



INVENTURE GROWTH & SECURITIES LIMITED

Our Company was incorporated at Mumbai on June 22, 1995 as "Inventure Growth & Securities Limited" under the Companies Act, 1956, with registration number 11-89838 of 1995. The corporate identification number of our Company is U65990MH1995PLC089838. **Registered Office:** Viraj Towers, 201, 2nd Floor, Near Landmark, Western Express Highway, Andheri (E), Mumbai – 400 069, Maharashtra, India. **Website:** www.inventuregrowth.com; **Company Secretary and Compliance Officer:** Ms. Bhavi Gandhi; **Tel No.:** +91 22 3954 8500; **Fax No.:** +91 22 4075 1535; **E-mail:** ipo@inventuregrowth.com. For further details of our Company and changes in our Registered Office, please refer to the chapter titled 'History and Certain Corporate Matters' beginning on page 131 of the Red Herring Prospectus.

PROMOTERS OF OUR COMPANY: MR. NAGJI K. RITA AND MS. JAYASHREE N. RITA

| THE ISSUE | |
|---|---|
| <p>PUBLIC ISSUE OF 70,00,000 EQUITY SHARES OF ₹ 10 EACH OF INVENTURE GROWTH & SECURITIES LIMITED ('IGSL' OR THE 'COMPANY' OR THE 'ISSUER') FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] LAKHS (THE 'ISSUE'). THE ISSUE WILL CONSTITUTE 33.33% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.</p> <p>THE FACE VALUE OF EACH EQUITY SHARE IS ₹ 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID / ISSUE OPENING DATE.</p> <p>In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional working days after revision of the Price Band subject to the Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Members.</p> <p>This is an issue for more than 25% of the post-Issue capital in accordance with Rule 19(2)(b)(i) of the Securities Contracts Regulations Rules, 1957 ("SCRR"). The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIB") Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All non-retail Bidders, shall participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process. Retail Bidders participating in this Issue may also utilise the ASBA process to submit their Bids. For details, please refer to the chapter titled 'Issue Procedure' beginning on page 292 of the Red Herring Prospectus.</p> | |
| RISKS IN RELATION TO FIRST ISSUE | |
| <p>This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the Equity Shares of our Company is ₹ 10. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (has been determined and justified by our Company, in consultation with the Book Running Lead Manager as stated in chapter titled "Basis for Issue Price" beginning on page 73 of the Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.</p> | |
| GENERAL RISK | |
| <p>Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page xiv of the Red Herring Prospectus.</p> | |
| ISSUER'S ABSOLUTE RESPONSIBILITY | |
| <p>The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.</p> | |
| LISTING AGREEMENT | |
| <p>The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received the 'in-principle' approval from the BSE pursuant to letter dated March 15, 2010 and NSE pursuant to letter dated July 23, 2010 for the listing of the Equity Shares. BSE shall be the Designated Stock Exchange for this Issue.</p> | |
| IPO GRADING | |
| <p>The Issue has been graded by Fitch Ratings India Private Limited ("Fitch") and ICRA Limited, credit rating agencies registered with the Securities and Exchange Board of India ("SEBI"). Fitch has assigned a grade of 2 (ind) out of a maximum of 5 (ind) indicating below average fundamentals, through its letter dated September 8, 2010. ICRA has assigned this Issue "2" indicating below average fundamentals through its letter dated July 7, 2011. For details of the grading of the Issue, please refer to the chapter titled "General Information" beginning on page 42 of the Red Herring Prospectus.</p> | |
| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THIS ISSUE |
|  <p>INTENSIVE FISCAL SERVICES PRIVATE LIMITED 131, C-Wing, Mittal Tower, 13th Floor, Nariman Point, Mumbai – 400 021, India Tel. No.: +91 22 2287 0443 / 44 / 45 Fax No.: +91 22 2287 0446 E-mail: inventuirepo@intensivefiscal.com Investor Grievance ID: inventuirepo@intensivefiscal.com Website: www.intensivefiscal.com Contact Person: Mr. Brijesh Parekh / Ms. Ishita Kohli SEBI Registration Number: INM000011112</p> |  <p>LINK INTIME INDIA PRIVATE LIMITED C -13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078 Tel. No.: +91 22 2596 0320 Fax No.: +91 22 2596 0329 Email: igsl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Chetan Shinde SEBI Registration Number: INR000004058</p> |
| BID/ISSUE PROGRAMME | |
| BID/ISSUE OPENS ON : JULY 20, 2011 | BID/ISSUE CLOSURES ON : JULY 22, 2011 |

