessions Court, Pune.
- iv.) A complaint dated July 12, 2011 was filed by Ms. Sushama Agarwal before Chief Judicial Magistrate, Meerut, against IIL and its director (namely, Mr. Nirmal Bhanwarlal Jain) and its employees for the offence of, *inter alia*, unauthorised trading, criminal breach of trust, cheating and forgery. Pursuant to the complaint, the Chief Judicial Magistrate, Meerut passed an order for issuance of process on July 25, 2011. IIL filed a petition before the Allahabad High Court on April 07, 2014 for quashing the order of Chief Judicial Magistrate, Meerut. 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.
- v.) A first information report dated October 12, 2012 was registered by Mr. Mohinder Singh at the Moti Nagar Police Station, New Delhi against IIL, for unauthorised trading and cheating. The matter is presently pending at the investigation stage.
- vi.) A complaint dated May 07, 2013 was filed by Mr. Gustad Ankelsaria before the Metropolitan Magistrate Court, Bandra, Mumbai against IIL, its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman

- Rajamani) and others for the offence of, *inter alia*, unauthorised trading, cheating, criminal breach of trust etc. The Metropolitan Magistrate Court, Bandra, Mumbai passed an order for issuance of process. IIL filed a revision application before the Sessions Court, Mumbai against the order of issuance of process. The Sessions Court, Mumbai admitted the revision application and stayed the proceedings before the Metropolitan Magistrate Court, Bandra, Mumbai. The matter is presently pending before Sessions Court, Mumbai for hearing.
- vii.) A complaint dated March 01, 2014 was filed by Mr. Abdul Rahim Siddiqui before Chief Judicial Magistrate, Muzzafarpur, Bihar, against IIL and its directors (namely, Mr. Nirmal Bhanwarlal Jain, Mr. Kranti Sinha, Mr. Venkataraman Rajamani, Mr. Arun Kumar Purwar, and Mr. Nilesh Shivji Vikamsey), and others for the offence of, *inter alia*, alleging unauthorised trading, criminal breach of trust, cheating and forgery etc. The matter has not been listed for hearing.
- viii.) A first information report dated March 19, 2014 was registered by Ms. Devender Mohan Singh Negi at the Moti Nagar Police Station, New Delhi, against IIL, for unauthorised trading and cheating, forgery and criminal breach of trust. The matter is presently pending at the investigation stage.
- ix.) A first information report dated May 09, 2014 was registered by Mr. Prashant Vashistha at the Moti Nagar Police Station, New Delhi, against IIL for unauthorised trading and cheating, forgery and criminal breach of trust. The matter is presently pending at the investigation stage.
- x.) A first information report dated May 20, 2014 was registered by Ms. Renu Jain at the Moti Nagar Police Station, New Delhi, against IIL for unauthorised trading and cheating, forgery and criminal breach of trust. The matter is presently pending at the investigation stage.
- xi.) A complaint dated December 02, 2014 was filed by Mr. Arunava Patra before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against IIL, its directors (namely, Mr. Nirmal Bhanwarlal Jain, Mr. Venkataraman Rajamani, Mr. Arun Kumar Purwar, and Mr. Nilesh Shivji Vikamsey), and others, alleging forgery and criminal conspiracy under the IPC, and certain offences under the CA 1956. Pursuant to the complaint, the Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal passed an order for issuance of process on June 16, 2014. IIL 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.
- xii.) A complaint was filed by Ms. Seema Bulsara with the Economic Offence Wing (“EOW”), Mumbai, and the first information report was registered against Ms. Mukti Laheri and ‘unknown officials’ of IIL, alleging unauthorised trading. A charge sheet was filed by the EOW, Mumbai before the 19th Court, Esplanade, Mumbai against Ms. Mukti Laheri and Manish Kumar, an ex-employee of IIL. Further, a supplementary charge sheet was filed by EOW, Mumbai against IIL 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.

xiii.) A complaint dated December 03, 2012 was filed by Mr. Ranjit Makkuni before the Chief Metropolitan Magistrate Saket Court Complex, New Delhi against IIL alleging cheating, criminal breach of trust and unauthorized trading in his account. The Chief Metropolitan Magistrate Saket Court Complex, New Delhi passed an order on January 03, 2015 and dismissed the complaint. Subsequently, a criminal revision application dated June 15, 2017 was filed by Mr. Ranjit Makkuni before the Sessions Court, Saket, New Delhi, challenging the order January 03 2015. The matter is presently pending before Sessions Court, Saket, New Delhi, for hearing.

b. *Criminal proceedings by IIL*

i.) A complaint dated March 21, 2012 was filed by IIL before the Metropolitan Magistrate Court Dadar, Mumbai, against M/s. Ensemble Infrastructure Limited and its directors, alleging criminal breach of trust, cheating, and extortion. The matter is presently pending at arguments stage.

ii.) A complaint dated March 07, 2008 was filed by IIL before the Metropolitan Magistrate's Court, Tis Hazari, Delhi, against Mr. Kuldeep Singh and Mr. Surender Kumar, for the offence of, *inter alia*, theft and criminal conspiracy. The matter is presently pending for hearing.

iii.) A complaint dated October 10, 2008 was filed by IIL before the Magistrate Court, Borivali, Mumbai, against M/s Rana Furniture, for offences of, *inter alia*, extortion and criminal intimidation. An advance payment of Rs. 20,00,000/- was made to M/s Rana Furniture in relation to an assignment, however, it failed to complete the assigned work. The matter is presently pending for enquiry.

iv.) A complaint dated October 03, 2009 was filed by IIL before the Judicial Magistrate Court, Pune against Mr. Avinash Dixit, for offences of, *inter alia*, cheating, extortion, criminal breach of trust, forgery and common intention. The matter is presently pending for hearing.

v.) A complaint dated February 25, 2013 was filed by IIL before Chief Judicial Magistrate Court, Pune against IIL Mr. Devdutt Musale, a former employee of IIL, for, *inter alia*, the offences of criminal breach of trust, cheating and forgery. The matter is presently pending for evidence.

vi.) A complaint dated August 10, 2010 was filed by IIL before the District and Sessions Court, Hisar, against Mr. Tarun Malhotra for offence of, *inter alia*, cheating, criminal breach of trust and also for offence punishable under the provisions of the Information Technology Act, 2000. The matter is presently pending for hearing.

vii.) A complaint dated November 02, 2007 was filed by IIL before the Metropolitan Magistrate Court, Ahmedabad against Mr. Ragvendra Singh (former employee), Mr. Harsh Dinesh Kaushik (former employee) for offences of, *inter alia*, cheating and criminal breach of trust for carrying out unauthorized trading in a client account. The matter is presently pending for hearing.

viii.) A complaint was filed by IIL before Police Station PS Kotwali, Bharatpur, Rajasthan against Mr. Mukesh Kuntal for the offence of, *inter alia*, cheating, forgery and theft. Thereafter, as first information report was registered against Mr. Mukesh Kuntal. The matter is presently pending for investigation.

- ix.) A complaint was filed by IIL before Civil Line Police Station, Amritsar against Mr. Pankaj Ohri for the offence of, *inter alia*, cheating, forgery and theft. Thereafter, a first information report registered against Mr. Pankaj Ohri. The matter is presently pending for investigation.
  - x.) A complaint dated March 27, 2012 was filed by IIL before Crime Branch (Central Intelligence Authority), Ambala against Mr. Luv Bhatia and Mr. Santosh Mugdil for the offence of, *inter alia*, cheating and forgery. Thereafter, a first information report was registered against Mr. Luv Bhatia and Mr. Santosh Mugdil. The matter is presently under investigation.
  - xi.) A complaint dated May 30, 2011 was filed by IIL before Gautam Buddha Nagar Police Station, Uttar Pradesh against Mr. Mohd. Tariq for the offence of cheating and forgery of documents. Thereafter, a first information report was registered against Mr. Mohd. Tariq. The matter is presently under investigation.
  - xii.) In ordinary course of business, IIL has initiated 15 proceedings against defaulting customers under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques caused due to insufficiency of funds in the customers' account involving an amount of Rs. 33,02,00,000/-. The matters are pending before various courts at various stages of adjudication.
- c. *Civil proceedings against IIL in accordance with the Materiality Policy*
- i.) An arbitration application dated April 01, 2010 was filed by GHCL Employees Trust ("GHCL") before the NSE Arbitration Tribunal against IIL, alleging unauthorized sale of shares by IIL. The NSE Arbitration Tribunal partly passed an award dated September 17, 2013 in favour of GHCL stating that: (i) GHCL was entitled to an interest of Rs. 5,22,578/- and IIL 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) IIL must retrieve the 8,56,466 shares which were sold on the NSE, failing which it should pay Rs. 4,16,52,100.36/- to GHCL within 30 days of this award; and (iii) 4,66,273 shares of GHCL with IIL should be released to GHCL immediately or the present day value of the same i.e., Rs. 1,41,51,386/- should be paid to it. IIL filed an application dated March 13, 2014 at Delhi High Court under Section 34 of the Arbitration and Conciliation Act, 1996, challenging aforesaid award. Simultaneously, GHCL filed an application dated March 20, 2014 before Delhi High Court, under Section 34 of the Arbitration and Conciliation Act, 1996, challenging aforesaid arbitration award. An application was filed by GHCL before Delhi High Court, against IIL under Section 9 of the Arbitration and Conciliation Act, 1996, seeking return of shares lying with in the demat account with IIL alongwith voting rights and dividend's on those shares. IIL released those shares to GHCL in compliance with the directions issued by the Delhi High Court. Further, GHCL again filed an application dated February 14, 2014 under Section 9 of the Arbitration and Conciliation Act, 1996 against NSE and IIL for release of the GHCL shares lying with NSE and also voting rights and dividend's on those shares as well. The GHCL shares were deposited by IIL with NSE in compliance with the award dated September 17, 2013 passed by NSE Arbitration Tribunal. The Delhi High Court clubbed the applications filed by both GHCL and IIL under Section 34 of the Arbitration and Conciliation Act, 1996. The Delhi High Court by an order dated January 28, 2015 directed the parties to file their respective written synopsis. The matters are presently pending before the Delhi High Court for final arguments. The claim is valued at approximately Rs. 5,63, 26, 064.40/- as

on the date of award i.e., September 17, 2013, alongwith 9% per annum interest from the date of award till the actual payment.

