



5PAISA CAPITAL LIMITED

CIN U67190MH2007PLC289249

PAN: [AABC17142M]

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604

email ID: shareholders@indiainfoline.com, Tel No: 91-22-42499000

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement between
IIFL Holdings Limited (Demerged Company/IHL) and 5paisa Capital Limited
("Resulting Company/5PCL") and their respective Shareholders

M/s. 5Paisa Capital Limited

... the Resulting Company / the Applicant Company

NOTICE TO SECURED/UNSECURED CREDITORS UNDER SECTION 230 OF THE COMPANIES ACT, 2013

Notice is hereby given in pursuance of sub section (3) of Section 230 of the Companies Act, 2013 as directed by Mumbai Bench of the National Company Law Tribunal, at Mumbai by an order dated 23rd March 2017 under sub-section (1) of Section 230 of the Companies Act, 2013 a meeting of the members shall be held on May, 10, 2017 at 03.00 p.m. to consider the Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited and their respective Shareholders at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604.

A Copy of notice with statement as required under Section 230(3), Scheme of Arrangement alongwith other relevant annexures is enclosed. Copies of the same can also be obtained free of charge at the registered office of the Company.

You as a Secured/Unsecured Creditor of 5paisa Capital Limited are hereby informed that representations, if any, in connection with the proposed Scheme may be made to the National Company Law Tribunal, Bench, at Mumbai within Thirty (30) days from the date of receipt of this notice. The address of the Hon'ble Tribunal is 6th floor, Fountain Telecom Building, 1 Mahatma Gandhi Road, Fort, Mumbai-400 001. Copy of the representation may simultaneously be sent to the Company.

In case no representation is received within the stated period of Thirty (30) days, it shall be presumed that you have no representation to make on the proposed scheme.

Dated this April 6, 2017

Place: Mumbai

sd/-

Prakarsh Gagdani

Chairperson appointed for the meeting



5PAISA CAPITAL LIMITED

CIN U67190MH2007PLC289249

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Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604

email ID: shareholders@indiainfoline.com, Tel No: 91-22-42499000

NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF 5PAISA CAPITAL LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL

Meeting of equity shareholders of 5Paisa Capital Limited

Day : Wednesday
Date : May 10, 2017
Time : 03.00 p.m.
Venue : IIFL House, Sun Infotech Park, Road No.16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane 400 604

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH
FORM NO. CAA2 [Pursuant to section 230(3) and Rule 6]
Company Application No. 259 of 2017
IN THE MATTER OF THE COMPANIES ACT, 2013**

And

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder as in force from time to time

AND

In the matter of Scheme of Arrangement between IIFL HOLDINGS LIMITED ('Demerged Company') and 5PAISA CAPITAL LIMITED, the ('Resulting Company') and their respective Shareholders

5Paisa Capital Limited (CIN U67190MH2007PLC289249)	}
a company incorporated under the Companies Act, 1956	}
having its registered office at IIFL House, Sun Infotech Park,	}
Road No. 16V, Plot No.B-23, Thane Industrial Area,	}
Wagle Estate Thane Maharashtra 400604	}Resulting Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF THE RESULTING COMPANY PURSUANT TO THE ORDER DATED MARCH 23rd, 2017 OF THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH.

To,

The Equity Shareholders of 5Paisa Capital Limited

Notice is hereby given that by an order dated March 23rd, 2017, the Mumbai Bench of the National Company Law Tribunal has directed a meeting to be held of equity shareholders of the Applicant Company for the purpose of considering, and if thought fit, approving with or without modification, the arrangement embodied in the Scheme of Arrangement between IIFL Holdings Limited ('IHL' or 'the Demerged Company' or 'the Company') and 5Paisa Capital Limited ('5PCL' or 'the Resulting Company') and their respective shareholders ('the Scheme').

In pursuance of the said order and as directed therein a meeting of equity shareholders of the said company will be held at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane - 400604 on Wednesday, May 10, 2017 at 03.00 pm at which time and place the said equity shareholders are requested to attend.

The National Company Law Tribunal has appointed Mr. Prakarsh Gagdani and failing him, Mr. Narendra Jain and failing him Mr. R. Mohan, Directors as chairperson of the said meeting. The said scheme, if approved by the equity shareholders in the meeting, will be subject to the subsequent approval of the Tribunal.

The Board of Directors of the Company had at their meetings held on 30th September, 2016, approved the scheme, subject to the sanction of the Court/tribunal and of such authorities as may be necessary.

In the said Tribunal Conveyed Meeting, the following business will be transacted:

To consider and, if thought fit, approve with or without modification(s), the following resolution under Section 230 read with Section 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions of Companies Act, 2013, and the provisions of the Memorandum and Articles of Association of the Company for approval of the arrangement embodied in the Scheme of Arrangement between IIFL Holdings Limited ('IHL' or 'the Demerged Company' or 'the Company') and 5Paisa Capital Limited ('5PCL' or 'the Resulting Company') and their respective shareholders ('the Scheme'):

“RESOLVED THAT pursuant to the provisions of Section 230 read with Section 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions of the Companies Act, 2013 and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Mumbai Bench of the National Company Law Tribunal, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Mumbai Bench of the National Company Law Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed

to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the Scheme of Arrangement between IIFL Holdings Limited ('IHL' or 'the Demerged Company' or 'the Company') and 5Paisa Capital Limited ('5PCL' or 'the Resulting Company') and their respective shareholders ('the Scheme') placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board (which term shall be deemed to mean and include one or more Committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution) be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the Arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Mumbai Bench of the National Company Law Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper.”

TAKE FURTHER NOTICE that in pursuance of the said Order a meeting of equity shareholders of the said company will be held at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane - 400604 on Wednesday, May 10, 2017 at 03.00 pm at which time and place the said equity shareholders are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, signed by you or your authorized representatives, is deposited with the Registered Office of the Company not later than 48 hours before the time of the aforesaid meeting. The form of proxy can be obtained at the Registered Office of the Company.

Copies of the Scheme of Arrangement, and of the statement under section 230(3) read with Section 102 of the Companies Act, 2013, read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with enclosures to this notice can be obtained free of charge at the Registered Office of the Company.

Dated this April 6, 2017

sd/-

Prakarsh Gagdani

Chairperson appointed for the meeting

Notes for the meeting of the members of the Company:

1. A registered equity shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be a member. The instrument appointing a proxy should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. All alterations made in the Form of Proxy should be initialed.
3. The equity shareholders of the Applicant Company whose names appearing in the records of the Company as on March 24, 2017 shall be eligible to attend and vote at the meeting of the equity shareholders of the Company. Only registered equity shareholders of the Company may attend and vote (either in person or by proxy or by authorized representative under applicable provisions of the Companies Act, 2013) at the Equity shareholders' meeting. The authorized representative of a body corporate which is a registered equity shareholder of the Company may attend and vote at the meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend at the meeting is deposited at the registered office of the Company not later than 48 hours before the schedule time of the commencement of meeting.
4. A person can act as a proxy on behalf of Members not exceeding 50 (fifty) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
5. A Member or his/her Proxy is requested to bring the copy of the notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the Meeting venue.
6. Registered equity shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID details for easy identification of the attendance at the meeting.

7. Equity shareholders are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Company in respect of such joint holding will be entitled to vote. The notice is being sent to all equity shareholders, whose name appeared in the register of members as on March 24, 2017
8. The Board of Directors of the Company has appointed Mr. Nilesh Shah, a Practicing Company Secretary (Membership No. 2631), Mumbai as Scrutinizer to scrutinise the Poll on Demand in a fair and transparent manner.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH
IN THE MATTER OF THE COMPANIES ACT, 2013
And
In the matter of
IIFL Holdings Limited ('IHL' or 'the Demerged Company') and
5Paisa Capital Limited ('5PCL' or 'the Resulting Company') and**

**In the matter of Section 230 read with Section 232 of the Companies Act, 2013
and other applicable provisions of the Companies Act, 2013**

M/s. 5Paisa Capital Limited

... the Resulting Company / the Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 FOR THE MEETING OF EQUITY SHAREHOLDERS OF IIFL HOLDINGS LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL

In this statement, IIFL Holdings Limited is referred to as 'IHL' or 'the Demerged Company' or 'the Applicant Company' or 'the Company' and 5Paisa Capital Limited is hereinafter referred to as '5PCL' or 'the Resulting Company'. The other definitions contained in the Scheme will apply to this Explanatory Statement also. The following statement as required under Section 230(3) of the Companies Act, 2013 read with Section 102 of the Companies Act, 2013 sets forth the details of the proposed Scheme, its effects and, in particular any material interests of the Directors in their capacity as members.