INDEX

| | |
|--|------------|
| SECTION I – GENERAL | III |
| DEFINITIONS AND ABBREVIATIONS | III |
| PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA | XII |
| FORWARD LOOKING STATEMENTS | XIII |
| SECTION II - RISK FACTORS | XIV |
| SECTION III – INTRODUCTION | 28 |
| SUMMARY OF OUR INDUSTRY | 28 |
| SUMMARY OF OUR BUSINESS | 30 |
| SUMMARY OF OUR FINANCIAL INFORMATION | 33 |
| THE ISSUE | 41 |
| GENERAL INFORMATION | 42 |
| CAPITAL STRUCTURE | 52 |
| OBJECTS OF THE ISSUE | 68 |
| BASIS FOR ISSUE PRICE | 73 |
| STATEMENT OF TAX BENEFITS | 76 |
| SECTION IV – ABOUT THE COMPANY | 82 |
| INDUSTRY OVERVIEW | 82 |
| OUR BUSINESS | 93 |
| REGULATION AND POLICIES IN INDIA | 122 |
| HISTORY AND CERTAIN CORPORATE MATTERS | 131 |
| SUBSIDIARIES | 135 |
| OUR MANAGEMENT | 140 |
| OUR PROMOTERS AND THEIR BACKGROUND | 157 |
| OUR PROMOTER GROUP AND GROUP ENTITIES | 160 |
| DIVIDEND POLICY | 164 |
| SECTION V – FINANCIAL INFORMATION | 165 |
| FINANCIAL INFORMATION | 165 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS | 236 |
| FINANCIAL INDEBTEDNESS | 252 |
| SECTION VI – LEGAL AND OTHER INFORMATION | 256 |
| OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS | 256 |
| GOVERNMENT AND OTHER APPROVALS | 266 |
| OTHER REGULATORY AND STATUTORY DISCLOSURES | 275 |
| SECTION VII - ISSUE RELATED INFORMATION | 287 |
| TERMS OF THE ISSUE | 287 |
| ISSUE STRUCTURE | 290 |
| ISSUE PROCEDURE | 292 |
| RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES | 331 |
| SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION | 332 |
| SECTION IX – OTHER INFORMATION | 391 |
| MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION | 391 |
| DECLARATION | 393 |

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In the Red Herring Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

Conventional / General Terms

| Term | Description |
|--|---|
| “IGSL”, “the Company”, “our Company”, “Inventure”, “Issuer” and “Issuer Company” | Inventure Growth & Securities Limited, a public limited company incorporated under the Companies Act, 1956. |
| “we”, “us” or “our” | Inventure Growth & Securities Limited together with its Subsidiaries. |

Company related Terms

| Term | Description |
|--|---|
| “Articles” or “Articles of Association” or “AoA” | The articles of association of our Company, as amended from time to time. |
| Board, Board of Directors or our Board | The board of directors of our Company, duly constituted from time to time. |
| Business Associates | The parties, including sub-brokers registered with the SEBI, with whom we have entered into arrangements for services including introduction of customers to our services. |
| Business Location | Premises in which we and/or our Business Associates operate one or more of our business activities. |
| Director(s) | The director(s) of our Company. |
| ICL | Inventure Commodities Limited |
| IFPL | Inventure Finance Private Limited |
| IIBPL | Inventure Insurance Broking Private Limited |
| IWML | Inventure Wealth Management Limited |
| Memorandum, our Memorandum of Association | The memorandum of association of our Company, as amended from time to time. |
| our Promoters | Refers to Mr. Nagji K. Rita and Ms. Jayshree N. Rita. |
| our Group Entities | Refers to Ratnasagar Diamond Mall Private Limited, M/s. Shah & Rita Builders and Developers, Nagji K. Rita HUF, Shree Vallabh Darshan AoP and Keshavji Rita HUF. |
| Preference Shares | 10% Non – Cumulative Redeemable Preference Shares of ₹ 10 each. |
| Registered and Corporate Office | The Registered and Corporate office of our Company, situated at, Viraj Towers, 201, 2 nd floor, near Landmark, Western Express Highway, Andheri (East), Mumbai – 400 069, Maharashtra, India. |
| RoC / Registrar of Companies, Mumbai | The Registrar of Companies located at Everest Building, 100, Marine Drive, Mumbai – 400 002, Maharashtra, India. |
| Statutory Auditor | The statutory auditor of our Company, being M/s. PHD & Associates, Chartered Accountants. |
| Subsidiaries or our Subsidiaries | The subsidiaries of our Company, as described in the chapter titled “Subsidiaries” beginning on page 135 of the Red Herring Prospectus; that is; Inventure Insurance Broking Private Limited, Inventure Wealth Management Limited, Inventure Finance Private Limited and Inventure Commodities Limited. |