- ii.) An arbitration application dated January 24, 2014 was filed by GHCL before the BSE Arbitration Tribunal against IIL, claiming a total of 7,23,456 shares of GHCL. The BSE Arbitration Tribunal rejected the application vide its award dated July 22 2014, on the grounds of the claim being beyond the limitation period. GHCL filed an appeal before the BSE Appellate Arbitration Panel on September 09, 2014. The BSE Appellate Arbitration Panel by its order dated March 07, 2015, set aside BSE Arbitration Tribunal's award and held that GHCL's claim was within the prescribed period of limitation and the matter was remanded back to the BSE Arbitration Tribunal to decide the matter afresh on merits. Aggrieved by the BSE Appellate Arbitration Award, IIL filed an application dated May 23, 2015 before the Delhi High Court, under Section 34 of the Arbitration and Conciliation Act, 1996, challenging the findings of the BSE Appellate Arbitration Panel. The Delhi High Court by 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 Delhi High Court for hearing. The claim relates to return of 7,23,458 GHCL shares.
- iii.) An arbitration application was filed by Ensemble Infrastructure (India) Limited before a sole arbitrator against IIL, under the provisions of the Arbitration and Conciliation Act, 1996, alleging illegal termination of a civil contract dated June 02, 2008 claiming an amount of Rs. 3,50,00,000/- from IIL. IIL filed a counter claim of about Rs, 72 Lakhs against Ensemble Infrastructure (India) Limited before the arbitrator. The arbitrator by its order dated May 21, 2015 directed IIL to pay Rs. 3,50,00,000/- along with 15% per annum interest to Ensemble Infrastructure (India) Limited and rejected the counter claim filed by IIL. Aggrieved by the award, IIL filed an application dated August 19, 2015 before Bombay High Court, under Section 34 of the Arbitration and Conciliation Act, 1996, challenging the arbitral award. The Bombay High Court admitted the application filed by IIL and the matter is presently pending before the Bombay High Court for hearing of the application for stay of execution of the arbitral award. The claim is valued at Rs. 3,50,00,00/- along with 15% per annum interest from the date of filing of the arbitration application till the actual payment.
- iv.) A demand notice dated June 05, 2014 was received by IIL 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 IIL's clients residing in the state of Rajasthan. IIL, by reply dated June 21, 2014, stated that the stamp duty with respect to the trades was paid to state of Maharashtra as the central office of IIL is located in Mumbai and contract notes were issued to the clients from the Mumbai office. Aggrieved by the demand notice, IIL filed a writ petition before Rajasthan High Court on April 25, 2015, requesting it to quash the demand notice. The matter has not been listed and is presently pending before the Rajasthan High Court.
- v.) An arbitration application dated January 01, 2009 was filed by Mr. T.N.T. Rajsekhar before a private arbitration tribunal against IIL and claimed that IIL 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, 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 Rs. 3,38,60,000/-.

- vi.) A suit dated July 04, 2005 was filed by Mr. Rameshchandra Mahavir Prasad before the Small Causes Court at Bandra, Mumbai against IIL in relation to a leave and licence agreement dated February 06, 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. IIL has filed written submissions and an affidavit of evidence denying all the allegations. The matter is pending before for hearing and the claim is valued at Rs. 1,37,61,591/-.
- vii.) 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 against IIL. A consolidated statement of claim for an amount of Rs. 26 crores along with interest thereon was filed before the arbitrator. A statement of defence was filed by IIL along with preliminary objections on the maintainability of the claim filed by JICSL and on the clubbing of claims filed by the Claimants. The arbitrator dismissed the preliminary objections filed by IIL. The Claimants filed a rejoinder and the affidavit of evidence. The matter is pending for the hearing and the claim is valued at approximately Rs. 26 crores.

d. *Pending actions by statutory or regulatory authorities against IIL*

- i.) An enquiry notice dated May 02, 2017 was received by IIL from SEBI, based on inspection conducted by SEBI during the period January 30, 2014 to February 03, 2014 covering period from 2011 to 2014. In the enquiry notice, SEBI alleged non segregation between client’s funds and IIL’s funds and that client’s bank account was not properly designated. IIL had applied for inspection of documents which were relied upon by SEBI in relation to issuance of the enquiry notice and is awaiting such documents from SEBI. Upon the receiving such documents, IIL will submit appropriate reply to SEBI and clarify. In the 3 years since the inspection, 3 reports have been issued by SEBI, which have been suitably replied to, highlighting the implementations and corrective measures that IIL had adopted and implemented.
- ii.) A show cause notice dated July 13, 2017 was received by IIL from the adjudicating officer, SEBI, under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995, read with Section 15I of the SEBI Act, 1992. In the show cause notice, SEBI alleged non-compliance with the disclosure requirements as prescribed under Regulations 13(1), read with 13(5), of SEBI (Prohibition of Insider Trading) Regulations, 1992 read with Regulation 12 of the Insider Trading Regulations and Regulations 7(1) read with 7(2), of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 read with Regulation 35 of the Takeover Regulations, with respect to shares deposited by one of the client towards margin in the scrip of Shree Ashtavinayak Cine Vision Limited. A reply to the show cause notice is since submitted clarifying the matter.
- iii.) A show cause notice dated August 10, 2017 was received by IIL from the adjudicating officer, SEBI, under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995, read with Section 15I of the SEBI Act, 1992, in the matter of dealing



of a client Vimala Kalantri in United Spirits. Inspection of documents relied upon by SEBI has been requested by IIL. Post the receipt of the same, appropriate reply will be submitted to SEBI clarifying the matter.

## 2. India Infoline Commodities Limited (“IICL”)

### a. Criminal proceedings against IICL

- i.) A first information report dated September 30, 2013 was filed by Mr. Pankaj Saraf, an investor in NSEL, before MRA Marg Police Station Mumbai against NSEL and other brokers, including IICL, alleging criminal conspiracy, fraud and criminal breach of. Based on the complaint, the EOW, Mumbai, registered the first information report against NSEL and other brokers, including IICL. The matter is presently under investigation by the EOW, Mumbai. IICL had provided all the required details/ documents and also personally appeared before the authorities and clarified. In this connection, one of the director of IICL, Mr. Chintan Modi, was arrested by EOW in March, 2015 and was subsequently released on bail by MPID Court. The matter is under investigation.
- ii.) A first information report dated October 24, 2010 was registered by Mr. Anil Kumar Tibrewal at Sunlight Colony, South East District, Delhi against IICL and its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani), for the offences of cheating, forgery and conspiracy. The matter is placed before Delhi District Court, Saket, New Delhi, and the police is presently investigating the matter.
- iii.) A show cause notice dated January 06, 2017 was received by IICL from the Serious Fraud Investigation Office (“SFIO”), Mumbai, seeking various details and documents with respect to certain transaction which IICL carried out in NSEL detailed reply dated January 30, 2017 was submitted with the SFIO, along with all the supporting documents. Further, SFIO issued notices dated February 24, 2017 addressed to the directors of the IICL for personal appearance before Additional Director, SFIO. Mr. Chintan Modi, one of the directors of IICL, appeared and provided the requisite details, clarifications and documents as sought by the SFIO. The matter is presently pending before SFIO.
- iv.) A summons was received by IICL from the Enforcement Directorate (“ED”) in relation to the on-going probe in the NSEL’s matter. The summons sought personal appearance of the directors of IICL on July 16, 2016 before ED. Mr. Prasanth Prabhakaran and Mr. Chintan Modi, director of IICL, appeared before the ED and provided the necessary explanations and details as sought by the ED. Further, ED sought additional details and documents from IICL and the same were duly submitted to the ED. The matter is presently pending before ED.
- v.) A first information report dated July 07, 2015 was registered by Ms. Sumita Kalra at Moti Nagar Police Station, Delhi against IICL, for unauthorised trading, forgery and criminal breach of trust. The matter is presently being investigated by the police.
- vi.) A first information report dated July 14, 2017 was registered by Mr. Dalip Kumar Garg at Vasant Vihar Police Station, Delhi against IICL, for unauthorised trading, cheating, forgery and criminal breach of trust. The matter is presently being investigated by the police.