1. Pursuant to an Order dated March 23, 2017 passed by the National Company Law Tribunal Bench at Mumbai in the Company Scheme Application No. 259 of 2017 referred to hereinabove, a meeting of the Equity Shareholders of 5Paisa Capital Limited at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 on May 10, 2017 at 03.00 p.m. for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between IIFL Holdings Limited ('IHL' or 'the Demerged Company' or 'the Company') and 5Paisa Capital Limited ('5PCL' or 'the Resulting Company') and their respective shareholders ('the Scheme').
2. The draft Scheme of Arrangement was placed before the Board of Directors of the Resulting Company at the meeting held on September 30, 2016 and was approved by the Board.
3. Based on the evaluations, the Board of Directors of the Resulting Company has come to the conclusion that the Scheme is in the best interest of the Company and its shareholders.
4. A copy of the Scheme as approved by the Board of Directors of the respective companies is enclosed.
5. **BACKGROUND OF THE COMPANIES INVOLVED IN THE SCHEME IS AS UNDER:**

IIFL Holdings Limited ('IHL' or 'the Demerged Company'):

- a) IIFL Holdings Limited was incorporated under the Companies Act, 1956, in the State of Maharashtra in the name of Probity Research and Services Private Limited on 18th day of October, 1995. Thereafter, on 28th April, 2000, its name had been changed to "Probity Research and Services Limited". Thereafter, on 23rd May, 2000, its name had been changed to "India Infoline.com Limited". On 23rd March, 2001, its name had been changed to "India Infoline Limited". Subsequently, the name of the Company had been changed to "IIFL Holdings Limited" on 18th February, 2014.
- b) The Registered Office of the Demerged Company is situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane 400604 and email address i.e. shareholders@indiainfoline.com.
- c) The details of the issued, subscribed and paid-up share capital of the Demerged Company as on March 31, 2016 are as under:

Particulars	Rupees
Authorised Share Capital	
60,00,00,000 Equity Shares of ₹ 2/- each	120,00,00,000
Total	120,00,00,000
Issued, Subscribed and Paid-up Share Capital	
31,65,36,853 Equity Shares of ₹ 2/- each fully Paid-up	63,30,73,706
Total	63,70,73,706

Subsequent to the above Balance Sheet date and as on date, there has been a change in the Authorized, issued, subscribed and paid up share capital of Demerged Company, the revised capital structure is as under:

Particulars	Rupees
Authorised Share Capital	
60,00,00,000 Equity Shares of ₹ 2/- each	120,00,00,000
Total	120,00,00,000
Issued, Subscribed and Paid-up Share Capital	
31,79,08,193 Equity Shares of ₹ 2/- each fully Paid-up	63,58,16,386
Total	63,58,16,386

- d) The shares of the Demerged Company are listed on BSE Limited and National Stock Exchange of India Limited.
- e) The objects for which the Demerged Company has been established are set out in its Memorandum of Association. The main objects of the Demerged Company are set out hereunder:
1. To carry on in India or abroad the business of securities broking including share and stock broking, derivative broking, and to pool, mobilize and manage the funds of any financial institutions, corporate, individuals and other entities by investing and dealing in stocks, shares, debentures, derivative funds, mutual funds, bonds, units, options, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, American depository receipts, global depository receipts, euro and generally for securities of all kinds by way of internet, eboking, telephone, personal contact or through other media, e-commerce, to carry on all kinds of intermediary activity in the capital markets, carry on mutual fund activities in India or abroad, acting as a sponsor to a mutual fund, onshore fund, off shore fund, promoting, incorporating or causing the incorporation of and or acquiring and investing shares in an asset management company and/or trustee company to a mutual fund and to engage in such other activities relating to the mutual fund business, to sponsor, promote and engage in venture capital activities as permitted under the applicable laws and to act as an agents, market makers, merchant bankers (but not to carry on all or any part of banking business as contemplated by Reserve Bank of India Act, 1934 / Banking Regulation Act, 1949), portfolio managers, fund managers, asset managers, managers or agents to the issue, registrar to issue, registrar and share transfer agents, underwriters to the issue, financial advisors, venture capital, trusteeship services, wealth advisory services and to act as distributor of mutual funds, bonds, debentures of corporate bodies, RBI Bonds, government of India Bonds, post office schemes and such other financial and investment products and to acquire and hold one or more memberships/dealership in stock exchanges, security exchanges, OTC exchanges, commodity exchanges and any other recognized stock exchanges with trading privileges, associations of bankers, associations of mutual funds, merchant bankers, insurance companies, fund managers, brokers, securities dealers or commodity dealers, clearing houses in India or any part of the world which will or is likely in any way to facilitate the conduct of the company's business.
 2. To carry on the business of providing services of Depository, depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market for Foreign Institutional Investors, financial institutions, corporate, individuals and other entities; and to conduct de-materialisation and rematerialisation of shares; set up depository participant centers at various regions in India and to perform all related, incidental, ancillary and allied services.
- f) There has been no change in the objects of the Demerged Company during the last five years.

5Paisa Capital Limited ('5PCL' or 'the Resulting Company'):

- a) The Resulting Company was incorporated on July 10, 2007 as a public limited company under the provisions of the Companies Act as "India Infoline Finance Limited". Pursuant to special resolution passed by the member of the company dated September 13, 2007, the name of the Company was changed to IIFL Capital Limited with effect from November 06, 2007. The name of the Company was further changed to "5Paisa Capital Limited" pursuant to Fresh Certificate of Incorporation dated August 12, 2015 issued by the Registrar of Companies, Mumbai, Maharashtra.

- b) The Registered Office of the Resulting Company is situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane 400604.
- c) 5PCL is a wholly owned Subsidiary of IIFL Holdings Limited.
- d) The details of the issued, subscribed and paid-up share capital of the Resulting Company as on March 31, 2016 are as under:

Particulars	Rupees
Authorised Share Capital	
100,00,00,000 Equity Shares of INR ? 10/- each	10,00,00,000
Total	10,00,00,000
Issued, Subscribed and Paid-up	
30,50,000 Equity Shares of INR ? 10/- each	3,05,00,000
Total	3,05,00,000

Subsequent to the above Balance Sheet date and as on date, there has been a change in the Authorized, issued, subscribed and paid up share capital of Resulting Company. As on the date of approval of the Scheme by the Board of Directors, the revised capital structure is as under:

Particulars	Rupees
Authorised Share Capital	
1,80,00,000 Equity Shares of INR ? 10/- each	18,00,00,000
Total	18,00,00,000
Issued, Subscribed and Paid-up	
1,77,16,500 Equity Shares of INR ? 10/- each	17,71,65,000
Total	17,71,65,000

- e) The shares of the Resulting Company are not listed on any stock exchanges.
- f) The objects for which the Resulting Company has been established are set out in its Memorandum of Association. The main objects of the Resulting Company are hereunder:
- 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 behavior, 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 organization.

3. 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.
4. 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, preinvestment 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 and 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.
5. 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.

6. RATIONALE OF THE SCHEME & BENEFITS

- 6.1 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.
- 6.2 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.
- 6.3 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.

7. SALIENT FEATURES OF THE SCHEME

7.1 Salient features of the scheme are set out as below:

- The Scheme provides for demerger of '5Paisa Digital Undertaking' from IIFL Holdings Limited into 5Paisa Capital Limited.
- The Scheme is presented under Section 230 to Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the extent notified and applicable, and as amended from time to time for Arrangement between the Demerged Company and the Resulting Company.
- The Demerged Company and the Resulting Company shall make applications and / or petitions under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the National Company Law Tribunal, Mumbai Bench ('Tribunal') for sanction of this Scheme and all matters ancillary or incidental thereto.
- Appointed Date' for the Scheme is 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.
- Effective Date' means the date on which the certified copy of the order sanctioning this Scheme passed by the Tribunal or such other competent authority, as may be applicable, is filed with the Registrar of Companies, Maharashtra.
- Upon the Scheme being effective, Resulting Company shall issue shares in the following manner:
- 1 (One) fully paid up New Equity Share of ₹ 10 (Rupees Ten) each of Resulting Company shall be issued and allotted for every 25 (Twenty Five) fully paid up equity shares of ₹ 2 (Rupees Two) each held in Demerged Company.”

This Scheme is conditional upon and subject to the following:

- a) 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 Demerged Company and Resulting Company as may be directed by the High Court.
- b) 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.
- c) Demerged Company/Resulting Company 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.
- d) 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.
- e) The sanction of the Tribunal under Sections 230 to 232 of the said Act in favour of Demerged Company and Resulting under the said provisions and to the necessary Order being obtained;
- f) Certified or authenticated copy of the Order of the Tribunal sanctioning the Scheme being filed with the respective Registrar of Companies by Demerged Company and Resulting Company.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the key provisions of the Scheme.