Issue Related Terms

| Term | Description |
|--|---|
| Allot / Allotment / Allotment of Equity Shares | Unless the context otherwise requires, the allotment of Equity Shares, pursuant to this Issue to the successful Bidders |
| Allocation / Allocation of Equity Shares | Unless the context otherwise requires, the allocation of Equity Shares pursuant to this Issue to the successful Bidders |
| Allottee | Successful Bidders to whom Equity Shares are / have been allotted. |
| Applications Supported by | Applications Supported by Blocked Amount (ASBA) means an application for |

| Term | Description |
|---|---|
| Blocked Amount / ASBA | subscribing to the Issue containing an authorisation to block the application money in a bank account maintained with SCSB. |
| ASBA Account | Account maintained by an ASBA Bidder with an SCSB which will be blocked to the extent of the Bid Amount. |
| ASBA Bid cum Application Form | <p>The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid, which contains an authorisation to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms shall be made available for download from the respective websites of the Stock Exchange(s)</p> |
| ASBA Investor | <p>Any prospective investor(s) in this Issue who Bid/ apply through the ASBA process</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, non-retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Bids</p> |
| ASBA Revision Form | <p>The form, whether physical or electronic, used by an ASBA Bidder to modify the quantity of Equity Shares or the Bid Amount in any of his/her ASBA Bid cum Application Form or any previous ASBA Revision Form(s)</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Revision Forms shall be made available for download from the respective websites of the Stock Exchange(s)</p> |
| Banker(s) to this Issue / Escrow collection banks | The bank(s) which is / are clearing members and registered with the SEBI as bankers to the Issue with whom the Escrow Account will be opened, being Axis Bank Limited, ICICI Bank Limited and HDFC Bank Limited. |
| Basis of Allotment | The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in the Chapter titled “ <i>Issue Procedure</i> ” beginning on page 292 of the Red Herring Prospectus. |
| Bid | An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto. |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue and in case of ASBA Bidders, the amount mentioned in the ASBA Bid cum Application Form |
| Bid / Issue Closing Date | The date after which the member(s) of the Syndicate / SCSB will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper and a Hindi national newspaper and a regional language newspaper and in case of any revision, the extended Bid / Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. |
| Bid/ Issue Opening Date | The date on which the member(s) of the Syndicate/SCSB shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper. |
| Bid Cum Application Form | The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and Prospectus. Unless the context otherwise states in the Red Herring Prospectus, Bid Cum Application Form includes ASBA Form. |
| Bid Price | The prices indicated within the optional Bids in the Bid cum Application Form. |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus <i>vide</i> the Bid Cum Application Form or the ASBA Form. |
| Bidding Centre | A centre for acceptance of the Bid cum Application Form. |
| Bidding Period | The period between the Bid / Issue Opening Date and the Bid / Issue Closing |

| Term | Description |
|---------------------------------------|---|
| | Date, both days inclusive, during which prospective Bidders and the ASBA Bidders can submit their Bids, including any revisions thereof |
| Book Building Process / Book Building | Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which this Issue is made. |
| BRLM / Book Running Lead Manager | Book Running Lead Manager to this Issue being Intensive Fiscal Services Private Limited. |
| Cap Price | The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted. |
| Controlling Branches | Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf , or at such other website as may be prescribed by SEBI from time to time. |
| Cut off / Cut off Price | Any price within the Price Band finalised by our Company, in consultation with the Book Running Lead Manager, at which only the Retail Individual Bidders can Bid for a Bid Amount not exceeding ₹ 2,00,000 |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Depository Participant / DP | A Depository Participant as defined in the Depositories Act. |
| Depository / Depositories | A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time, in this case being CDSL and NSDL. |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Forms from the ASBA Bidders and a list of which is available on www.sebi.gov.in , or at such other website as may be prescribed by SEBI from time to time. |
| Designated Date | The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSBs is transferred from the ASBA Account specified by the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders |
| Designated Stock Exchange | BSE is the designated stock exchange for the purpose of this Issue. |
| Eligible NRIs | NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares issued herein. |
| Equity Shares | Equity Shares of our Company of face value of ₹ 10 each. |
| Escrow Account | Account opened with Escrow Collection Bank(s) and in whose favour the Bidders will issue cheque(s) or draft(s) in respect of the Bid Amount when submitting a Bid(s). |
| Escrow Agreement | Agreement to be entered into by our Company, the Registrar to the Issue, the BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected from the Bidders (excluding ASBA Bidders) on the terms and conditions thereof |
| Escrow Collection Bank(s) | The banks, which are registered with SEBI as Banker(s) to the Issue at which the Escrow Account for the Issue will be opened. |
| First / Sole Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form |
| Floor Price | The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted. |
| Indian GAAP | Generally Accepted Accounting Principles in India. |
| IPO Grading Agency | Fitch Ratings India Private Limited and ICRA Limited, the credit rating agencies appointed by our Company, in consultation with the Book Running Lead Manager for grading this Issue. |
| Issue | Public Issue of 70,00,000 Equity Shares of ₹ 10 each of Inventre Growth & Securities Limited ("IGSL" or the "Company" or the "Issuer") for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] lakhs. The Issue will constitute 33.33% of the post issue paid up capital of the Company. |
| Issue Price | The final price at which Equity Shares will be issued and allotted in terms of |