### b. Civil proceedings against IICL in accordance with the Materiality Policy

- i.) A commercial suit dated February 07, 2017 was filed by Mr. Harish Thawani, a client of NSEL, before the Bombay High Court, against IICL, its directors and directors of its group companies (namely, Mr. Kranti Sinha, Mr. Nirmal Bhanwarlal Jain, Mr. Venkataraman Rajamani, Mr. Arun Purwar, Mr. Nilesh Vikamsey, Mr. Subbaraman Narayan, Mr. Chandran Ponnaiah, Ms. Geeta Mathur, Mr. Mohan Radhakrishnan, Mr. Narendra Jain, Mr. Aniruddha Dange and Mr. Chintan Modi), key personnel and employees, for alleged losses, refund of brokerage, warehouse charges, damages and legal costs. IICL submitted its written statement before the Bombay High Court and the matter is presently pending before the Bombay High Court for hearing. The claim is valued at Rs. 15,29,00,000/-
  - ii.) A demand notice dated June 05, 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 residing in the state of Rajasthan. IICL, by 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 then. Subsequently, the central office was shifted to the state of Tamil Nadu wherein there is no stamp duty. Hence, the same was not levied to and collected from the client. The contract notes for this period were issued to the clients from the Mumbai and Chennai offices. Aggrieved by the demand notice, 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 presently pending.
- c. *Pending actions by statutory or regulatory authorities against IICL*
- i.) A show cause notice dated October 28, 2016 was received by IICL from Designated Authority, SEBI, under Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 and SEBI (Stock Brokers and Sub Brokers) Regulations, 1992. A detailed report was submitted by IICL, along with supporting documents on November 25, 2016. Subsequently, IICL received a fresh show cause notice dated April 25, 2017, from Designated Authority, SEBI, along with a copy of the enquiry report, seeking IICL's reply and clarification. On the recommendation of Designated Authority, IICL has sought inspection of documents relied upon by SEBI and is consulting its lawyers and shall file a reply to the show cause notice dated April 25, 2017 after the completion of inspection. IICL will also clarify in the personal hearing in the due course.

### **3. India Infoline Finance Limited (“IIFL”)**

- a. *Criminal proceedings by IIFL*
- i.) In ordinary course of business, IIFL, in relation to its gold loan portfolio, has lodged 35 first information reports against its former employees for misappropriation of accounts and funds under the provisions of the IPC involving an amount of Rs. 11,00,00,000/-. These matters are pending for further investigation by the concerned officer.
  - ii.) In ordinary course of business, IIFL, in relation to its gold loan portfolio, has lodged 7 first information reports against unknown person for robbery under the provisions of the IPC involving an amount of Rs. 21,00,00,000/-. These matters are pending for further investigation by the concerned officer.

- iii.) In ordinary course of business, IIFL, in relation to its home loan portfolio, has lodged 2 first information reports against the borrowers for cheating under the provisions of the IPC involving an amount of Rs. 7,00,00,000/-. These matters are pending for further investigation by the concerned officer.
- iv.) In ordinary course of business, IIFL has initiated 11,202 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques caused due to insufficiency of funds in the customers' account involving an amount of Rs. 170,00,00,000/-. The matters are pending before various courts at various stages of adjudication.
- v.) A complaint was filed by Mr Praveen before Cubbon Park Police Station, Bangalore against certain third parties suspected to be involved in the unauthorised sale and auction of gold jewels, who were in no way connected with IIFL. However, a storage room, containing 63 kg of gold at the Bangalore gold loan office of IIFL, was sealed by the police on September 06, 2014 in connection with the investigation of the matter. Aggrieved by the seizure order, IIFL filed a writ petition dated September 30, 2014 before the Karnataka High Court requesting it to direct the police to release the gold. During the pendency of the writ petition, the police vide its letter dated January 05, 2015 addressed to IIFL, permitted the auction of the gold, after following due process as prescribed by the regulators, and under the supervision of the investigating officer. The gold has subsequently been auctioned. The writ petition is presently pending before the Karnataka High Court of Karnataka.
- vi.) A complaint was filed by Ms. M.B. Shashi Kala (the complainant) before Maddur Police Station, Bangalore, against Maddur Agro Cooperative Society Limited alleging that jewels belonging to her, which are pledged with Maddur Agro Cooperative Society Limited, were further pledged, without her knowledge or consent, by one Mr. Santhosh, through his agents with other NBFCs, including IIFL, for higher amounts in the name of various persons against certain credit facilities. Based on this complaint, the first information report was registered against Maddur Agro Cooperative Society Limited and its officials. By a letter dated March 19, 2013, the deputy superintendent of police, Mandya, directed IIFL to hand over the gold ornaments/ jewels to the police or in the alternative produce the same before the concerned court, when called upon to do so. Subsequently, the matter was transferred to EOW, Bangalore, which, vide a notice dated July 02, 2014, directed IIFL to produce the gold ornaments /jewels in question within a period of 3 days. Aggrieved by this notice, IIFL filed a writ petition dated July 14, 2014 before the Karnataka High Court requesting it to restrain the police from taking any coercive action, including possible seizure of the gold ornaments /jewels in question. The Karnataka High Court vide its order dated July 21, 2014 admitted the writ petition and granted a stay of operation of the EOW, Bangalore's notice dated July 02, 2014. The EOW, Bangalore has submitted its statement of objections in response to the writ petition on March 09, 2016. While the Karnataka High Court's order dated July 21, 2014 was in force, the EOW, Bangalore intervened in the matter and directed IIFL to release the gold ornaments/ jewels to the original owners against the payment of principal amount. Accordingly, IIFL has settled most of the accounts and the remaining will be settled once the original owners of the remaining gold ornaments/ jewels are traced. Presently, the Writ Petition is pending before the Karnataka High Court.

- b. *Civil proceedings against IIFL in accordance with the Materiality Policy*
- i.) An application dated January 13, 2017 was filed by M/s Jaipuria Buildcon (“**Borrower**”) filed before the Debts Recovery Tribunal, at Delhi (“**DRT**”) against IIFL seeking that the demand notice dated August 25, 2016 and the possession notice dated January 20, 2017, 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 Rs. 11,06,08,682/- in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is presently pending before the DRT.
  - ii.) An application dated February 07, 2017 was filed by M/s HG Retail (“**Borrower**”) before the Debts Recovery Tribunal, at Chandigarh (“**DRT**”) against IIFL seeking that the demand notice dated August 25, 2016 and the possession notice dated March 09, 2017, 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 Rs. 4,56,30,054/- in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is presently pending before the DRT.
  - iii.) An application dated March 14, 2017 was filed by M/s NM Roof Designers Ltd. (“**Borrower**”) the Debts Recovery Tribunal, at Pune (“**DRT**”) against IIFL seeking that the demand notice dated August 29, 2016 and the possession notice dated April 25, 2017, 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 Rs. 6,43,87,352/- in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is presently pending before the DRT.
  - iv.) An application dated July 05, 2017 was filed by Mr. Shailendra Singh (“**Borrower**”) before the Debts Recovery Tribunal, at Dehradun (“**DRT**”) against IIFL seeking that the demand notice dated September 02, 2016 and the possession notice dated June 21, 2017 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 Rs. 1,68,24,868/- in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is presently pending before the DRT.
  - v.) An application dated February 23, 2017 was filed by M/s Krishidhan Vegetable Seeds India Pvt Ltd. (“**Borrower**”) filed an application before the Debts Recovery Tribunal, at Pune (“**DRT**”) against IIFL seeking that the proceedings initiated by IIFL under the SARFAESI Act be declared null and void. IIFL had issued a notice to the Borrower under Section 13(2) of the SARFAESI Act on September 01, 2016 and also filed an application dated February 09, 2017 under Section 14 of the SARFAESI Act for physical possession with the help of police protection which is still pending for order. IIFL had initiated the proceedings 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 Rs. 1,49,67,649/- in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is presently pending before the DRT.

c. *Civil proceedings by IIFL in accordance with the Materiality Policy*

- i.) An arbitration proceeding was initiated by IIFL on April 20, 2010 before sole arbitrator at Bangalore, against M/s E Cosmos India Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,50,00,000/- towards mortgage loan facility and for recovery of the same. The matter is presently pending for adjudication.
- ii.) An arbitration proceeding was initiated by IIFL on January 02, 2014 before a sole arbitrator at Nagpur, against M/s Linkson Coal And Minerals Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,27,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- iii.) An arbitration proceeding was initiated by IIFL on April 12, 2014 before a sole arbitrator at Nagpur, against Mr. Vinod Kanhaiyalal Mandhana under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,29,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- iv.) An arbitration proceeding was initiated by IIFL on February 11, 2015 before a sole arbitrator at Mumbai, against M/s Sambhav Enterprise and others under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,33,00,000/- towards mortgage loan facility and for recovery of the same. The matter is presently pending for adjudication.
- v.) An arbitration proceeding was initiated by IIFL on February 16, 2015 before a sole arbitrator at Ludhiana, against Mr. Rana Chawla under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,16,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- vi.) An arbitration proceeding was initiated by IIFL on February 16, 2015 before a sole arbitrator at Mumbai, against Mr. Rajarajan K under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,25,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- vii.) An arbitration proceeding was initiated by IIFL on April 15, 2015 before a sole arbitrator at Mumbai, against M/s Green Peace Constructions Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,48,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- viii.) An arbitration proceeding was initiated by IIFL on August 17, 2015 before a sole arbitrator at New Delhi, against Mr. Balbir Singh Kamboj under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 3,01,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- ix.) An arbitration proceeding was initiated by IIFL on September 14, 2015 before a sole arbitrator at New Delhi, against Mr. Lalit Garg under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,53,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.