8. **CAPITAL STRUCTURE PRE AND POST DEMERGER**

8.1 Pre-demerger and post-demerger capital structure of the Demerged Company as on March 24, 2017 is as follows:

Particulars	Pre Demerger		Post Demerger	
	No. of Shares	Amount in Crs.	No. of Shares	Amount in Crs.
Authorised Share Capital				
Equity Shares of ₹ 2/- each	60,00,00,000	120	60,00,000	120
Issued, Subscribed and Paid-up Shares Capital				
Equity Shares of ₹ 2/- each, fully paid up	31,79,08,193	63.58	31,79,08,193	63.58

8.2 Pre-demerger and post-demerger capital structure of the Resulting Company as on March 24, 2017 is as follows:

Particulars	Pre Demerger		Post Demerger	
	No. of Shares	Amount in Crs.	No. of Shares	Amount in Crs.
Authorised Share Capital				
Equity Shares of ₹ 10/- each	1,80,00,000	18.00	1,80,00,000	18.00
Issued, Subscribed and Paid-up Shares Capital				
Equity Shares of ₹ 10/- each, fully paid up	1,77,16,500	17.71	1,27,16,327	12.72

Note:

1. Based on share Allocation ratio, the percentage shareholding of 5PCL will be a mirror shareholding pattern of IHL after the scheme of arrangement becomes effective.
2. IHL being a listed entity the shareholding is subject to change.

9. **PRE AND POST DEMERGER SHAREHOLDING PATTERN**

9.1 The pre and post demerger shareholding pattern of the Demerged Company as on March 24, 2017 is as follows:

Sr. No	Description	Pre Demerger shareholding		Post Demerger shareholding	
		Number of shares	%	Number of shares	%
(A)	PROMOTER AND PROMOTER GROUP				
(1)	Indian				
(a)	Individuals/Hindu Undivided Family	88361432	27.79	88361432	27.79
(b)	Bodies Corporate	4000000	1.26	4000000	1.26
(c)	Others	--		--	
	Sub-Total A(1):	92361432	29.05	92361432	29.05
(2)	Foreign				
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)	--	--	--	--
	Sub-Total A(2) :	--	--	--	--
	Total A=A(1)+A(2)	92361432	29.05	92361432	29.05

(B)	PUBLIC SHAREHOLDING				
(1)	INSTITUTIONS				
(a)	Mutual Funds	6162598	1.94	6162598	1.94
(b)	Venture Capital Funds	--	--	--	--
(c)	Alternative Investment Funds	--	--	--	--
(d)	Foreign Venture Capital Investors	--	--	--	--
(e)	Foreign Portfolio Investors	68635887	21.59	68635887	21.59
(f)	Financial Institutions/ Banks	64709	0.02	64709	0.02
(g)	Insurance Companies	--	--	--	--
(h)	Provident Funds / Pension Funds	--	--	--	--
(i)	Any other	--	--	--	--
	Sub-Total B(1) :	74863194	23.54	74863194	23.54
(2)	Non-Institutions				
(a)	Individuals				
	(i) Individuals holding nominal share capital upto ? 2 lakhs	11108963	3.49	11108963	3.49
	(ii) Individuals holding nominal share capital in excess of ? 2 lakh	28580485	8.99	28580485	8.99
(b)	NBFC registered with RBI	--	--	--	--
(C)	Overseas Depositories (holding DRs)	--	--	--	--
(d)	Others	110919119	34.90	110994119	34.90
	Sub-Total B(2) :	150608567	47.38	150683567	47.38
	Total B=B(1)+B(2) :	225471761	70.92	225471761	70.92
(C)	Shares held by Employee Trust	75000	0.02	75000	0.02
	Total C	75000	0.02	75000	0.02
	Total (A+B+C) :	317908193	100	317908193	100

Note:

1. Based on share Allocation ratio, the percentage shareholding of 5PCL will be a mirror shareholding pattern of IHL after the scheme of arrangement becomes effective.

2. IHL being a listed entity the shareholding is subject to change

9.2 The pre and post demerger shareholding pattern of the Resulting Company as on March 24, 2017 is as follows:

Sr. No	Description	Pre Demerger shareholding		Post Demerger shareholding	
		Number of shares	%	Number of shares	%
(A)	PROMOTER AND PROMOTER GROUP				
(1)	Indian				
(a)	Individuals/Hindu Undivided Family	--		3534457	27.79
(b)	Bodies Corporate	17716500	100	160000	1.26
(c)	Others	--			
	Sub-Total A(1):	17716500	100	3694457	29.05

(2)	Foreign				
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)			--	--
	Sub-Total A(2) :			--	--
	Total A=A(1)+A(2)			3694457	29.05
(B)	PUBLIC SHAREHOLDING				
(1)	INSTITUTIONS				
(a)	Mutual Funds			246503	1.94
(b)	Venture Capital Funds				--
(c)	Alternative Investment Funds				--
(d)	Foreign Venture Capital Investors				--
(e)	Foreign Portfolio Investors			2745435	21.59
(f)	Financial Institutions/ Banks			2588	0.02
(g)	Insurance Companies				--
(h)	Provident Funds / Pension Funds				--
(i)	Any other				--
	Sub-Total B(1) :			2994527	23.54
(2)	Non-Institutions				
(a)	Individuals				
	(i) Individuals holding nominal share capital upto Rs. 2 lakhs			444358	3.49
	(ii) Individuals holding nominal share capital in excess of Rs. 2 lakh			1143219	8.99
(b)	NBFC registered with RBI				--
(c)	Employee Trusts				--
(d)	Overseas Depositories (holding DRs)				--
(e)	Others			4436765	34.90
	Sub-Total B(2) :			6024343	47.38
	Total B=B(1)+B(2) :			9018871	70.92
(C)	Shares held by Employee Trust			3000	0.02
	Total C			3000	0.02
	Total (A+B+C) :	17716500	100	12716327	100

Note:

- Based on share Allocation ratio, the percentage shareholding of 5PCL will be a mirror shareholding pattern of IHL after the scheme of arrangement becomes effective.
- IHL being a listed entity the shareholding is subject to change

10. EXTENT OF SHAREHOLDING OF DIRECTORS AND PROMOTERS:

10.1 The Directors of the Demerged Company and the Resulting Company may be deemed to be concerned and/ or interested in the proposed Scheme to the extent of the shares that may be held by them or by the companies, firms, institutions, trusts of which they are Directors, Partners, Members or Trustees in the Demerged Company or the Resulting Company. None of the Directors and the Key Managerial Personnel ('KMP') and the Debenture Trustee, if any, of the Demerged Company and/or the Resulting Company have any material interest in the Scheme except as shareholders to the

extent, which will appear from the Register of Director's Shareholding maintained by the Demerged Company and the Register of Directors maintained by the Resulting Company. Additionally the Scheme of Arrangement does not have any effect on the Directors/Key Managerial Personnel/Promoters/ Non-promoter Members, if any/Creditors/ Debenture holders, if any/Debenture Trustee, if any/Employees of the Demerged and Resulting Company.

10.2 The details of the present directors of the Demerged Company and the Resulting Company and their respective shareholdings as on (March 24, 2017) are as follows:

Demerged Company

Name	Designation	Shares held in the Demerged Company
Mr. Nirmal Jain	Chairman	51252000
Mr. Venkataraman Rajamani	Managing Director	19909432
Mr. Arun Kumar Purwar	Independent Director	100000
Mr. Nilesh Shivji Vikamsey	Independent Director	165000
Mr. Subbaraman Narayan	Independent Director	Nil
Mr. Chandran Ponnaiah Ratnaswami	Director	Nil
Ms. Geeta Mathur	Independent Director	Nil
Mr. Kranti Sinha	Independent Director	115000

Resulting Company

Name	Designation	Shares held in the Resulting Company
* Mr. R. Mohan	Director	1
* Mr. Narendra Jain	Director	1
Mr. Prakarsh Gagdani	Director	Nil

Note:- * Mr. R. Mohan and Mr. Narendra Jain hold one equity shares each as a nominee of IIFL Holdings Limited.

11. GENERAL

- 11.1 The Demerged Company and the Resulting Company had made an application before the National Company Law Tribunal, Mumbai Bench for the sanction of the Scheme under Section 230 to Section 232 of the Companies Act, 2013.
- 11.2 In relation to the meeting of the Resulting Company, equity shareholders of the Resulting Company whose names are appearing in the records of the Company as on March 24, 2017 shall be eligible to attend and vote at the meeting of the equity shareholders of the Resulting Company convened at the direction of the Tribunal by poll.
- 11.3 There are unsecured creditors in the Resulting Company amount to ₹ 38,894,113/-.
- 11.4 The rights and interests of secured creditors of the Demerged Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all called from them nor their rights sought to be modified in any manner and post the Scheme, the Resulting Company will be able to meet its liabilities as they arise in the ordinary course of business.
- 11.5 Except to the extent of the shares held by the Directors and KMP stated under paragraph 10 above, none of the directors, KMP of the Demerged Company or their respective relatives is in any way connected or interested in the aforesaid resolution.