| Term | Description |
|--|--|
| | the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date. |
| Issue Proceeds | Proceeds to be raised by our Company through this Issue. |
| Mutual Funds | Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. |
| Mutual Fund Portion | Upto 5 % of the QIB portion, being 1,75,000 Equity Shares, available for Allocation on proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds. |
| NIF | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India. |
| Non Institutional Bidders | All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 2,00,000. |
| Non Institutional Portion/ Non Institutional Bidders Portion | The portion of this Issue being not less than 15% of the Issue consisting upto 10,50,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] lakhs available for Allocation to Non Institutional Bidders. |
| OCB / Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue. |
| Pay-in-Period | The period commencing on the Bid / Issue Opening Date and continuing till the Bid / Issue Closing Date |
| Payment through electronic transfer of funds | Payment through NECS, NEFT or Direct Credit, as applicable. |
| Price Band | Price band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised at least two Working Days prior to the Bid / Issue Opening Date, in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper, of wide circulation, where the Registered Office of our Company is situated |
| Pricing Date | The date on which our Company in consultation with the BRLM finalises the Issue Price. |
| Prospectus | The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act and the SEBI (ICDR) Regulations containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information. |
| Public Issue Account | Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date and from the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date. |
| QIBs/ Qualified Institutional Buyers | As defined under the SEBI ICDR Regulations, including public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 2,500 lakhs, pension fund with minimum corpus of ₹ 2,500 lakhs, NIF and insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India |
| QIB Portion | Consists of not more than 35,00,000 Equity Shares for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs being not more than 50% of the Issue, available for Allocation to QIBs. 5% of the QIB Portion shall be available for Allocation on a proportionate basis to Mutual Funds only. |

| Term | Description |
|--|--|
| Red Herring Prospectus | This Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act and the SEBI (ICDR) Regulations, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of this Issue and will become a Prospectus after filing with the RoC, the copy that includes the details of pricing and allocation and final size of this Issue. |
| Refund Account(s) | Account(s) to which subscription monies to be refunded to the investors (excluding the ASBA Bidders) shall be transferred from the Public Issue Account. |
| Refunds through electronic transfer of funds | Refunds made through NECS, Direct Credit, NEFT or the ASBA process, as applicable |
| Refund Banker(s) | The bank(s) which is/ are clearing members and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being Axis Bank Limited. |
| Registrar/ Registrar to this Issue | Registrar to the Issue being Link Intime India Private Limited. |
| Retail Individual Bidders | Individual Bidders, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i>) and ASBA Bidders, who have Bid for an amount less than or equal to ₹ 2,00,000. |
| Retail Portion | Consists of atleast 24,50,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs, being not less than 35% of the Issue, available for Allocation to Retail Individual Bidder(s) on proportionate basis. |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s) |
| Self Certified Syndicate Banks (SCSBs) | Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on www.sebi.gov.in , or at such other website as may be prescribed by SEBI from time to time. |
| SCSB Agreement | The deemed agreement between the SCSBs, the BRLM, the Registrar to the Issue and our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the Public Issue Account. |
| Stock Exchanges | Bombay Stock Exchange Limited and National Stock Exchange of India Limited. |
| Syndicate | The BRLM and the Syndicate Member(s). |
| Syndicate Agreement | The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders). |
| Syndicate Member(s)/ Member(s) of Syndicate | Intermediaries registered with SEBI and eligible to act as underwriters in this case being Intensive Fiscal Services Private Limited. |
| Transaction Registration Slip/ TRS | The slip or document issued by the members of the Syndicate or the SCSBs upon demand as the case may be; to the Bidders as proof of registration of the Bid. |
| Underwriters | The BRLM and the Syndicate Member(s). |
| Underwriting Agreement | The agreement between the Underwriters to the Issue and our Company to be entered into on or after the Pricing Date. |
| Working Days | Unless the context otherwise requires: (i) Till the Bid / Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post the Bid / Issue closing date: All days other than a Sunday or a public holiday And on which commercial banks in Mumbai are open for business in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010 |

Industry Related Terms

| Term | Description |
|-------------|--------------------|
|-------------|--------------------|