- x.) An arbitration proceeding was initiated by IIFL on October 26, 2015 before a sole arbitrator at New Delhi, against M/s Shree Radhey Shyam Cement Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,20,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xi.) An arbitration proceeding was initiated by IIFL on October 26, 2015 before a sole arbitrator at New Delhi, against M/s Agritech Engineering Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,29,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xii.) An arbitration proceeding was initiated by IIFL on October 27, 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 Rs. 1,15,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication. In addition, IIFL has also initiated the proceedings against the Borrower under provisions of the SARFAESI Act.
- xiii.) An arbitration proceeding was initiated by IIFL on October 27, 2015 before a sole arbitrator at Mumbai, against Mr. Dilip Shrikrishna under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,07,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xiv.) An arbitration proceeding was initiated by IIFL on October 27, 2015 before a sole arbitrator at New Delhi, against Karshni Realtors India Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,74,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xv.) An arbitration proceeding was initiated by IIFL on November 06, 2015 before a sole arbitrator at New Delhi, against Mr. Kaushal Kumar under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 3,49,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xvi.) An arbitration proceeding was initiated by IIFL on November 23, 2015 before a sole arbitrator at Ludhiana, against Mr. Ashwani Kumar Chopra under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,99,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xvii.) An arbitration proceeding was initiated by IIFL on December 16, 2015 before a sole arbitrator at Mumbai, against Mr. Santosh Bipinbhai Shah under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,89,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xviii.) An arbitration proceeding was initiated by IIFL on December 17, 2015 before a sole arbitrator at Mumbai, against Rojee Tasha Stampings Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,83,00,000/- towards home loan facility



and for recovery of the same. The matter is presently pending for adjudication.

- xix.) An arbitration proceeding was initiated by IIFL on January 07, 2016 before a sole arbitrator at Mumbai, against M/s Makwana Brothers under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,56,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xx.) An arbitration proceeding was initiated by IIFL on January 07, 2016 before a sole arbitrator at Mumbai, against Mr. Pannalal Shivratan Bagdia under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,68,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxi.) An arbitration proceeding was initiated by IIFL on February 23, 2016 before a sole arbitrator at New Delhi, against M/s Mrg Auto Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 8,47,00,000/- towards mortgage loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxii.) An arbitration proceeding was initiated by IIFL on February 29, 2016 before a sole arbitrator at Mumbai, against M/s Vasan Health Care Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 7,56,00,000/- towards healthcare finance loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxiii.) An arbitration proceeding was initiated by IIFL on March 01, 2016 before a sole arbitrator at New Delhi, against M/s Jupiter Automobiles under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,27,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxiv.) An arbitration proceeding was initiated by IIFL on April 05, 2016 before a sole arbitrator at Mumbai, against Mr. Nirav Pravinkumar Shah under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 5,88,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxv.) An arbitration proceeding was initiated by IIFL on May 16, 2016 before a sole arbitrator at Mumbai, against M/s Bhor Engineering Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 5,57,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxvi.) An arbitration proceeding was initiated by IIFL on May 18, 2016 before a sole arbitrator at New Delhi, against M/s Gold Field Shiksha Sanstha under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 6,59,00,000/- towards healthcare finance loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxvii.) An arbitration proceeding was initiated by IIFL on May 30, 2016 before a sole arbitrator at New Delhi, against Mr. Rajendra Soni under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 3,63,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.

- xxviii.) An arbitration proceeding was initiated by IIFL on May 30, 2016 before a sole arbitrator at New Delhi, against Mr. Brijendra Kumar Jain under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,51,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxix.) An arbitration proceeding was initiated by IIFL on May 30, 2016 before a sole arbitrator at New Delhi, against M/s Chairman Fashions Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 4,15,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxx.) An arbitration proceeding was initiated by IIFL on June 03, 2016 before a sole arbitrator at New Delhi, against M/s Bhilai Scan and Research Limited under the under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,31,00,000/- towards healthcare finance loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxi.) An arbitration proceeding was initiated by IIFL on June 22, 2016 before a sole arbitrator at New Delhi, against M/s Jawala Steel Corporation under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,08,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxii.) An arbitration proceeding was initiated by IIFL on June 22, 2016 before a sole arbitrator at New Delhi, against M/s Shree Sai under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 3,71,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxiii.) An arbitration proceeding was initiated by IIFL on June 22, 2016 before a sole arbitrator at New Delhi, against Mr. Yashpal Singh Aulakh under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,20,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxiv.) An arbitration proceeding was initiated by IIFL on June 22, 2016 before a sole arbitrator at New Delhi, against Mr. Vishal Bansal under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,33,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxv.) An arbitration proceeding was initiated by IIFL on June 22, 2016 before a sole arbitrator at New Delhi, against Mr. Vishal Bansal under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,89,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxvi.) An arbitration proceeding was initiated by IIFL on July 07, 2016 before a sole arbitrator at Mumbai, against Mr. Bharat Shankarlal Shah under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 4,04,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.

- xxxvii.) An arbitration proceeding was initiated by IIFL on July 07, 2016 before a sole arbitrator at Mumbai, against Ms. Suchita Samir under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,56,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxviii.) An arbitration proceeding was initiated by IIFL on July 07, 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 Rs. 3,58,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xxxix.) An arbitration proceeding was initiated by IIFL on July 22, 2016 before a sole arbitrator at New Delhi, against Mr. Suhas Sankpal under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,58,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xl.) An arbitration proceeding was initiated by IIFL on July 22, 2016 before a sole arbitrator at New Delhi, against Mr. Suhas Sankpal under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,22,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xli.) An arbitration proceeding was initiated by IIFL on July 22, 2016 before a sole arbitrator at New Delhi, against M/s Blue Prime Aluminium Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,67,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xlii.) An arbitration proceeding was initiated by IIFL on July 22, 2016 before a sole arbitrator at New Delhi, against Mr. Lalit Kumar Chaurasia under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,21,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xliii.) An arbitration proceeding was initiated by IIFL on September 17, 2016 before a sole arbitrator at New Delhi, against Mr. Furquan Mohd. under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,09,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xliv.) An arbitration proceeding was initiated by IIFL on September 17, 2016 before a sole arbitrator at New Delhi, against Mr. Sanjeev Goyal under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 3,06,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xlv.) An arbitration proceeding was initiated by IIFL on September 17, 2016 before a sole arbitrator at New Delhi, against Mr. Mohd. Yusuf Beylim under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,87,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xlvi.) An arbitration proceeding was initiated by IIFL on September 17, 2016 before a sole arbitrator at New Delhi, against Mr. Gulshan Kumar Makker under the provisions of the Arbitration and Conciliation Act, 1996, due to

default in repayment Rs. 1,19,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.

- xlvi.) An arbitration proceeding was initiated by IIFL on October 01, 2016 before a sole arbitrator at New Delhi, against M/s Silver Lace Constructions Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 17,32,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xlviii.) An arbitration proceeding was initiated by IIFL on October 01, 2016 before a sole arbitrator at New Delhi, against Mr. Rizwan Khan under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,26,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- xlix.) An arbitration proceeding was initiated by IIFL on October 01, 2016, before a sole arbitrator at New Delhi, against M/s Ankur Energy Resources Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment for Rs. 53,38,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- l.) An arbitration proceeding was initiated by IIFL on October 01, 2016 before a sole arbitrator at New Delhi, against M/s Vicon Wheels India Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 3,38,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- li.) An arbitration proceeding was initiated by IIFL on October 04, 2016 before a sole arbitrator at New Delhi, against Mr. Quasim Ali Khan under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 2,22,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- lii.) An arbitration proceeding was initiated by IIFL on October 05, 2016, before a sole arbitrator at New Delhi, against Ms. Anju Jain under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,30,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending for adjudication.
- liii.) An arbitration proceeding was initiated by IIFL on February 22, 2017 before a sole arbitrator at Mumbai, against M/s T M Technique and Confort India Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,33,00,000/- towards healthcare finance loan facility and for recovery of the same. The matter is presently pending for adjudication.
- liv.) An arbitration proceeding was initiated by IIFL on March 20, 2017, before a sole arbitrator at New Delhi, against M/s Innovative Life Discoveries Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of Rs. 1,19,00,000/- towards healthcare finance loan facility and for recovery of the same. The matter is presently pending for adjudication.
- lv.) An execution proceeding was initiated by IIFL on August 20, 2015 before the District Court, Jaipur to execute the award passed by the sole arbitrator

at Jaipur under the provisions of the Arbitration and Conciliation Act, 1996 against Mr. Vijay Singh Kulhari, due to default in repayment of Rs. 1,15,00,000/- towards mortgage loan facility and for recovery of the same. The matter is presently pending before the court for hearing.