- 11.6 The latest audited accounts for the year ended March 31, 2016 and latest provisional unaudited accounts for the quarter ended December 31, 2016 of the Resulting Company indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any secured creditor of the Demerged Company would lose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the Arrangement will not cast any additional burden on the shareholders or creditors of either company, nor will it affect the interest of any of the shareholders or creditors.
- 11.7 There are no winding up proceedings pending against the Demerged Company or the Resulting Company as of date.
- 11.8 No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Demerged Company and Resulting Company.
- 11.9 The Demerged Company and the Resulting Company are required to seek approvals/ sanctions/ no- objections from certain regulatory and governmental authorities for the Scheme such as the registrar of companies, regional director, and will obtain the same at the relevant time.
- 11.10 Names and addresses of the Directors and Promoters of the Demerged Company are as under:

Name of Directors	Address of Director
Mr. Nirmal Jain	101-A , Ashoka Guruprasad CHS Ltd. Hanuman Road, Vile Parle (East) Mumbai 400057 MH IN
Mr. Venkataraman Rajamani	604, Glen Heights Hiranandani Gardens, Powai Andheri 400076 MH IN
Mr. Arun Kumar Purwar	C-2303/4, Flr-23, Ashok Tower, 63/7-4, Dr S.S. Rao Road, Parel, Mumbai 400012 MH IN
Mr. Nilesh Shivji Vikamsey	184, Kalapataru Habitat, Tower-A, Dr. S.S. Rao Road, Parel, Mumbai 400012 MH IN
Mr. Subbaraman Narayan	Flat No. 2B Nithyasree Apartments No.51, Chamiers Road Raja Annamalaipura M Chennai 600028 TN IN
Mr. Chandran Ponnaiah Ratnaswami	117 Mckee Avenue, Ontario, M2N4C6 Toronto M2N4C6 CA
Ms. Geeta Mathur	B-1/8, Vasant Vihar New Delhi 110057 DL IN
Mr. Kranti Sinha	Flat No.3, Jeevan Sangram CHS Ltd., Plot 24, Sector 2, Charkop, Kandivali West, Mumbai 400067 MH IN

Name of Promoters	Address of Promoters
Mr. Nirmal Jain	101-A, Ashoka Guruprasad CHS Ltd., Hanuman Road, Vile Parle (East), Mumbai 400057 MH IN
Mr. Venkataraman Rajamani	604, Glen Heights Hiranandani Gardens, Powai, Andheri 400076 MH IN
Ms. Madhu N. Jain	101-A, Ashoka Guruprasad CHS Ltd., Hanuman Road, Vile Parle (East), Mumbai 400057 MH IN
M/s. Ardent Impex Pvt. Ltd.	511, Sai Chamber, Next to Syndicate Bank, Near Railway Station, Santacruz-East, Mumbai 400055 MH IN
M/s. Orpheus Trading Pvt. Ltd.	511, Sai Chamber, Next to Syndicate Bank, Near Railway Station, Santacruz-East, Mumbai 400055 MH IN
Ms. Aditi Athavankar	604, Glen Heights Hiranandani Gardens, Powai, Mumbai 400076 MH IN

11.11 Names and addresses of the Directors and Promoters of the Resulting Company are as under:

Name of Director	Address of Directors
Mr. R. Mohan	2003, 20th Floor, B Wing, Lakshachandi Heights, Gokuldharm, Goregaon (E), Mumbai 400063 MH IN
Mr. Narendra Jain	Flat No. 202, Shri Narmada CHS Haridas Nagar, Shimpoli Road, Borivali (West), Mumbai 400092 MH IN
Mr. Prakash Gagdani	RM 23, Kalpit, Lane No.5, Sudama Nagar, MIDC, Dombivli East, Thane 421203 MH IN

Name of Promoters	Address of Promoters
IIFL Holdings Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane 400604 MH IN

11.12 The Board of Directors of the Demerged Company approved the Scheme on September 30, 2016. Details of directors of the Demerged Company who voted in favour / against / did not participate in the meeting of the Board of Directors the Demerged Company are given below:

Name of Director	Voted in favour / against / did not participate
Mr. Nirmal Jain	Voted in favour
Mr. Venkataraman Rajamani	Voted in favour
Mr. Arun Kumar Purwar	Voted in favour
Mr. Nilesh Shivji Vikamsey	Voted in favour
Mr. Subbaraman Narayan	Voted in favour
Mr. Chandran Ponnaiah Ratnaswami	Voted in favour
Mr. Geeta Mathur	Voted in favour
Mr. Kranti Sinha	Voted in favour

11.13 The Board of Directors of the Resulting Company approved the Scheme on September 30, 2016. Details of directors of the Resulting Company who voted in favour / against / did not participate in the meeting of the Board of Directors the Resulting Company are given below:

Name of Director	Voted in favour / against / did not participate
Mr. R. Mohan	Absent
Mr. Narendra Jain	Voted in favour
Mr. Prakarsh Gagdani	Voted in favour

11.14 The Resulting Company does not have any depositors, deposit trustee. Scheme will not have any impact on the employees of the Demerged Company as they would continue to be in employment of the Demerged Company without any change in their terms of employment on account of the Scheme. Further, no change in the Board of Directors of the Demerged Company is envisaged on account of the Scheme.

11.15 This statement may be treated as an Explanatory Statement under Section 230(3) read with Section 102 of the Companies Act, 2013.

11.16 The Board of Directors of Demerged/Resulting Company have obtained valuation report for share entitlement ratio for demerger dated 30th September, 2016 wherein SSPA & Co., Chartered Accountants, have affirmed the consideration recommended by management of both the companies after giving due weightage to the factors that both the companies are part of the same

group and the shareholders of Demerged Company shall be the ultimate beneficial owners of Resulting Company in the same ratio as they hold shares in Demerged Company. A copy of valuation report is enclosed herewith as **Annexure 'B'**.

- 11.17 The New Equity Shares to be issued by 5PCL to the members of IHL pursuant to clause 5.1 of the 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. 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.
- 11.18 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.
- 11.19 NSE was appointed as the designated stock exchange by the Demerged Company for the purpose of co-ordinating with SEBI, pursuant to SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015. The Demerged Company has received observations letters regarding the Scheme of Arrangement from BSE and NSE dated February 27, 2017 and March 02, 2017 respectively. BSE and NSE have conveyed their no adverse observations/no objections for filing the Scheme with the Hon'ble Tribunal, Mumbai Bench. Copy of the Observation letters received from BSE and NSE are attached herewith as **Annexure 'C'**.
- 11.20 The provisional unaudited financial statements of Demerged Company for the period ended on December 31, 2016 is enclosed herewith as **Annexure 'D'**.
- 11.21 Inspection of the following documents specified under Rule 6(3)(ix) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, may be carried out by the Equity Shareholders of the Demerged Company at the Registered Office of the Demerged Company on any working days prior to the date of the meeting between 11.00 am and 01.00pm.
- a) Copy of the Order dated March 23, 2017 of the Hon'ble Tribunal passed in Company Scheme Application No. 259 of 2017 directing the convening of the meeting of the Equity Shareholders of the Demerged Company,
 - b) Audited Financial Statements of the Demerged Company for last financial years ended March 31, 2016.
 - c) Provisional Unaudited Financial Statements of Demerged Company as on December 31, 2016.
 - d) Copy of Scheme of Arrangement.
 - e) Certificate issued by the auditor dated September 30, 2016 stating that the accounting treatment proposed in the Scheme is in conformity with accounting standards prescribed under Section 133 of the Companies Act, 2013.
 - f) Copies of the Memorandum and Articles of Association of IIFL Holdings Limited and 5paisa Capital Limited respectively.

Sd/-

Prakarsh Gagdani
Chairperson appointed for the meeting
of Equity Shareholders

Place: Mumbai

Date: April 6, 2017

Annexure-A

SCHEME OF ARRANGEMENT

BETWEEN

IIFL HOLDINGS LIMITED (“IHL” OR “THE DEMERGED COMPANY”)

AND

5PAISA CAPITAL LIMITED (“5PCL” OR “THE RESULTING COMPANY”)

AND

THEIR RESPECTIVE SHAREHOLDERS

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**

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

Share Capital	Amount in (₹)
Authorised Share Capital	
600,000,000 Equity Shares of ₹ 2/- each	1,200,000,000
Total	1,200,000,000
Issued, Subscribed and Paid-up Share Capital	
316,536,853 Equity Shares of ₹ 2/- each fully paid up	633,073,706
Total	633,073,706

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:

Share Capital	Amount in (₹)
Authorised Share Capital	
600,000,000 Equity Shares of ₹ 2/- each	1,200,000,000
Total	1,200,000,000
Issued, Subscribed and Paid-up Share Capital	
317,095,853 Equity Shares of ₹ 2/- each fully paid up	634,191,706
Total	634,191,706

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

Share Capital	Amount in (₹)
Authorised Share Capital	
10,000,000 Equity Shares of ₹ 10/- each	10,00,00,000
Total	10,00,00,000
Issued, Subscribed and Paid-up Share Capital	
30,50,000 Equity Shares of ₹ 10/- each fully paid up	3,05,00,000
Total	3,05,00,000

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:

Share Capital	Amount in (₹)
Authorised Share Capital	
18,000,000 Equity Shares of ₹ 10/- each	180,000,000
Total	180,000,000
Issued, Subscribed and Paid-up Share Capital	
17,716,500 Equity Shares of ₹ 10/- each fully paid up	177,165,000
Total	177,165,000

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 ₹ 10 (Rupees Ten) each of 5PCL shall be issued and allotted for every 25 (Twenty Five) fully paid up equity shares of ₹ 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.