| Term | Description |
|--|--|
| ADR | American Depository Receipt |
| AMC | Asset Management Company |
| AMFI | Association of Mutual Funds of India |
| Bonds | A certificate of debt (usually interest-bearing or discounted) that is issued by a government or corporation in order to raise money; the issuer is required to pay a fixed sum annually until maturity and then a fixed sum to repay the principal. |
| Commodities Market/ Commodities Segment | An exchange for buying and selling of commodities for future delivery. |
| Currency Futures Market/ Currency Futures Segment | Market where currency future contracts are traded. |
| Derivatives | Derivative is a product whose value is derived from the value of one or more basic variables, called bases (underlying asset, index or reference rate), in a contractual manner. The underlying asset can be equity, forex, commodity or any other asset. |
| Derivatives Market | The financial markets for derivatives and financial instruments like futures contracts or options, which are derived from other forms of assets. |
| F&O | Futures and Options |
| Fixed Income Securities | Fixed income securities can be issued by a wide range of organisations including the Central and State Governments, public bodies, statutory corporations, banks and institutions and corporate bodies |
| FPO | Follow-on Public Offer |
| Futures Contract | A futures contract is a standardised contract to buy or sell a specified securities or commodities of standardised quality at a certain date in the future and at a market-determined price (the <i>futures price</i>). The contracts are traded on a futures exchange. |
| FX/Foreign Exchange market | The foreign exchange market (forex, FX, or currency market) is a worldwide decentralised over-the-counter financial market for the trading of currencies. |
| FMC | Forward Market Commission |
| GDR | Global Depository Receipt |
| HNI | High Networth Individual |
| IML | Intermediate Message Layer |
| IP | Intellectual Property |
| IRDA | Insurance Regulatory and Development Authority |
| IS | Information System |
| Market Capitalisation | Number of outstanding shares multiply by Current Market price of one share. |
| Options Contract | The right, but not the obligation, to buy or sell a specific amount of a given stock, commodity, currency, index, or debt, at a specified price during a specified period of time. |
| OTC Market | An over-the-counter contract is a bilateral contract in which two parties agree on how a particular trade or agreement is to be settled in the future. It is usually from an investment bank to its clients directly. |
| OTCEI | OTC Exchange of India |
| PMS | Portfolio Management Services |
| Portfolio Manager | A portfolio manager as defined under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993. |
| QIP | Qualified Institutional Placement |
| SENSEX | Bombay Stock Exchange Sensitive Index |
| STT | Securities Transaction Tax |
| TWS | Trading Work Station |
| VSAT | Very Small Aperture Terminal |
| Wholesale Debt Market | A market for the issuance, trading and settlement in fixed income securities of various types. |

Conventional/General Terms/Abbreviations

| Abbreviation | Full Form |
|---------------------|------------------------|
| A/c | Account |
| AGM | Annual General Meeting |

| Abbreviation | Full Form |
|---------------------|--|
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| AY | Assessment Year; the period of twelve months commencing from the first day of April every year |
| Bn | Billion |
| BSE | Bombay Stock Exchange Limited |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CENVAT | Central Value Added Tax |
| CIN | Corporate Identity Number |
| CRR | Cash Reserve Ratio |
| Companies Act | The Companies Act, 1956, as amended from time to time |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| DIN | Director's Identification Number |
| DIPP | Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India |
| DP | Depository Participant |
| DRHP | Draft Red Herring Prospectus |
| EBIDTA | Earnings before Interest, Depreciation, Tax, Amortisation and extraordinary items |
| ECB | External Commercial Borrowings |
| EGM | Extraordinary General Meeting |
| EPS | Earning per Share |
| ESIC | Employee's State Insurance Corporation |
| FCNR Account | Foreign Currency Non Resident Account |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended |
| FEMA Regulations | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended |
| FII | Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India |
| FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended |
| FIPB | Foreign Investment Promotion Board |
| FY | Financial Year |
| FVCI | Foreign venture capital investor as defined in and registered under the FVCI Regulations |
| FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended |
| GDP | Gross Domestic Product |
| GIR Number | General Index Registry Number |
| GoI/ Government | Government of India |
| HUF | Hindu Undivided Family |
| IFRS | International Financial Reporting Standards |
| IPO | Initial Public Offer |
| IRDA | Insurance Regulatory and Development Authority |
| IT | Information Technology |
| I. T. Act | The Income Tax Act, 1961, as amended from time to time |
| I. T. Rules | The Income Tax Rules, 1962, as amended from time to time |
| Ltd. | Limited |
| MCX | Multi Commodity Exchange of India Limited |
| MCX-SX | MCX Stock Exchange Limited, a subsidiary of MCX |
| Merchant Banker | Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended |
| MICR | Magnetic Ink Character Recognition |
| MoA | Memorandum of Association |
| MOU | Memorandum of Understanding |
| Mn | Million |

| Abbreviation | Full Form |
|----------------------------------|--|
| MNC | Multi National Company |
| N.A. | Not Applicable |
| NAV | Net Asset Value being paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued equity shares outstanding at the end of Fiscal. |
| NECS | National Electronic Clearing System |
| NEFT | National Electronic Fund Transfer |
| NBFC | Non-Banking Finance Company |
| NCDEX | National Commodity & Derivatives Exchange Limited |
| NIFTY | National Stock Exchange Sensitive Index |
| NMCE | National Multi-Commodity Exchange of India Limited |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| NSEL | National Spot Exchange Limited |
| NTA | Net Tangible Assets |
| p.a. | Per annum |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| P/E Ratio | Price/Earnings Ratio |
| R & D | Research and Development |
| RBI | Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934, as amended from time to time |
| RHP | Red Herring Prospectus |
| RoNW | Return on Net Worth |
| ₹ / ₹ / Rupees / INR / | Indian Rupees, the legal currency of the Republic of India |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI (ICDR) Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time |
| SEBI Insider Trading Regulations | SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| Sec. | Section |
| Securities Act | The U.S. Securities Act of 1933, as amended |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time |
| Sub-Account | Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended. |
| sq.ft. | Square feet |
| sq.mtrs. | Square meters |
| Takeover Code | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations), 1997, as amended from time to time |
| TDS | Tax Deducted at Source |
| UIN | Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time |
| ULIP | Unit Linked Insurance Plan |
| UoI | Union of India |
| U.S. GAAP | Generally accepted accounting principles in the United States of America |
| U.S. or US or U.S.A | The United States of America |
| VCFs | Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations. |

| Abbreviation | Full Form |
|---------------------|--|
| VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended |

Notwithstanding the following: -

- (i) In the section titled '*Main Provisions of the Articles of Association*' beginning on page 332 of the Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- (ii) In the section titled '*Financial Information*' beginning on page 165 of the Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- (iii) In the paragraphs titled '*Disclaimer Clause of the Bombay Stock Exchange Limited*' and '*Disclaimer Clause of the National Stock Exchange of India Limited*' beginning on pages 280 and 280 respectively of the Red Herring Prospectus, defined terms shall have the meaning given to such terms in those paragraphs;and
- (iv) In the chapter titled "*Statement of Tax Benefits*" beginning on page 76 of the Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

Financial data

Unless stated otherwise, the financial data which are included in the Red Herring Prospectus are derived from the restated consolidated and standalone audited financial statements of the Company, prepared in accordance with Indian GAAP.

The fiscal year of the Company commences on April 1 of each year and ends on March 31 of the next year. All references to a particular fiscal year are to the 12 month period ended March 31 of that year. In the Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the audited financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company’s financial data. Accordingly to what extent, the audited financial statements included in the Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices / Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and elsewhere in the Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated consolidated and standalone audited financial statements prepared in accordance with Indian GAAP.

Currency of presentation

In the Red Herring Prospectus, references to “Rupees” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten millions’ and ‘billion / bn. / Billions’ means ‘one hundred crores’.

Market and industry data

Unless stated otherwise, industry data used throughout the Red Herring Prospectus has been obtained from industry publications including *inter alia* RBI and Ministry of Finance. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in the Red Herring Prospectus is reliable, it has not been verified by any independent source.

Further, the extent to which the market data is presented in the Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

We have included statements in the Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result in”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements.

These forward-looking statements are based on our current plans and expectations and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations and our future financial condition and results of operations. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- The performance of the Indian and Global financial markets;
- Increased competition or other factors affecting the industry segments in which our Company operates;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various financial products;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Any adverse outcome in the legal proceedings in which we are involved;
- Market fluctuations and industry dynamics beyond our control;
- Occurrence of natural disasters or calamities affecting the areas in which we have operations;
- Conflicts of interest with affiliated companies, the promoter group and other related parties;
- Contingent liabilities, environmental problems and uninsured losses; and
- Changes in government policies and regulatory actions that apply to or affect our business.

For further discussion of factors that could cause our actual results to differ, see the sections titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages xiv and 236 respectively.

The Company and the BRLM are obliged to update the Red Herring Prospectus and, in accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. To obtain a complete understanding of our Company, you should read this chapter in conjunction with the chapters titled 'Our Business' and 'Management's Discussion and Analysis of Financial Conditions and Results of Operations' beginning on pages 93 and 236 respectively, of the Red Herring Prospectus as well as the other financial and statistical information contained in the Red Herring Prospectus. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

The Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Red Herring Prospectus.

These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider being not material to our operations. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Materiality:

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining their materiality:

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have a material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may have material impacts in the future.*

Internal Risk Factors

Risks related to our Company, our Business and our Industry

- 1. Our Company is involved in certain legal proceedings and claims in relation to certain civil and tax matters, which are pending at different stages before the Judicial / Statutory authorities. Any rulings by such authorities against our Company may have an adverse material impact on our operations.***

Our Company is involved in certain legal proceedings and claims in relation to certain civil and tax matters, which are pending at different stages before the Judicial / Statutory authorities a summary of the pending proceedings is set forth below. Any rulings by such authorities against our Company may have an adverse material impact on our operations:

a. Litigation / Proceedings filed against our Company.

| Sr. No | Case | Nature of cases | Stage at which the cases are pending | Amount (to the extent quantifiable) (in ₹) | Page number of RHP for further details |
|---------------|-----------------|------------------------|---|---|---|
| a. | Cyberspace Ltd. | Civil | Investigation | Not quantified | 257 |
| b. | IGSL Vs. ITAT | Civil | Appeal | 1,81,00,000 | 259 |

For further details of outstanding litigation pending against us, please refer to the chapter titled "Outstanding Litigations and Material Developments" beginning on page 256 of the Red Herring Prospectus.

- 2. Our Contingent Liabilities could adversely affect our financial condition.***

We have not provided for certain Contingent Liabilities as on March 31, 2011, which if materialise could adversely affect our financial position. Our Contingent Liabilities as on March 31, 2011 are as follows:

| | | (₹ In lakhs) |
|-----------------------------|--|-----------------------------|
| Particulars | | As at March 31, 2011 |
| Disputed Income Tax Matters | | 58.56 |

| | |
|--|--------|
| Bank Guarantees given for subsidiary Inventure Commodities Limited | 250.00 |
|--|--------|

Please refer to Annexure XVII forming part of the chapter titled “*Financial Information*” on page 230 on consolidated basis and page 191 on standalone basis of the Red Herring Prospectus.