- lvi.) An execution proceeding was initiated by IIFL on November 02, 2015 before the District and Sessions Court, Jabalpur to execute the award passed by the sole arbitrator at Jabalpur under the provisions of the Arbitration and Conciliation Act, 1996 against Ms. Nivedita Dubey, due to default in repayment of Rs. 1,43,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lvii.) An execution proceeding was initiated by IIFL on December 28, 2015 before the Mumbai High Court to execute the award passed by the sole arbitrator at Mumbai under the provisions of the Arbitration and Conciliation Act, 1996 against Mr. Haresh Hansraj Shah, due to default in repayment of Rs. 1,12,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lviii.) An execution proceeding was initiated by IIFL on February 22, 2016 before the District and Sessions Court, Indore to execute the award passed by the sole arbitrator at Jabalpur under the provisions of the Arbitration and Conciliation Act, 1996 against Mr. Jakir Khan, due to default in repayment of Rs. 1,54,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lix.) An execution proceeding was initiated by IIFL on April 02, 2016 before the District and Sessions Court, Ahmedabad Jabalpur to execute the award passed by the sole arbitrator at Delhi under the provisions of the Arbitration and Conciliation Act, 1996 against Mr. Harsh Jitendrakumar Shah, Mr. Jitendrakumar Manshuklal Shah and Ms. Jyotiben Jitendrakumar Shah, due to default in repayment of Rs. 1,60,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lx.) An execution proceeding was initiated by IIFL on July 11, 2016 before the District and Sessions Court, Nagpur to execute the award passed by the sole arbitrator at Nagpur under the provisions of the Arbitration and Conciliation Act, 1996 against M/s Field Spares Sales and Services, due to default in repayment of Rs. 7,69,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lxi.) An execution proceeding was initiated by IIFL on July 11, 2016 before the District and Sessions Court, Nagpur to execute the award passed by the sole arbitrator at Nagpur under the provisions of the Arbitration and Conciliation Act, 1996 against M/s Field Spares Sales and Services, due to default in repayment of Rs. 3,21,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lxii.) An execution proceeding was initiated by IIFL on July 11, 2016 before the District and Sessions Court, Vizag to execute the award passed by the sole arbitrator at New Delhi under the provisions of the Arbitration and Conciliation Act, 1996 against M/s Holly Offshore Logistics Limited, due to default in repayment Rs. 1,20,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.

- lxiii.) An execution proceeding was initiated by IIFL on July 26, 2016 before the District Court, Kolhapur to execute the award passed by the sole arbitrator at New Delhi under the provisions of the Arbitration and Conciliation Act, 1996 against Mr. Atul Vishwasrao Salunkhe, due to default in repayment of Rs. 1,03,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lxiv.) An execution proceeding was initiated by IIFL on August 04, 2016, before the Mumbai High Court, to execute the award passed by the sole arbitrator at Mumbai under the provisions of the Arbitration and Conciliation Act, 1996 against Ms. Vanita Luthra, due to default in repayment of Rs. 1,31,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lxv.) An execution proceeding was initiated by IIFL on August 16, 2016, before the District Court, Ahmednagar, Jabalpur, to execute the award passed by the sole arbitrator at Mumbai under the provisions of the Arbitration and Conciliation Act, 1996 against Mr. Mukund Digambar Mulay, due to default in repayment of Rs. 1,63,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lxvi.) An execution proceeding was initiated by IIFL on August 24, 2016 before the District and Sessions Court, Ludhiana, to execute the award passed by the sole arbitrator at Ludhiana under the provisions of the Arbitration and Conciliation Act, 1996 against Mr. Paramjit Singh (Sahib Synthetics), due to default in repayment of Rs. 2,54,00,000/- towards mortgage loan facility and for recovery of the same. The matter is presently pending before the court for hearing.
- lxvii.) An execution proceeding was initiated by IIFL on February 06, 2017 before the Mumbai High Court, Mumbai to execute the award passed by the sole arbitrator at Mumbai under the provisions of the Arbitration and Conciliation Act, 1996 against Thakare Multitherapy Hospital Private Limited, due to default in repayment of Rs. 2,82,00,000/- towards home loan facility and for recovery of the same. The matter is presently pending before the court for hearing.

#### **4. IIFL Management Services Limited (“IMSL”)**

##### *a. Criminal proceedings against IMSL*

- i.) A complaint dated May 07, 2013 was filed by Ms. Gauari Manjunath Joniya before Chief Judicial Magistrate, Nagpur, against IMSL and its directors (namely, Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani), for offence of, *inter alia*, cheating, forgery, criminal breach of trust and misuse of her insurance license. 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.

#### **5. India Infoline Housing Finance Limited (“IIHFL”)**

##### *a. Criminal proceedings against IIHFL*



- i.) A first information report dated November 16, 2015 was registered by Mr. Ramesh Janjani at the Adarsh Nagar Ajmer Police Station against the employees of IIHFL for the offence of, *inter alia*, cheating and criminal breach of trust. The matter is presently pending at the investigation stage.
- b. *Criminal proceedings by IIHFL*
- i.) In ordinary course of business, IIHFL has initiated 3,815 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 caused due to insufficiency of funds in the customers' account and for certain other reasons, involving an amount of Rs. 31,53,78,597.7/-. The matters are pending before various courts at various stages of adjudication.
  - ii.) In ordinary course of business, IIHFL, in relation to its mortgage loan portfolio, has lodged 5 first information reports against the borrowers for offences of, *inter alia*, cheating and criminal breach of trust under the provisions of the IPC involving an amount of Rs. 6,19,00,000/-. The matters are presently pending before various police stations at various stages of investigation.
  - iii.) A first information report dated April 06, 2016 was registered by IIHFL before Ashok Nagar Police Station, Bangalore, against Mr. Tanveer Pasha and other co-borrowers at for the offence of, *inter alia*, cheating and criminal breach of trust. It was alleged that Mr. Tanveer Pasha and other co-borrowers had conspired with the builders to cause a loss to IIHFL by way of wrongfully inducing IIHFL to disburse loan in their favour. The amount involved in the matter is Rs. 1,13,00,000/-. The matter is presently pending at the investigation stage.
  - iv.) A first information report dated November 16, 2015 was registered by IIHFL before Vidhayak Puri Police Station, Jaipur, against Mr. Uttam Kr. Asrani and other co-borrowers for the offence of, *inter alia*, cheating, forgery and criminal breach of trust. It was alleged Mr. Uttam Kr. Asrani and other co-borrowers had conspired with each other 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 presently pending at the investigation stage.
  - v.) A first information report dated September 10, 2015 was registered by IIHFL at Vidhayak Puri, Police Station, Jaipur against Mr. Prem Chand Sharma and other co-borrowers for the offence of, *inter alia*, cheating and criminal breach of trust. It was alleged that Mr. Prem Chand Sharma and other co-borrowers conspired with each other 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 presently pending at the investigation stage.
  - vi.) A first information report dated February 15, 2017 was registered by IIHFL at Navrangpura Police Station, Ahmedabad, against Mr. Mihir Desai and other co-borrowers for the offence of, *inter alia*, cheating and criminal breach of trust. It was alleged that Mr. Mihir Desai and other co-borrowers conspired with each other to cause a loss to IIHFL by creating a subsequent mortgage and transfer of title and possession of the mortgage property to third parties despite an existing mortgage on the property subsisting in favour of IIHFL. The matter is presently pending at investigation stage.

- vii.) A first information report dated November 08, 2016 was registered by IIFL at Kalyan Police Station, District Thane, Mumbai against Mr. Anand Rajaram Yadav and other co-borrowers for the offence of, inter alia, cheating and criminal breach of trust. It was alleged that Mr. Anand Rajaram Yadav and other co-borrowers had conspired with each other to cause a loss to IIFL by raising funds on the same property from different lenders multiple times. The matter is presently pending at the investigation stage.

## 6. Ayusha Dairy Private Limited (“ADPL”)

### a. Criminal proceedings by ADPL

- i.) A complaint dated December 11, 2013 was filed by ADPL before the Judicial Magistrate, Coimbatore against Sabari Dairy Private Limited (“**Sabri**”) under the Section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheques caused due to insufficiency of funds involving Rs. 25 lakhs. 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 Sabari will pay Rs. 23 lakhs to ADPL, however ADPL has only received Rs.10.85 lakh till date. The matter is presently pending before the Judicial Magistrate, Udumalpet for hearing.

## 7. Tax proceedings involving our Group Companies

Nature of case	Number of cases	Amount involved (Rs. in lakhs)
<i>IIFL Holdings Limited</i>		
Direct tax	5	2227.96
Indirect tax	2	583.50
<i>India Infoline Finance Limited</i>		
Direct tax	3	552.07
Indirect tax	Nil	Nil
<i>India Infoline Housing Finance Limited</i>		
Direct tax	1	14.61
Indirect tax	Nil	Nil
<i>IIFL Facilities Services Limited</i>		
Direct tax	Nil	Nil
Indirect tax	1	24.98
<i>India Infoline Commodities Limited</i>		
Direct tax	Nil	Nil
Indirect tax	1	61.93

## E. Material Developments

For details of material developments, please see the section titled “*Management Discussion and Analysis of Financial Condition and Results of Operations*” on 216 of this Information Memorandum.

## 6.2 GOVERNMENT AND OTHER APPROVALS

With the effect from the Appointed date and upon the Scheme of Arrangement becoming effective, any statutory licenses, permissions or approvals or consents, trademark, logo, domain name held by IIFL Holdings Limited required to carry on operations in the 5paisa Digital Undertaking shall stand vested in or transferred to our Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of our Company. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to our Company pursuant to the Scheme of Arrangement.

Our Company has received the necessary consents, licenses, permissions, registrations, and approvals from the Government of India, various governmental agencies and other statutory and/ or regulatory authorities required for carrying out our present business activities. Except as mentioned below, no further material approvals are required for carrying on our present business activities:

### A. Corporate approvals

1. Certificate of incorporation dated July 10, 2007 issued by ROC, in the name of India Infoline Finance Holdings Limited.
2. Certificate of commencement of business dated July 19, 2007 issued by ROC.
3. Fresh certificate of incorporation dated November 06, 2007 issued by 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 identify number is U67190MH2007PLC289249.
6. Permanent account number of our Company issued by the Income Tax Department, Government of India is AABC17142M.
7. Tax deduction account number of our Company issued by the Income Tax Department, Government of India is MUMI07962D.
8. A state-wise break down of the GST registration number of our Company is as follows:

Sr. No	State	GSTIN
1.	Haryana	06AABC17142M1ZF
2.	Karnataka	29AABC17142M1Z7.
3.	Maharashtra	27AABC17142M1ZB

9. We require registrations for our offices and branches located across India, under the applicable shops and establishments laws in the relevant states where we operate.
10. 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 MH/BAN/145586/000/ registration number.
11. 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 34000339390000999 registration number.