ANNEXURE - B

SSPA & CO.
Chartered Accountants
1st Floor, "Arjun", Plot No. 6 A,
V. P. Road, Andheri (W),
Mumbai - 400 058. INDIA.
Tel. : 91 (22) 2670 4376
91 (22) 2670 3682
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Website : www.sspa.in

STRICTLY PRIVATE & CONFIDENTIAL

September 30, 2016

The Board of Directors
IIFL Holdings Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23, Wagle Estate,
Thane (W) – 400 604.

The Board of Directors
5 Paisa Capital Limited
143, MGR Road,
Perungudi,
Chennai – 600 096.

Re: Share Entitlement Ratio Report for proposed demerger of "5 Paisa Digital Undertaking" of IIFL Holdings Limited into 5Paisa Capital Limited

Dear Sirs,

We have been requested by the management of IIFL Holdings Limited (hereinafter referred to as "IHL") and 5Paisa Capital Limited (hereinafter referred to as "5PCL"), (hereinafter collectively referred to as "Companies") to issue this report in connection with demerger of 5Paisa Digital Undertaking of IHL into 5PCL for the purpose set out below:

1. BACKGROUND

1.1. IIFL HOLDING LIMITED

1.1.1. IHL is the apex holding company of the entire IIFL Group. IHL (formerly known as India Infoline Limited) offers a gamut of services including financing, wealth and asset management, broking, financial product distribution, online digital services, investment banking, institutional equities, realty and property advisory services through its various subsidiaries.

1.1.2. IHL has also over a period of time deployed resources in development of technology, mobile app platform, domain name, expertise, infrastructure, registration of brands and trademarks for 5Paisa Digital Business. It carries out these activities itself and through its 100% subsidiary ie. 5Paisa Capital Limited.

1.1.3. The equity shares of IHL are listed on BSE Limited and National Stock Exchange of India Limited.



1.2. 5PAISA CAPITAL LIMITED

- 1.2.1. 5PCL (formerly known as IIFL Capital Limited), is a wholly owned subsidiary of IHL and is a trading and clearing member of National Stock Exchange of India Limited & BSE Limited. 5PCL is also involved in trading of equities, derivatives and currency on proprietary and client account and is registered as mutual fund distributor with Association of Mutual Funds of India.
- 1.2.2. Currently IHL holds 100% of the equity share capital of 5PCL. We have been given to understand from the Management that IHL would infuse further amount of cash in 5PCL prior to the appointed date. Post infusion IHL would continue to hold 100% of the equity share capital of 5PCL.
- 1.3. The management of IHL is considering a demerger of its 5 Paisa Digital Undertaking into 5PCL with effect from appointed date of October 1, 2016.
- 1.4. We have been informed that 5 Paisa Digital Undertaking of IHL will be transferred to 5PCL and in consideration, equity shares of 5PCL would be issued to the equity shareholders of IHL.
- 1.5. We have been further informed that the existing share capital of 5PCL is proposed to be cancelled as part of the Demerger.
- 1.6. The management of IHL and 5PCL hereinafter will be collectively referred to as the "Management".

2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Estimated position of assets and liabilities of 5 Paisa Digital Undertaking of IHL as on March 31, 2016.
- (b) Current and proposed shareholding pattern of 5PCL.
- (c) Such other information and explanations as we required and which have been provided by the Management.

3. LIMITATIONS & EXCLUSIONS

- 3.1. Our recommendation is dependent upon the information furnished to us being complete in all material respects.



- 3.2. Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 3.3. Our report is not nor should it be construed as our opining or certifying the compliance of the proposed Demerger of 5Paisa Digital Undertaking of IHL with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed Demerger.
- 3.4. The information contained herein and our report is intended only for the sole use and information of the Companies, and only in connection with the proposed demerger as aforesaid including for the purpose of obtaining requisite approvals. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed demerger as aforesaid, can be done only with our prior permission in writing.
- 3.5. No investigation on the Companies claims to title of assets has been made for the purpose of this report and their claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of a legal nature.
- 3.6. We have not carried out audit of the information provided for the purpose of this engagement. We assume no responsibility for any errors in the above information furnished by the Companies and consequential impact on the present exercise.
- 3.7. Our work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Our analysis and results are specific to the purpose of this report as per agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 3.8. Any third person/party intending to provide finance/invest in the shares/businesses of any of the Companies/5Paisa Digital Undertaking, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.



- 3.9. This report is prepared only in connection with the proposed demerger and transfer exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.
- 3.10. SSPA & Co., nor its partners, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which this report is being issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in this report.

4. EQUITY SHARE ENTITLEMENT RATIO

- 4.1. We understand from the Management that for the proposed demerger of 5Paisa Digital Undertaking from IHL into 5PCL, the ratio of allotment of equity shares in 5PCL is decided based on the capital structure of 5PCL desired by the Management, however the shareholders of IHL would be entitled to shares in 5PCL in the same proportion to their shareholding in IHL.
- 4.2. The Management are proposing to issue equity shares in the ratio of **1 (One)** equity share of INR 10 each fully paid up of 5PCL for every **25 (Twenty Five)** equity shares of IHL of INR 2 each fully paid up.

5. CONCLUSION

- 5.1. Based on the above, a ratio of **1 (One)** equity share of INR 10 each fully paid up of 5PCL for every **25 (Twenty Five)** equity shares of INR 2 each fully paid up of IHL in consideration for the demerger of 5Paisa Digital Undertaking would be fair and reasonable, considering that all the shareholders of IHL are and will, upon demerger, be the ultimate beneficial owners of 5PCL in the same ratio (inter se) as they hold shares in IHL.

Thank you,
Yours faithfully,

SSPA & Co.

SSPA & CO.
Chartered Accountants
Firm Registration Number: 128851W



Place: Mumbai

ANNEXURE - C



NATIONAL STOCK EXCHANGE
OF INDIA LIMITED



Stock of the nation

Ref: NSE/LIST/106012

March 2, 2017

The Company Secretary
IIFL Holdings Limited
IIFL Centre, B Wing, Trade Centre,
Off Senapati Bapat Marg,
Lower Parel,
Mumbai - 400013

Kind Attn.: Mr. Gajendar Thakur

Dear Sir,

Sub: Revised Observation letter for draft Scheme of Arrangement between IIFL Holding Limited and 5Paisa Capital Limited and their respective shareholders.

This has reference to draft Scheme of Arrangement between IIFL Holding Limited and 5Paisa Capital Limited and their respective shareholders submitted to NSE vide your letter dated October 08, 2016.

Based on our letter reference no. NSE/LIST/104013 submitted to SEBI and pursuant to SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated February 27, 2017, has given following comments on the draft Scheme of Arrangement:

- "1. Company shall ensure that additional information, if any, submitted by the company, after filling the scheme with the stock exchange, from the date of receipt of this letter is displayed on the website of the listed entity.*
- 2. The Company shall duly comply with various provisions of the Circular."*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court / NCLT.

However, the listing of equity shares of 5Paisa Capital Limited on the National Stock Exchange of India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957. Further, 5Paisa Capital Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfill the Exchange's criteria for listing such Company and also comply with other applicable statutory requirements. However, the listing of shares of 5Paisa Capital Limited is at the discretion of the Exchange.

The listing of 5Paisa Capital Limited, pursuant to the Scheme of Arrangement and Amalgamation shall be subject to SEBI approval & Company satisfying the following conditions:



1. To submit the Information Memorandum containing all the information about 5Paisa Capital Limited and its group Companies in line with the disclosure requirements applicable for public issues with NSE for making the same available to the public through website of the Company.
2. To publish an advertisement in the newspapers containing all the information about 5Paisa Capital Limited in line with the details required as per SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about 5Paisa Capital Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for disclosures about the subsidiaries.
4. The following provision shall be incorporated in the Scheme:
 - (a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
 - (b) "There shall be no change in the shareholding pattern or control in 5Paisa Capital Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from March 2, 2017, within which the Scheme shall be submitted to the Hon'ble High Court / NCLT. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court / NCLT, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court / NCLT;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme.
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,
For National Stock Exchange of India Limited

Divya Poojari
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

Revised

DCS/AMAL/ND/R37/711/2016-17

February 27, 2017

The Company Secretary
IIFL Holdings Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
MIDC, Thane Industrial Area,
Wagle Estate, Thane 400604

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between IIFL Holdings Limited and 5Paisa Capital Limited and their Respective Shareholders & Creditors.