3. *One of our Promoters, Ms. Jayshree N. Rita, is a non matriculate and does not possess experience in the current line of business.*

One of our Promoters, Ms. Jayshree N. Rita is the wife of Mr. Nagji K. Rita, is a non matriculate and is involved in various social activities. She does not have adequate experience and do not demonstrate ability to develop and manage the various lines of business activities undertaken by our Company.

4. *Our Subsidiaries have incurred losses in the past. Further, the limited operating history of our subsidiaries makes it difficult to evaluate our Company’s financial statements.*

Our Company has four subsidiaries namely (1) Inventure Insurance Broking Private Limited; (2) Inventure Wealth Management Limited; (3) Inventure Finance Private Limited; and (4) Inventure Commodities Limited. Inventure Insurance Broking Private Limited and Inventure Wealth Management Limited were incorporated on January 8, 2010 and June 12, 2008 respectively and have a limited operating history. Inventure Insurance Broking Private Limited has incurred losses in the fiscal year 2008, 2010 and 2011 and Inventure Wealth Management Limited has incurred losses in fiscal year 2009 and 2011, details of which are set forth in the table below:

| Name of Entities | Profit / (Loss) for the year ended March 31, | | | | |
|---|--|---------|---------|--------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Inventure Insurance Broking Private Limited | (1.64) | (14.61) | 0.81 | (4.64) | N.A. |
| Inventure Wealth Management Limited | (10.14) | 4.74 | (13.48) | N.A. | N.A. |

(₹ in lakhs)

Further, Inventure Finance Private Limited and Inventure Commodities Limited were acquired in November 2007 and August 2008 respectively. Consequently the limited financial history of our subsidiaries makes it difficult to evaluate our Company’s consolidated financial statements. To assist the prospective investors in evaluating our results of operations and financial condition, the consolidated and standalone financial results and the cash flows of our Company (restated) have been included in the Red Herring Prospectus for the Financial Years 2007, 2008, 2009, 2010 and 2011.

5. *One of our Directors, Mr. Pravin N. Gala has interest in Nipra Financial Services Private Limited, which is engaged in the business of providing portfolio management services, a business similar to the business of our Company, which may create a conflict of interest. Further we do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with such company.*

One of our Non-Executive Director, Mr. Pravin N. Gala, is the director on the board of Nipra Financial Services Private Limited which is engaged in the business of providing portfolio management services, a business similar to the business of our Company. This may create a conflict of interest with regards to the decisions and interest of our Non-Executive Director, Mr. Pravin N. Gala in our Company. We have not entered into any non-compete or other agreement or arrangement with Nipra Financial Services Private Limited or with our Non-Executive Director, Mr. Pravin N. Gala. For further details please refer to Chapter titled “*Our Management*” on page 140 of the Red Herring Prospectus.

6. *Our Company had negative cash flows in recent fiscals, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.*

The table below sets forth summary of the cash flow statement of our Company for fiscals 2011, 2010, 2009, 2008 and 2007.

| Particulars | As on March 31 | | | | |
|------------------------------------|----------------|------------|----------|------------|----------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Net Cash from Operating Activities | (1,523.52) | 3,713.30 | (648.73) | 939.51 | (20.17) |
| Net Cash from Investing Activities | 120.27 | (2,621.35) | 93.72 | (1,328.45) | (675.88) |
| Net Cash from Financing Activities | 651.98 | (539.54) | (122.45) | 844.39 | 44.89 |

(₹ in lakhs)

| | | | | | |
|--|----------|--------|----------|--------|----------|
| Net increase/(decrease) in Cash and Cash Equivalents | (751.27) | 552.40 | (677.46) | 455.46 | (651.16) |
|--|----------|--------|----------|--------|----------|

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to chapters titled “*Management’s Discussion and Analysis of Financial Conditions and Results Of Operations*” and “*Financial Information*” on pages 236 and 165 of the Red Herring Prospectus respectively.

7. *We have not made any alternate arrangements for meeting our working capital requirements of approximately ₹ 2,000 lakhs. Any shortfall in raising / meeting the same could adversely affect our operations and financial performance.*

As on date, we have not made any alternate arrangements for meeting our working capital requirements. We propose to utilize ₹ 2,000 lakhs from the Issue proceeds towards augmenting our working capital requirements. Currently we meet our working capital requirements through internal accruals. Any shortfall in our internal accruals / our inability to raise further funds would result in us being unable to meet our working capital requirements, which in turn would negatively affect our financial condition and results of operations.

8. *The funds proposed to be utilized for general corporate purposes may constitute more than 25% of the Issue Size. As on date we have not identified the use of such funds.*

We intend to utilise ₹ [●] lakhs, which constitutes [●]% of the Issue Size, for general corporate purposes, including strategic initiatives, expanding in to new geographies, brand building exercises and the strengthening of our marketing capabilities or any other purposes as approved by our Board. The funds proposed to be utilized for general corporate purposes may constitute more than 25% of the Issue Size. The deployment of such funds is entirely at the discretion of our management and our Board of Directors.