- B. Business related registrations:** 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 2018
4.	SEBI	March 26, 2015	INH000000248	To undertake the activities relating to a research analyst	Permanent

**C. Pending approval**

1. *Approvals for which applications have been made:*

As on date of this Information Memorandum, no applications have been made by our Company for any approval.

2. *Approvals which have been expired and renewal applications have been made:*

As on date of this Information Memorandum, none of our approvals have expired and hence no application for renewal has been made by our Company.

**D. Intellectual property rights**

For details in relation to the intellectual property which are transferred and vested in our Company pursuant to the Scheme of Arrangement, see “*Our Business - Intellectual Property*” on page 79 of this Information Memorandum.

### 6.3 OTHER REGULATORY AND STATUOTRY DISCLOSURES

#### Authority for listing

The NCLT, through its order dated September 06, 2017, sanctioned the Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited and their respective shareholders. Pursuant to the Scheme of Arrangement, the whole of the undertaking and assets and properties of the 5paisa Digital Undertaking of the Demerged Company has been transferred to and vested with our Company on with effective from the Effective Date i.e., September 30, 2017 in accordance with the provisions under Section 230 to 232 of the CA 2013. For more details regarding the Scheme of Arrangement, please refer the section titled “*Scheme of Arrangement*” at page no 44 of this Information Memorandum.

In accordance with the Scheme of Arrangement, the Equity Shares of our Company issued pursuant to the Scheme of the Arrangement shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of the listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by our Company seeking listing.

#### Eligibility criteria

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter III and IV of the ICDR Regulations are not applicable. Pursuant to SEBI circular dated November 30, 2015, bearing reference no. CIR/CFD/CMD/16/2015, our Company had applied for an exemption from strict enforcement of provisions of Regulation 19(2)(b) of the SCRR. SEBI through its letter dated November 06, 2017, bearing reference no. CFD/DIL-1/27233/2017, granted relaxation to our Company from the applicability of Regulation 19(2)(b) of the SCRR subject to the following conditions being complied with by our Company:

- a) SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017;
- b) There is no variance or deviation from conditions of the scheme sanctioned by the NCLT;
- c) There is no change in the information/ facts submitted in the application till the date of listing of the shares of the company.

The Company has submitted this Information Memorandum to BSE and NSE. The Information Memorandum will also be made available on the website of BSE, [www.bseindia.com](http://www.bseindia.com) and NSE, [www.nseindia.com](http://www.nseindia.com) and our Company’s website, [www.5paisa.com](http://www.5paisa.com).

Before commencement of trading, our Company will publish an advertisement in one English and one Hindi newspaper with nationwide circulation and one regional newspaper with wide circulation at the place where the registered office of the Company is located, containing details in accordance with the requirements set out in the SEBI circular dated November 30, 2015, bearing reference no CIR/CFD/CMD/16/2015. The advertisement will draw a specific reference to the availability of the Information Memorandum.

#### Prohibition by SEBI

Our Company, our Directors, our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

#### Identification as wilful defaulter

Our Company, its Promoters or Directors have not been categorized as wilful defaulters by any bank or financial institution or a consortium thereof, in accordance with the guidelines on wilful defaulter



issued by RBI.

#### **Disclaimer of BSE**

A copy of Information Memorandum was submitted to BSE on October 25, 2017.

A copy of this Information Memorandum has been submitted to BSE.

The BSE had through its letter dated February 27, 2017 given its “no objection” in accordance with the provisions of the Listing Regulation and by virtue of that no-objection, BSE’s name in the Information Memorandum has been used as one of the Stock Exchanges on which our Company’s securities are proposes to be listed.

#### **Disclaimer of NSE**

A copy of this Draft Information Memorandum will be submitted to NSE on October 25, 2017.

A copy of this Information Memorandum has been submitted to NSE.

The NSE had through its letter dated March 02, 2017 given its “no objection” in accordance with the provisions of the Listing Regulation and by virtue of that no-objection, NSE’s name in the Information Memorandum has been used as one of the Stock Exchanges on which our Company’s securities are proposes to be listed.

#### **General disclaimer from our Company**

Our Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements to be published in relation to this Scheme of Arrangement, in accordance with the SEBI circular dated November 30, 2015, bearing reference no. CIR/CFD/CMD/16/2015, or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information will be made available for a section of the investors, in any manner.

#### **Listing**

An application has been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of our Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the Equity Shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at BSE and NSE.

#### **Listing approval from BSE and NSE**

Our Company has received an in-principle approved listing of 1,27,39,022 Equity Shares from BSE vide letter dated November 07, 2017, bearing reference no. DCS/AMAL/AC/IP/973/2017-18.

Our Company has received an in-principle approved listing of 1,27,39,022 Equity Shares from NSE vide letter dated October 30, 2017, bearing reference no. NSE/LIST/23934.

#### **Filing**

The Draft Information Memorandum had been filed with BSE and NSE.

This Information Memorandum has been filed with BSE and NSE.

#### **Demat credit**

Our Company has executed a tripartite agreement with the depositories i.e., NDSL and CSDL and Link



Intime India Private Limited for admitting its securities in demat form. Our Company has been allotted INE618L01018 ISIN.

### **Dispatch of share certificates**

In accordance with the Scheme of the Arrangement, fresh Equity Shares have been issued and allotted to the Eligible Shareholders of IIFL Holdings Limited on the Record Date i.e., October 18, 2017. Our Company has dispatched the physical share certificates to the Eligible Shareholders in physical form on October 24, 2017.

### **Previous rights and public issues**

For details of rights issues by the Company since its incorporation, please see the section titled “*Capital Structure*” on page 29 of this Information Memorandum. The Company has not undertaken any public issues.

### **Commission and brokerage on previous issues**

The Company has not issued any shares to the public since its inception, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares.

### **Promise vis-à-vis performance**

Except as disclosed in the “*Capital Structure*”, our Company has not undertaken any previous public or rights issues to public.

Except as disclosed below, none of our Group Companies have undertaken any public or rights issue to public in the last ten (10) years preceding the date of this Information Memorandum:

- a) India Infoline Housing Finance Limited undertook:
  - i.) Public issue of secured redeemable non-convertible debentures on December 27, 2013. The funds have been utilized as per the objects stated in the offer document; and
  - ii.) Public issue of unsecured redeemable non-convertible debentures on April 03, 2014. The funds have been utilized as per the objects stated in the offer document
- b) India Infoline Finance Limited undertook:
  - i.) Public issue of secured redeemable non-convertible debentures on August 18, 2011. The funds have been utilized as per the objects stated in the offer document;
  - ii.) Public issue of unsecured redeemable non-convertible debentures on September 18, 2012. The funds have been utilized as per the objects stated in the offer document; and
  - iii.) Public issue of secured redeemable non-convertible debentures on September 30, 2013. The funds have been utilized as per the objects stated in the offer document

### **Partly paid-up Equity Shares**

Our Company does not have any partly paid-up Equity Shares as on the date of this Information Memorandum.

### **Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company**



There are no outstanding debentures, bonds or redeemable preference shares as of the date of this Information Memorandum.

#### **Stock market data for Equity Shares of our Company**

The Equity Shares of the Company are not listed on any stock exchanges. Through this Information Memorandum, the Company is seeking approval for listing of its Equity Shares.

#### **Disposal of Investor Grievances**

Link Intime India Private Limited is the RTA to our Company, who can be contacted for addressing investors' grievances through email ids such as: [ganesh.jadhav@linkintime.co.in](mailto:ganesh.jadhav@linkintime.co.in) and [rtt.helpdesk@linkintime.co.in](mailto:rtt.helpdesk@linkintime.co.in).

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address, replacement, split, consolidation, dematerialization and rematerialisation of shares, issue of duplicate certificates etc. are handled by RTA.

The Company has an established mechanism for investor service and grievance handling with its RTA and the compliance officer appointed by it. The Board of our Company has constituted a "Stakeholders Relationship Committee" which, *inter alia*, considers stakeholders/ shareholders and investors complaints including transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrant, etc. and to redress genuine grievances of shareholders and investors.

The RTA under the supervision of the secretarial department of our Company looks after the investor's grievance. The company secretary of our Company has been appointed as Compliance Officer for this purpose. At each meeting of Stakeholders Relationship Committee all matters pertaining to investors including their grievances and redressal are reported.