We are in receipt of Draft Scheme of Arrangement between IIFL Holdings Limited and 5Paisa Capital Limited and their Respective Shareholders & Creditors.

As required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated February 27, 2017 has inter alia given the following comment(s) on the draft scheme of Arrangement:

- "Company to ensure that the additional information, if any, submitted by the company, after filing the scheme with the stock exchange from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circulars."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

However, the listing of equity shares of 5Paisa Capital Limited on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CIR/CFD/CMD/16/2015 dated November 30, 2015. Further, 5Paisa Capital Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of 5Paisa Capital Limited is at the discretion of the Exchange. In addition to the above, the listing of 5Paisa Capital Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about 5Paisa Capital Limited in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information 5Paisa Capital Limited in line with the details required as per the aforesaid SEBI circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about 5Paisa Capital Limited on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i. "The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii. "There shall be no change in the shareholding pattern of 5Paisa Capital Limited between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of Arrangement.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a) Copy of the High Court approved Scheme;
- b) Result of voting by shareholders for approving the Scheme;
- c) Statement explaining changes, if any, and reasons for such changes carried out in the approved Scheme vis-à-vis the Draft Scheme;
- d) Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e) Status of compliance with the Observation Letter/s of the stock exchanges;
- f) The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g) Complaints Report as per Annexure II of this Circular.
- h) Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager

ANNEXURE - D

5 PAISA CAPITAL LIMITED
Balance Sheet as on 31 December 2016

(Amount in ₹)

Particulars	As at December 31, 2016	As at 31 Mar 2016
I EQUITY AND LIABILITIES		
(1) Shareholder's funds		
(a) Share Capital	177,165,000	30,500,000
(b) Reserve and Surplus	747,434,058	90,825,954
(c) Money received against share warrants		
Sub total	924,599,058	121,325,954
(2) Share application money pending allotment		
(3) Minority Interest		
(4) Non Current Liabilities		
(a) Long-term borrowings	-	
(b) deferred tax liabilities (Net)		
(c) Other Long-term liabilities	-	
(d) Long-term provisions	877,003	307,213
Sub total	877,003	307,213
(5) Current liabilities		
(a) Short-term borrowings	-	23,100,000
(b) Trade payables	57,604,254	294,509,237
(c) Other current liabilities	4,204,846	3,446,011
(d) Short-term provisions	24,248,570	2,143,443
Sub total	86,057,670	323,198,691
TOTAL	1,011,533,731	444,831,858
II ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	2,155,741	1,272,707
(ii) intangible assets	1,893,405	972,222
(iii) Capitalwork-in-progress	-	490,000
Goodwill		
(iv) Intangible assets under development		
Sub total	4,049,146	2,734,929
(b) Non-current investments	-	
(C) Deferred tax assets (Net)	57,611,598	23,619,100
(d) Long-term loans & advances	78,468,930	43,551,164
(e) Other non-current assets	-	
Sub total	136,080,528	67,170,264
(2) Current assets		
(a) Current investments	500,000,000	-
(b) Inventories	20,949,262	10,479,377
(c) Trade receivables	21,985,584	230,929,377
(d) Cash and Cash equivalents	312,463,919	128,298,290
(e) Short-term loans & advances	13,688,398	3,314,395
(f) Other current assets	2,316,893	1,905,226
Sub total	871,404,056	374,926,665
TOTAL	1,011,533,731	444,831,858

(Amount in ₹)

Statement of Profit & Loss from Apr-2016 to Dec-2016		
Paticulars	2016-2017 (Apr-16 to 31 Dec -16)	As at 31 Mar 2016
Capital Market activities	8,440,927	2,919,572
Fund Based activities	20,197,256	(15,095,171)
Financial Products distribution		
Other Income		
III.Total Revenue (I+II)	28,638,184	(12,175,599)
IV. Expenses :		
Employee cost	46,111,856	21,632,223
Administration and other expenses	85,531,576	25,009,064
Finance cost	5,511,298	18,047,734
Depreciation	2,192,848	116,784
Provision & Write off	-	
Total expenses	139,347,578	64,805,805
V. Profit before tax (III-IV)	(110,709,394)	(76,981,404)
VI. Tax expenses :		
Current tax		-
Deferred tax expenses	(33,992,498)	(23,508,923)
Short / (excess) provision for income tax	-	1,506,477
Sub total	(33,992,498)	(22,002,446)
Profit (loss) for the period (V-VI)	(76,716,896)	(54,978,958)

Schedule Forming Part of Unaudited Balance Sheet as on 31 December 2016

Note : 3 Issued, Subscribed and Paid-up share capital	As at December 31, 2016	As at Mar 31, 2016
1,77,16,500 Equity Shares of ₹ 10 each (PY 30,50,000 share of ₹ 10 each)	177,165,000	30,500,000
Note : 4 Reserve and Surplus	As at December 31, 2016	As at Mar 31, 2016
Securities Premium Account		
Opening balance	90,000,000	90,000,000
Addition during the year	733,325,000	
Deduction during the year		
Closing balance	823,325,000	90,000,000
Profit and loss Account		
Opening balance	825,954	55,804,912
Addition during the year(Reorganisation of Subsidiaries within Group) Mauritius		
Addition during the year	(76,716,896)	(54,978,958)
Adjustments/Deductions		
Amounts transferred from:		
General reserve		
Other reserves (give details)		
Less: Interim dividend		
Closing balance	(75,890,942)	825,954
Total	747,434,058	90,825,954

Note 5 : -Long-term provisions	As at December 31, 2016	As at Mar 31, 2016
Provision for Gratuity	630,861	244,396
Provision for doubtful assets		
PROVISION FOR LEAVE ENCASHMENT	246,142	62,817
Contingent Provision against standard assets		
	877,003	307,213

Note 6 : Short-term borrowings	As at December 31, 2016	As at Mar 31, 2016
Secured Loans		
Bank overdrafts/ Cash Credit		
Non Convertible Debentures (Secured Against Immovable Property , Stock and Book Debts)		
Loan from financial Institution		
Others		
Sub total	-	
Unsecured Loans		
Loan from banks		
Commercial Paper		
Non Convertible Debentures		
ICD	-	23,100,000
Sub total	-	23,100,000
Total	-	23,100,000

Note 7 : Trade Payable	As at December 31, 2016	As at Mar 31, 2016
- Outstanding dues of micro & small enterprises		
- Outstanding dues of creditors other than micro & small enterprises	57,604,254	294,509,237
Total	57,604,254	294,509,237

Note 8 : Other current liabilities	As at December 31, 2016	As at Mar 31, 2016
Current matutities of long term loans		
Book Overdraft		
Interest accrued but not due		
Advances from customers		
Proposed Dividend		
Accrued Salaries & Benefits	(35,460)	2,454,103
Margin payable/Option Premium		
Payables on account of assignment		
Payables to Vendors for health care Loans		
Contractually reimbursable expenses	7,612	7,228
Deposits Received		
Statutory Liabilities Payable	3,027,417	957,180
Dividend Distribution tax		
Income received in advance		
Unpaid Dividend		
Debenture application money received pending allotment		
Other payables	30,769	27,500
Payable to Holding Co		
Rent Payable	1,174,508	
Total	4,204,846	3,446,011

Note 9 : Short-term provisions	As at December 31, 2016	As at Mar 31, 2016
Provision for expenses	21,868,599	1,592,414
Bonus Payable	2,233,270	145,114
Provision for tax	-	354,871
Provision for Leave encashment	103,695	21,730
Provision for Gratuity	43,006	29,314
Total	24,248,570	2,143,443

Note 11 : Deffered Tax Assests	As at December 31, 2016	As at Mar 31, 2016
Depreciation	81,848	(157,501)
Deferred Tax Asset for Gratuity	156,186	84,576
Short term/Long Term Capital losses/ Business Loss	57,373,564	23,692,025
Total	57,611,598	23,619,100

Note 12 : Long-term loans & advances	As at December 31, 2016	As at Mar 31, 2016
Inter corporate deposit		
Loans		
-Secured		
-Unsecured		
Total	-	
Less : Prov for doubtful loans		
Deposit With Exchange	76,900,000	42,030,000
Deposits		
Capital Advances		
Other long term loans and advances		
Prepaid Expense		
Advance Income Tax & Tax Deducted at Source	1,568,930	1,521,164
Mat Credit		
Total	78,468,930	43,551,164

Note 13 :- Current investments	As at December 31, 2016	As at Mar 31, 2016
Short term Investments		
Unquoted , Non - Trade , Current (valued at cost or market whichever is less)		
Mutual Fund	500,000,000	
Total	500,000,000	-

Note 14 : Inventories	As at December 31, 2016	As at Mar 31, 2016
Inventory	20,949,262	10,479,377
Total	20,949,262	10,479,377

Note 15 : Trade receivables	As at December 31, 2016	As at Mar 31, 2016
Considered good	21,985,584	230,929,377
Considered doubtful		
sub total	21,985,584	230,929,377
Others		
Considered good		
Provision for doubtful receivables		
Total	21,985,584	230,929,377