#### **Company Secretary and Compliance Officer**

**Mr. Harshit Choudhary**  
**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](mailto:csteam@5paisa.com)

## SECTION 7: OTHER INFORMATION

### 7.1 MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. The main provisions of the Articles of Association of our Company are detailed below:

Article number	Content
<b>Capital and Increase and Reduction of Capital</b>	
<b>6</b> Division of Capital	<p>The Authorised Share Capital of the Company shall be as specified in Clause V of the Memorandum of Association of the Company.</p> <p>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.</p>
<b>7</b> Share under the control of the Board	<p>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.</p>
<b>8</b> Power of Company in General Meeting to issue Share	<p>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.</p>
<b>9</b> Increase in capital	<p>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.</p>

	<p>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.</p>
<p><b>10</b> Further issue of capital</p>	<p>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-</p> <p>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;</p> <p>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</p> <p>c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the Notice referred to in sub clause (b) hereof shall contain a statement of this right.</p> <p>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</p> <p>d) 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</p>

	<p>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</p> <p>e) 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</p> <p>f) 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</p> <p>Nothing in clause (d) of Article 10 hereof shall be deemed;</p> <p>i. To extend the time within which the offer should be accepted; or</p> <p>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.</p> <p>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:</p>
<p><b>14</b> Restrictions on purchase by Company of its own shares</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p><b>16</b> Reduction of Capital</p>	<p>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</p>

	<p>or otherwise. This Article is not to derogate from any power that the Company would have, if it were omitted.</p> <p>Nothing in this Article shall apply to Buy-Back of its own securities by the Company under Section 68 of the Act</p>
<p><b>17</b> Consolidation and Division of Capital</p>	<p>Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time:</p> <p>a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;</p> <p>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</p> <p>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.</p>
<p><b>19</b> Modification of rights</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>



	or issue of further shares ranking <i>pari passu</i> therewith.
<b>Shares and Certificates</b>	
<b>24</b> Deposits and calls etc. to be debt payable immediately	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.
<b>31</b> Restriction on Allotment	In making allotment of any share Capital of the Company, the Company shall comply with Section 39 and 40 of the Act.
<b>32</b> Return as to Allotment	<p>Whenever the Company makes any allotment of its shares or securities, it shall within thirty days thereafter:</p> <p>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</p> <p>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</p> <p>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.</p> <p>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</p> <p>Nothing in this article shall apply to the issue and allotment by the</p>

	Company of shares which under the provisions of these Articles were forfeited for non-payment of calls
<b>Calls</b>	
<b>35</b> Board may make calls on shares.	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.
<b>38</b> Notice of calls.	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.
<b>41</b> Call to carry interest after due date.	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.
<b>43</b> Payments in advance of call may carry interest.	<p>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.</p> <p>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.</p> <p>The provisions of this Article shall mutatis mutandis apply to the calls on debentures of the Company.</p>
<b>Forfeiture. Surrender and Lien</b>	
<b>44</b> If call or instalment not paid notice may be given.	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.
<b>46</b> On default of payment, shares to be forfeited.	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.
<b>47</b> Notice after Forfeiture.	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.
<b>48</b> Forfeited Shares to become property of the Company and may be disposed of etc.	Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, reallocate or otherwise dispose of the same in such manner as it thinks fit.
<b>50</b> Arrears to be paid notwithstanding Forfeiture.	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.
<b>52</b> Proceeds how to be Applied.	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.
<b>58</b> Company's Lien on Shares/ Debentures	<p>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.</p> <p>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.</p>

<p><b>59</b> Enforcing Lien by Sale.</p>	<p>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 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.</p> <p>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.</p>
<p><b>60</b> Application of Proceeds of Sale.</p>	<p>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.</p>
<p><b>61</b> Validity of Sales in exercise of Lien and after Forfeiture.</p>	<p>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.</p>
<p><b>Transfer and Transmission of Shares</b></p>	
<p><b>64</b> Register of Transfer.</p>	<p>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.</p>
<p><b>65</b> Execution of Transfer etc.</p>	<p>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.</p>
<p><b>66</b> Transfer of Securities held in dematerialized form</p>	<p>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.</p>
<p><b>69</b> The Board may decline to register Transfer.</p>	<p>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</p>

	<p>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.</p> <p>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.</p> <p>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.</p>
<p><b>70</b> No Allotment / Transfer to a person of Unsound Mind.</p>	<p>No shares shall in any circumstances be allotted or transferred to any minor, insolvent or person of unsound mind.</p>
<p><b>71</b> Transfer of Shares.</p>	<p>An application for the registration of transfer of shares may be made either by the transferor or by the transferee.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

<p><b>73</b> When Transfer to be retained.</p>	<p>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 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.</p>
<p><b>76</b> Title to shares of Deceased Holder.</p>	<p>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.</p>
<p><b>77</b> Transmission of shares</p>	<p>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.</p>
<p><b>78</b> Board may refuse to Transmit.</p>	<p>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.</p>
<p><b>79</b> Board may require Evidence of Transmission.</p>	<p>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.</p>
<p><b>81</b> Certificate of Transfer.</p>	<p>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.</p>
<p><b>82</b> The Company not liable for disregard of a notice prohibiting Registration of a transfer.</p>	<p>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,</p>



	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 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.
<b>Borrowing Powers</b>	
<b>89</b> Power to borrow	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 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.
<b>90</b> Payment or repayment of moneys borrowed	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.
<b>91</b> Terms of issue of debentures	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.
<b>Meeting of Members / General Meetings</b>	
<b>98</b> Annual General Meeting	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

	<p>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.</p> <p>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.</p>
<p><b>100</b> Calling of Extraordinary General Meetings.</p>	<p>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.</p>
<p><b>105</b> Quorum</p>	<p>Quorum for a General Meeting of the Company shall be:</p> <p>(i) five Members personally present if the number of Members as on the date of meeting is not more than one thousand;</p> <p>(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;</p> <p>(iii) thirty Members personally present if the number of Members as on the date of the meeting exceeds five thousand;</p>
<p><b>106</b> Presence of Quorum.</p>	<p>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.</p>
<p><b>110</b> Power to adjourn General Meeting.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p><b>111</b> Chairman of General Meeting.</p>	<p>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</p>

	<p>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.</p>
<p><b>114</b> How motion to be decided at meetings.</p>	<p>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.</p>
<p><b>117</b> Members Resolution</p>	<p>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.</p> <p>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</p>
<p><b>118</b> Demand for Poll</p>	<p>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.</p> <p>The demand for a poll may be withdrawn at any time by the person or persons who made the demand.</p>
<p><b>119</b> Time of taking poll.</p>	<p>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 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.</p>
<p><b>Vote of Members</b></p>	
<p><b>124</b> Members call in arrears not to vote.</p>	<p>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.</p>

<p><b>125</b> Number of votes to which Member entitled.</p>	<p>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.</p> <p>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:</p> <p>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.</p>
<p><b>126</b> Casting of votes by a Member entitled to more than one vote.</p>	<p>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.</p>
<p><b>128</b> Votes of Joint Members.</p>	<p>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</p>
<p><b>129</b> Voting in persons or by proxy.</p>	<p>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.</p>
<p><b>130</b> Restrictions on Voting</p>	<p>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.</p>
<p><b>138</b> Time for objection of votes.</p>	<p>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</p>

	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.
<b>139</b> Chairman of the meeting to be the judge of validity of any vote.	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.
<b>Directors</b>	
<b>141</b> Number of Directors.	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.
<b>143</b> Power of Directors to Appoint additional Directors and to fill casual vacancies.	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.
<b>146</b> Additional Directors	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.
<b>148</b> Alternate Director	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.
<b>150</b> Remuneration	<p>Subject to the provision of the Act, a Managing Director or a whole Remuneration of time director or part-time director (subject to Sections 197 and 198 Directors. 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>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>(i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or</p> <p>(ii) by way of commission if the Company by a ordinary resolution authorises such payments.</p> <p>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>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>
<p><b>153</b> Directors may act notwithstanding vacancy.</p>	<p>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.</p>
<p><b>154</b> Disclosure of interest of Directors.</p>	<p>(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 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.</p> <p>(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.</p> <p>(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.</p>



	<p>(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.</p> <p>(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.</p> <p>(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.</p>
<p><b>155</b> Interested Director not to participate or vote on Board's proceedings.</p>	<p>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.</p>
<p><b>Retirement and Rotation of Director</b></p>	
<p><b>157</b> Retirement of Directors by rotation.</p>	<p>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.</p> <p>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.</p> <p>At the annual general meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the</p>

	<p>retiring Director who shall be eligible for re-appointment or some other person thereto.</p> <p>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:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(iii) he is not qualified or is disqualified for appointment;</li> <li>(iv) a resolution, whether special or ordinary, is required for his appointment by virtue of any of the provisions of the Act; or</li> <li>(v) The provision to Section 162 of the Act is applicable to the case.</li> </ul>
<p><b>158</b> Appointment of Director to be voted individually.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p><b>Removal of Directors</b></p>	
<p><b>162</b> Removal of Directors.</p>	<p>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.</p> <p>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.</p> <p>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</p>

	<p>the resolution at the meeting.</p> <p>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 -</p> <p>(a) in any notice of the resolution given to the Members of the Company, state the fact of the representations having been made, and</p> <p>(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.</p> <p>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.</p> <p>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.</p> <p>Nothing in this Article shall be taken-</p> <p>(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</p> <p>(b) as derogating from any power to remove a Director which may exist apart from this Article.</p>
<p><b>165</b> Quorum for Meetings</p>	<p>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</p>

	<p>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.</p> <p>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.</p> <p>For the purpose of Clause (a)-</p> <p>(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</p> <p>(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.</p>
<p><b>168</b> Power of Board meeting.</p>	<p>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.</p>
<p><b>172</b> Resolution by Circular</p>	<p>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</p> <p>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.</p> <p>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.</p>
<p><b>173</b> General powers of the board.</p>	<p>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.</p> <p>Provided that the Board shall not exercise any power or do any act</p>

	<p>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.</p> <p>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.</p> <p>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.</p>
<p><b>176</b> Certain powers of the Board.</p>	<p>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:</p> <ol style="list-style-type: none"> <li>(1) To pay the costs, charges and expenses incurred preliminary incidental to the promotion, formation, establishment and registration of the Company.</li> <li>(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.</li> <li>(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.</li> <li>(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.</li> <li>(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</li> </ol>

	<p>remuneration and to require security in such instances and of such amounts as it may think fit.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(10) To act on behalf of the Company in all matters relating to bankrupts and insolvents.</p> <p>(11) To make and give receipts releases and other discharges for money payable to the Company and for the claims and demands of the Company.</p> <p>(12) 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.</p> <p>(13) Subject to the provisions of the Act and these Articles from time to time to provide for the management of the affairs of the Company in or outside India in such manner as it may think fit, and in particular to appoint any person to be the attorneys or agents of the Company with such person (including the power to sub delegate) and upon such terms as may be thought fit.</p> <p>(14) 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</p>
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	<p>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.</p> <p>(15) 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.</p> <p>(16) 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.</p> <p>(17) 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.</p> <p>(18) 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.</p> <p>(19) 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</p>
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	<p>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.</p> <p>(20) 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.</p> <p>(21) From time to time to make, vary and repeal bye-laws for regulation of the business of the Company, its officers and servants;</p> <p>(22) To redeem redeemable preference shares;</p> <p>(23) 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;</p> <p>(24) 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.</p>
<b>Managing Directors / Whole Time Directors</b>	
<p style="text-align: center;"><b>177</b>          Board may appoint Managing Directors.</p>	<p>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 to time remove or dismiss him or them from office and appoint another or others in his or their place or places.</p>

<b>178</b> Retirement by Rotation	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.
<b>179</b> Remuneration of Managing Directors.	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.
<b>180</b> Directors may confer power on Managing Director.	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.
<b>182</b> Certain persons not to be appointed Managing Directors.	The Company shall not appoint or employ or continue the employment of any person as its Managing Director or Whole-time Director who: <ul style="list-style-type: none"> <li>(a) is an undischarged insolvent or has at any time been adjudged an insolvent;</li> <li>(b) suspends or has at any time suspended, payment to his creditors or makes or has at any time made composition with them; or</li> <li>(c) is or has at any time been, convicted by a court of an offence involving moral turpitude.</li> </ul>
<b>Dividends</b>	
<b>189</b> Division of profits.	The profits of the Company which it shall from time to may 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.
<b>192</b> Declaration of Dividends.	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.
<b>193</b> Restrictions on amount of dividend.	No larger dividend shall be declared than is recommended by the Board but the Company in general meeting may declare a smaller dividend.
<b>194</b> Dividend out of profits only.	No dividend shall be payable except out of the profits of the Company arrived at as laid down in the Act.

What is to be deemed net profits.	The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.
<b>196</b> Debts may be deducted.	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.
<b>198</b> Dividend how paid.	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.
<b>200</b> Retention in certain cases.	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.
<b>203</b> Dividend to be paid within thirty days.	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 :  (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  (d) 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.
<b>205</b> Capitalisation Powers of the Board on Capitalisation	The Company in General Meeting may, upon recommendation of the Board, resolve;  (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.

	<p>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;</p> <p>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(ii) 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</p> <p>(iii) partly in the way specified in the Sub-clause [i] and partly in that specified in Sub-clause [ii]</p> <p>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.</p> <p>The Board shall give effect to the resolution passed by the Company in pursuance of this article</p> <p>Whenever a resolution as mentioned in the preceding Article shall have been passed, the Board shall;</p> <p>(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</p> <p>(b) generally do all acts and things required to give effect thereto.</p> <p>The Board shall have full power:</p> <p>(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</p> <p>(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.</p> <p>Any agreement made under such authority shall be effective and binding on all the members.</p>
<b>Annual Accounts</b>	
<p style="text-align: center;"><b>206</b> Books of Account to be kept</p>	<p>The Company shall prepare and keep proper books of account with respect to</p>

	<p>(a) all sums of money received and expended by the Company and the matters in respect of which receipts and expenditure take place</p> <p>(b) all sales and purchases of goods by the Company; and</p> <p>(c) the assets and liabilities of the Company</p>
<p><b>208</b> Inspection by Members.</p>	<p>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.</p>
<p><b>209</b> Statement of Accounts to be furnished to General Meeting.</p>	<p>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.</p>
<p><b>210</b> Financial Statement to each Member.</p>	<p>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.</p> <p>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.</p>
<p><b>211</b> Accounts to be audited</p>	<p>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.</p> <p>The appointment, remuneration, rights, powers and duties of the Company's auditors shall be regulated in accordance with the provisions of the Act.</p> <p>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</p>



	<p>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.</p>
<p><b>Documents and Notices</b></p>	
<p style="text-align: center;"><b>213</b> Service of the documents on Members by Company.</p>	<p>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.</p> <p>Where a document or notice is sent by post/registered post/speed post/courier.</p> <p>(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</p> <p>(b) Such service shall be deemed to have been effected -</p> <p>(i) in the case of notice of a meeting at the expiration of forty eight (i) hours after the letter containing the same is posted; and</p> <p>(ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The signature to any document or notice to be given by the Company may be written on printed or lithographed.</p>

<p><b>214</b> Service of documents on Company.</p>	<p>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.</p>
<p><b>215</b> Authentication of documents and proceedings.</p>	<p>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.</p>
<p><b>Indemnity and Insurance</b></p>	
<p><b>216</b> Company may indemnify.</p>	<p>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.</p>
<p><b>217</b> Liability of officers.</p>	<p>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 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.</p>
<p><b>218</b> Insurance</p>	<p>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.</p>
<p><b>Winding Up</b></p>	
<p><b>219</b> Distribution of Assets.</p>	<p>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</p>

	<p>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.</p>
<p><b>220</b> Restriction on Right to Inspect</p>	<p>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.</p>
<p><b>221</b> Secrecy undertaking.</p>	<p>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.</p>
<p><b>222</b> Members knowledge Implied.</p>	<p>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.</p>

## 7.2 MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of our Company on any working day (i.e., Monday to Friday and not being a bank holiday in Maharashtra) between 10.00 am and 5.00 pm from the date of filing of the Information Memorandum with the Stock Exchanges until the listing of Equity Shares on the Stock Exchanges:

1. Memorandum and Articles of Association of the Company, as amended till date.
2. Certificate of incorporation of our Company dated July 10, 2007 and certificate for commencement of business dated July 19, 2007.
3. Fresh certificate of incorporation dated November 06, 2007 issued consequent upon change in name to IIFL Capital Limited from India Infoline Finance Holdings Limited.
4. Fresh certificate of incorporation dated August 12, 2015 issued consequent upon change in name to 5paisa Capital Limited from IIFL Capital Limited.
5. Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited and their respective shareholders.
6. BSE letter dated November 10, 2016 giving its prior approval for demerger of 5paisa digital Undertaking carried out by IIFL Holdings Limited into 5paisa Capital Limited.
7. NSE letter dated February 09, 2017 giving its prior approval for proposed demerger of a business unit of IIFL Holdings Ltd. (non – NSE member) into 5paisa Capital Limited (NSE member).
8. Fairness Opinion dated September 30, 2016 issued by Keynote Corporate Services Limited.
9. Share Entitlement Ratio Report dated September 30, 2016 issued by SSPA & Co. Chartered Accountants.
10. BSE Observation Letter dated February 27, 2017 giving its “no objection” in accordance with the provisions of the Listing Regulation.
11. NSE Observation Letter dated March 02, 2017 giving its “no objection” in accordance with the provisions of the Listing Regulation.
12. Order dated September 06, 2017 of the NCLT approving the Scheme of Arrangement.
13. Audited financial statements and report of the Company for the past three (3) financial years and six (6) months period ended on September 30, 2017.
14. The statement of tax benefits dated September 14, 2017 from the statutory auditors.
15. Tripartite Agreement with NSDL, Registrar and Transfer Agent and the Company dated September 21, 2017.
16. Tripartite Agreement with CDSL, Registrar and Transfer Agent and the Company dated November 01, 2010.
17. Consent from the auditors for inclusion of their names as the statutory auditors and of their reports on accounts in the form and context in which they appear in the Draft Information Memorandum and the Information Memorandum.
18. Consent from the bank for inclusion of their names as bankers to the Company.



19. In principle approval for listing of 1,27,39,022 Equity Shares of the Company from BSE vide letter dated November 07, 2017, bearing reference no. DCS/AMAL/AC/IP/973/2017-18.
20. In principle approval for listing of 1,27,39,022 Equity Shares of the Company from NSE vide letter dated October 30, 2017, bearing reference no. NSE/LIST/23934.
21. Relaxation under Rule 19 (2)(b) of the SCRR granted by SEBI vide letter dated November 06, 2017, bearing reference no. CFD/DIL-1/NS/27233/2017.

Any of the contracts or documents mentioned in this Information Memorandum may be amended or modified at any time if required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to the provisions contained in the CA 2013 and other relevant statutes.

7.3 **DECLARATION**

We hereby declare that all relevant provisions under the CA 2013 and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, 1992 as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the CA 2013, SCRA, the SEBI Act, 1992 or the rules and regulations made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Information Memorandum are true and correct.

**BY ORDER OF THE BOARD OF DIRECTORS OF SPAISA CAPITAL LIMITED**



**Name:** Prakash Gagdani  
**Designation:** Whole-Time Director



**Name:** Narendra Jain  
**Designation:** Non-Executive Director



Place: Mumbai

Date: November 08, 2017