Note 16 : Cash and Cash equivalent	As at December 31, 2016	As at Mar 31, 2016
Cash on hand		-
Balances with banks	257,463,918	78,298,290
Fixed deposits	55,000,000	50,000,000
Total	312,463,919	128,298,290

Note 17 : Short-term loans & advances	As at December 31, 2016	As at Mar 31, 2016
Loan to group companies		
Advances recoverable in cash or in kind or for value to be received.	1,989,609	62,975
Other Loans & Advances	11,698,789	3,251,420
Capital Advance		
Total	13,688,398	3,314,395

Note 18 : Other current assets	As at December 31, 2016	As at Mar 31, 2016
Unamortised debenture issue expenses		
Margin with exchanges	1,732,994	459,566
Unamortized premium on forward contract		
Prepaid expenses	471,558	1,373,319
Fixed Deposit - Current		
Others	112,341	72,341
Total	2,316,893	1,905,226

Note 19 : Revenue From Operations	For the period ended upto Dec 31, 2016	For the period ended upto March 31,2016
Operating Income		
DOCUMENTS MANAGEMENT INCOME	-	30
BROKERAGE INCOME	5,334,832	3,122,771
REGULATORY CHARGES INCOME	(117,178)	(203,589)
BROKERAGE INCOME - CURRENCY	39,785	130
DERIVATIVE SETTLEMENT CHARGES	155,518	10
DELAYED PAYIN CHARGES INCOME	1,222,506	
COMMISSION INCOME - OTHERS	26	
CURRENCY DERIVATIVE SETTLEMENT CHARGES	140	
CALL CENTER SERVICE CHARGES INCOME	58,859	160
BROKERAGE - MUTUAL FUND	50,019	
ONLINE FUND TRANSFER SERVICE CHARGES	-	60
DIVIDEND INCOME - MUTUAL FUND		-
OTHER CHARGES INCOME	928	810
SHARE TRADING INCOME	6,444,841	(32,237,474)
DP INCOME - CDSL	525,990	
REGISTRATION CHARGES INCOME	1,170,431	
CURRENCY TRADING ACCOUNT	-	1,764,789
Other Operating Income		
INTEREST INCOME ON FIXED DEPOSIT	3,992,094	15,211,644
CAPITAL GAINS - MUTUAL FUND (SHORT TERM)	9,759,394	165,060
Total	28,638,184	(12,175,599)

Note 20 : Other Income	For the period ended upto Dec 31, 2016	For the period ended upto March 31,2016
Miscellaneous income	-	
Profit/(loss) on Sale of Assets		
Share of profit in partnership firm		
Total	-	-

Note 21 : Employee cost	For the period ended upto Dec 31, 2016	For the period ended upto March 31,2016
Salaries and bonus	43,692,379	21,472,866
Contribution to provident and other funds	1,580,801	314,435
Gratuity	231,746	(287,017)
Staff Welfare Expenses	376,108	23,145
Leave Encashment	230,822	108,793
Deferred employee compensation expenses		
Total	46,111,856	21,632,223

Note 22 : Finance cost	For the period ended upto Dec 31, 2016	For the period ended upto March 31,2016
Interest Expenses	5,511,298	18,047,734
Other borrowing cost		
Total	5,511,298	18,047,734

Note 23 : Other expenses	For the period ended upto Dec 31, 2016	For the period ended upto March 31,2016
Advertisement	42,017,082	166,541
Books & Periodicals	1,347	1,619
Brokerage related Expenses	1,125,669	4,050,956
Exchange and statutory Charges	87,646	247,542
Marketing and commission expenses	678,684	284,496
Investment & Finance Cost	-	
Directors Remunertion	-	
Bank Charges	1,151,782	4,324,657
Communication	1,683,189	1,403,657
Donation	-	
Electricity	3,438,377	369,828
Legal and professional charges	8,435,001	3,239,812
Miscellaneous expenses	21,429	19,607
CSR Expense		
Office expenses	2,192,458	932,484
Meeting Seminar & subscription	916,226	221,987
Postage and courier	168,135	9,894
Printing and stationery	81,204	19,653
Provision for doubtful debts and bad debts	(2)	(8,237)
Rent	8,987,927	3,064,815
Insurance	78,119	322,025
Rates & taxes	62,908	219,561
Repairs & Maintenance		
- Computer	285,958	32,369
- Others	280,868	20,884
Remuneration to Auditors :		
As auditors - statutory audit	8,625	11,500
Certification work and other matters	17,086	8,500
Out of pocket expenses	-	
Reimbursement of expenses	-	
Software Charges/ Technology Cost	11,032,156	3,457,141
Sundry balance written off		
Profit/(Loss) on sale of assets	-	
Travelling and conveyance	2,779,702	2,587,775
Total	85,531,576	25,009,064

Note 24 : Depreciation	For the period ended upto Dec 31, 2016	For the period ended upto March 31,2016
DEPRECIATION - COMPUTERS	275,895	59,828
DEPRECIATION - AIR CONDITIONER	10,255	
DEPRECIATION - SOFTWARE	425,517	27,778
DEPRECIATION - OFFICE EQUIPMENT	278,461	29,178
DEPRECIATION - ELECTRICAL EQUIPMENTS	239,836	
DEPRECIATION - FURNITURE & FIXTURES	962,884	
Total	2,192,848	116,784

Note 25 : Earning per share	For the period ended upto Dec 31, 2016	For the period ended upto March 31,2016
Net Profit after Tax for the Year	(76,716,896)	(54,978,958)
Weighted Average No., of Shares	8,264,464	3,050,000
Basic EPS	(9.28)	(18.03)
Diluted EPS	(9.28)	(18.03)

ASSETS	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	As at 01/04/2016	Additions	Deductions /Adjustments during the year *	As at 31/12/2016	01/04/2016	For the year	Deductions /Adjustments during the year *	Upto 31/12/2016	As at 31/12/2016	As at 31/03/16
Tangible Assets										
Air Conditioner				-				-	-	-
Computer	997,196	110,000		1,107,196	59,828	275,895		335,723	771,473	937,368
Electrical Equipment		322,640		322,640		239,836		239,836	82,804	-
Furniture And Fixture		1,836,897		1,836,897		962,884		962,884	874,013	-
Office Equipment	364,518	380,828		745,346	29,179	288,716		317,895	427,451	335,339
Vehicle			-	-				-	-	-
Total	1,361,714	2,650,365	-	4,012,079	89,007	1,767,331	-	1,856,338	2,155,741	1,272,707
Intangible Assets										
Software	1,000,000	1,346,700	-	2,346,700	27,778	425,517	-	453,295	1,893,405	972,222
Goodwill		-	-	-			-	-	-	-
Total	1,000,000	1,346,700	-	2,346,700	27,778	425,517	-	453,295	1,893,405	972,222
Grand Total	2,361,714	3,997,065	-	6,358,779	116,785	2,192,848	-	2,309,633	4,049,146	2,244,929

Note : Capital work in progress ₹ NIL (Previous year ₹ 4,90,000) pertains to assets not yet capitalised

30th September, 2016**The Board of Directors****IIFL Holdings Limited**

IIFL Centre,
Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area, Wagle Estate, Thane
Mumbai – 400 604

and

5 Paisa Capital Limited

143 MGR Road, Perungudi,
Chennai,
Tamil Nadu-600096

Dear Sirs,

Reg: Fairness opinion towards Share Entitlement Ratio Report for proposed demerger of "5 Paisa Digital Undertaking" of IIFL Holdings Limited into 5Paisa Capital Limited

Keynote Corporate Services Limited ("Keynote" or "we" or "us") is Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness by the management of IIFL Holdings Limited (hereinafter referred to as "IHL") and 5Paisa Capital Limited (hereinafter referred to as "5PCL"), (hereinafter collectively referred to as "Companies") to issue this report in connection with demerger of 5 Paisa Digital Undertaking of IHL into 5PCL. We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by SSPA & Co. dated 30th September, 2016 and state as follows:

Company Profile:

IIFL Holdings Limited (formerly known as India Infoline Limited) is listed on both the leading stock exchanges in India, viz. Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and is also a member of both the exchanges. IHL is the apex holding company of IIFL Group. IIFL group has diversified business model that includes credit and finance, wealth management, online digital services, financial product distribution, asset management, capital market advisory and investment banking. IHL has also over a period of time deployed resources in development of technology, mobile app platform, domain name, expertise, infrastructure, registration of brands and trademarks for 5Paisa Digital Business. It carries out these activities itself and through its 100% subsidiary ie. 5Paisa Capital Limited.

5Paisa Capital Limited (formerly IIFL Capital Limited) was incorporated on 10th July 2007 under the Companies Act, 1956. 5PCL is wholly owned subsidiary of IIFL Holdings Limited. 5Paisa Capital Limited is Trading and Clearing membership of National Stock Exchange (NSE) & Bombay Stock Exchange (BSE). 5Paisa Capital Limited is also depository participant with Central Depository Service (India) Limited. 5Paisa Capital Limited is also registered as mutual fund distributor with Association of Mutual Funds of India

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Keynote Corporate Services Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028
Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: info@keynoteindia.net • Website: www.keynoteindia.net
CIN-L67120MH1993PLC072407

KEYNOTE

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(AMFI). It offers online trading in Equity, Mutual Funds, Derivative and Currency through trading terminal and mobile application. It also offers depository services and mutual fund distribution services.

Rationale of the Report:

We have been given to understand that management of IIFL is considering a proposal to demerge 5Paisa Digital Undertaking carried out by IIFL Holdings Limited ("IHL") on a going concern basis and vesting in 5PCL on a going concern basis through a Scheme of Arrangement ("Scheme"). In this regard, we have been requested to suggest Fairness on the proposed Arrangement.

Sources of Information:

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Valuation Certificate by SSPA & Co. dated: 30th September, 2016
- Management certified Assets & Liabilities position of 5Paisa Digital Undertaking of IHL that is proposed to be transferred to 5PCL as at 31st March, 2016
- Provisional Financial Statements of 5 Paisa Capital Limited as at 30th June, 2016
- Draft Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the Valuation Report, SSPA & Co. has recommended the following:

"A ratio of 1 (One) equity share of INR 10 each fully paid up of 5PCL for every 25 (Twenty Five) equity shares of INR 2 each fully paid up of IHL in consideration for the demerger of 5 Paisa Digital Undertaking would be fair and reasonable, considering that all the shareholders of IHL are and will, upon demerger, be the ultimate beneficial owners of 5PCL in the same ratio (inter se) as they hold shares in IHL."

The aforesaid Arrangement shall be pursuant to the Draft Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional High Court, the relevant Stock Exchanges and other statutory approvals as may be required. The detailed terms and conditions of the Arrangement are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the methodology used and corresponding valuation as suggested by SSPA & Co. proposed under the Scheme of Arrangement is fair in our opinion.

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Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by IHL & 5PCL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of IHL & 5PCL. We have solely relied upon the information provided to us by IHL & 5PCL. We have not reviewed any books or records of IHL & 5PCL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of IHL & 5PCL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of IHL & 5PCL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by IHL & 5PCL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of IHL & 5PCL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of IHL & 5PCL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that IHL & 5PCL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving IHL & 5PCL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to IHL & 5PCL for providing a fairness view on the proposed transaction and will receive a fee for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of IHL & 5PCL for the purpose of this transaction and may not be relied upon by any other person and may

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not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of IHL & 5PCL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to IHL's and 5PCL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of IHL & 5PCL should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of IHL & 5PCL will trade following the announcement of the transaction or as to the financial performance of IHL & 5PCL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, IHL & 5PCL and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD.**



Vineet Suchanti
Managing Director
SEBI Registration No. INM000003606
(Category I Merchant Banker)

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ANNEXURE - F

REPORT OF THE BOARD OF DIRECTORS ON THE DRAFT SCHEME OF ARRANGEMENT BETWEEN IIFL HOLDINGS LIMITED ('THE DEMERGED COMPANY/ IHL') AND 5PAISA CAPITAL LIMITED ('THE RESULTING COMPANY/5PCL') AND THEIR RESPECTIVE SHAREHOLDERS.

The Management had placed before the Board of Directors on 30th September, 2016, the Draft Scheme of Arrangement between IIFL Holdings Limited ('the Demerged Company/IHL') and 5Paisa Capital Limited ('the Resulting Company/5PCL') and their respective shareholders ("Scheme") under the applicable provisions of the Companies Act, 2013 and the Companies Act, 1956.

At the Board Meeting following documents were placed before the Board for their consideration:

- a) Draft Scheme of Arrangement;
- b) Memorandum of Association and Articles of Association of the Company;
- c) Independent Auditor's Certificate on Net worth (Net worth Certificate) pre and post Scheme of Arrangement;
- d) Audited accounts of the Company as on 31st March, 2016;
- e) Valuation report on share entitlement ratio obtained from M/s SSPA & Co.;
- f) Fairness Opinion obtained from Keynote Corporate Services Limited- Merchant Banker- Category I.

Further, as per provision of section 232(2)(c) of the Companies Act, 2013, a report adopted by the Directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders along with the notice convening the meeting.

Accordingly, based on review of the Draft Scheme of Arrangement between IHL and 5PCL and the above mentioned documents, the Board was of the opinion that:

1. Based on the Valuation Report on share entitlement ratio obtained from M/s. SSPA & Co., the Scheme of Arrangement provides the following exchange ratio:

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

2. Currently, 5PCL is a 100% subsidiary of IHL. Post the Scheme becoming effective and allotment of shares by 5PCL as mentioned above, the Shareholding in 5PCL will be a mirror image of the shareholding of IHL and hence, the rights and interests of the shareholders of 5PCL shall not be affected and the Scheme shall also not be prejudicial to the interest of the shareholders of 5PCL. Further, the shares of 5PCL will be listed on the stock exchanges wherein the shares of IHL are listed.
3. The effect of the proposed Scheme of Arrangement on the stakeholders of the Company would be as follows:

Effect of the arrangement on:	
Shareholders	No Impact
Key Managerial Personnel	No Impact
Directors	No Impact
Promoters	No Impact
Non-promoter members	No Impact

In the opinion of the Board, the said scheme will be advantageous and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable. Accordingly, the Board of Directors has approved the Scheme.

CERTIFIED TRUE COPY For 5PAISA CAPITAL LIMITED

Sd/-
Narendra Jain
Director
DIN: 01984467

Dated this April 6, 2017

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENCH, AT MUMBAI
IN THE MATTER OF THE COMPANIES ACT, 2013**

And

**In the matter of IIFL Holdings Limited
(‘IHL’ or the Demerged Company’) and**

5Paisa Capital Limited (‘5PCL’ or ‘the Resulting Company’)

And

**In the matter of Section 230 read with Section 232 of the Companies Act,
2013 and other applicable provisions of the Companies Act, 2013**

Form No. MGT-11

PROXY FORM

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of
the Companies (Management and Administration) Rules, 2014]**

Name of the Member(s) : _____
Registered Address: _____
E-mail ID : _____ Folio No./Client ID: _____ DP ID: _____

I / We being the member(s) of _____ shares of 5Paisa Capital Limited, hereby appoint-

1) Name _____
Address _____
Email id _____ Signature: _____ or failing him / her

2) Name _____
Address _____
Email id _____ Signature: _____ or failing him / her

3) Name _____
Address _____
Email id _____ Signature: _____ or failing him / her

as my / our proxy and whose signature(s) are appended below to attend and vote (on Poll) for me/ us and on my/our behalf at the Meeting of the Company to be held on and at any adjournment or adjournments thereof in respect of such resolutions and in such manner as are indicated below:

Sr. No.	Particulars
1	Approval of Scheme of Arrangement between IIFL Holdings Limited and 5Paisa Capital Limited and their respective Shareholders and related matter thereto.

Signed this _____ day of _____ 2017

Affix Re. 1
Revenue Stamp

Signature of Proxy _____

(Signature of Shareholder(s))

NOTES:

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 not less than 48 hours before the commencement of the Meeting.
2. Please affix revenue stamp before putting signature.
3. Alterations, if any, made in the Form of Proxy should be initialed.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be the shareholder of the Company.
6. Body Corporate and FPI/FII Equity Shareholder(s) would be required to deposit certified copies of Board/Custodial Resolutions/Power of Attorney in original, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of Company at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604
7. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

5PAISA CAPITAL LIMITED

CIN U67190MH2007PLC289249

PAN: [AABCI7142M]

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604

email ID: shareholders@indiainfoline.com, Tel No: 91-22-42499000

ATTENDANCE SLIP

NOTE: Shareholders attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.

I hereby record my presence at the meeting of the equity shareholders of the Company, convened pursuant to the Orders dated March 23, 2017 of the National Company Law Tribunal Bench at Mumbai, at IFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 on Wednesday, May 10, 2017 at 03.00 P.M.

Name and Address of the Equity Shareholder

(in block letters) : _____

Folio No. :

DP ID No.* :

Client ID No.* :

No. of Share(s) held :

Full name of the Equity Shareholder / Proxy
(in block capitals)

Signature

*Applicable for Shareholders holding Shares in dematerialised form.

Note:

- (1) Shareholders attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the attendance slip with them and hand it over at the entrance of the meeting hall.
- (2) Shareholder/proxy holder who desire to attend the meeting should bring his / her copy of the Notice for reference at the meeting.
- (3) Members are informed that no duplicate slips will be issued at the venue of the meeting and they are requested to bring this slip for the meeting.

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VENUE OF THE MEETING TO BE HELD ON WEDNESDAY, MAY 10, 2017 AT 03.00 P.M.
Venue address: IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagale Estate, Thane - 400604