9. *We have not identified any alternate source of financing the ‘Objects of the Issue’. If we fail to mobilize resources as per our plans, our growth plans may be affected.*

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “*Objects of the Issue*” on page 68 of the Red Herring Prospectus.

10. *The name of one of our Group Companies Inventure Builders Private Limited is in the process of being struck off from the records of the Registrar of Companies.*

Inventure Builders Private Limited (“IBPL”) had made an application to the Registrar of Companies, vide e – form 61, dated March 6, 2009, followed by e – form 67 supported by an indemnity bond, both dated February 25, 2009, for the purpose of getting itself declared as a defunct company. As on date of this reply IBPL’s name has not been struck off from the record of Registrar of Companies.

11. *Our working capital requirement mainly comprises of margin money to be placed with stock exchanges. This margin requirement maintained by our Company with stock exchanges would be used for both client and proprietary trading. Any shortfall in this requirement would negatively affect our operations and financial performance.*

As a SEBI registered broker we are required to maintain adequate margins with stock exchanges to undertake our business activities in the cash segment as well as derivatives segment. The margin requirements to be maintained with the stock exchanges with regard to the cash segment are mainly due to client business which arises due to time difference between our payment obligations to the Exchanges and the fund clearance from the Clients. We require clients to deposit a minimum initial margin and then to pay the balance settlement amount by the pay-in date for the transaction undertaken by us on their behalf. If a client is unable to pay this balance amount before the pay-in date, we may be required to make the payment on behalf of the client, which may affect our profitability. In case of high market volatility or adverse movements in share price, it is possible that clients may honour their commitment late or may not honour which may be detrimental to our business and profitability.

The margin requirement for derivatives segment is mainly for the proprietary trading. The margin money to be placed with stock exchanges is on the basis of trading volumes, market volatility and the extent of outstanding positions in respect of equity index/stock futures & options. Such margin money also include initial margin and additional margin deposited for entering into the contracts for equity index/ stock futures & options. Further, equity index/stock futures & options are marked-to-market on a daily basis in which case “Mark-to-Market Margin” is also required to be provided till the final settlement of the contracts. Over and above the margin actually utilised, we are also required to deposit additional capital/margin with the stock exchanges to smoothly undertake our additional business activities.

The table below depicts the revenue earned by our Company from proprietary trading as a percentage of total income.

Statement of income from operations, as restated

(₹ in lakhs)

| Particulars | For the year ended 31 st March | | | | |
|------------------------------|---|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Total Income | 2,429.20 | 3,263.95 | 2,012.57 | 3,807.44 | 2,732.76 |
| Trading and arbitrage income | (10.87) | 760.02 | 308.94 | 920.35 | 974.88 |
| % of total income | - | 23.29% | 15.35% | 24.17% | 35.67% |

Though most of the trades undertaken by our Company on proprietary trading are for arbitrage strategies, sometime we have to take delivery of the securities against the ‘buy position’ if the ‘buy position’ cannot be ‘squared off’ due to a fall in the price of the securities during the day. In rare cases, the Company does not get arbitrage opportunity due to nil price difference or very small price difference which is not feasible for arbitrage. In some cases, the stock value diminishes which may turn loss of investment. Any such shortfall/losses arising out of such activity would adversely affect our operations and financial performance.

12. Our Company has unsecured loans which are repayable on demand.

As on March 31, 2011 our Company has unsecured loans amounting to ₹ 20 lakhs from our Director, Mr. Virendra Singh and ₹ 4 lakhs from other companies, which is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations

13. We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing our business.

There are restrictive covenants in the agreements we have entered into with our lenders. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion or taking up an allied line of business. Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business. Though we have received necessary approvals from our lenders for this Issue, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends. For further details, please refer to paragraph titled “Restrictive covenants” under section titled “Financial Indebtedness” beginning on page 252 of the Red Herring Prospectus.

14. We intend to utilize ₹ 3,000 lakhs (approximately [●]% of the Issue Proceeds) out of the proceeds of this Issue towards investments in one of our unlisted subsidiary, by subscribing to the equity share capital and / or by providing an interest bearing loan. Returns on such investments cannot be assured.

We intend to utilize ₹ 3,000 lakhs (constituting approximately [●]% of the Issue Proceeds) out of the proceeds of the Issue by investing the same in one of our Subsidiaries, Inventure Finance Private Limited (IFPL). The investment would be by way of subscription to the share capital of IFPL and / or by providing an interest bearing loan. IFPL is an unlisted company and its activities and records are not subject to public scrutiny. Revenues of IFPL contributed less than 25% to our revenues in the last three fiscal years. Further, these funds will be utilised at the discretion of the management of IFPL. Further, our Company is not assured of any dividends and/or interest payments pursuant to such investments. For further details, see the section titled “Objects of the Issue” beginning on page 68 of the Red Herring Prospectus.

15. We are substantially dependent on our securities brokerage and Arbitrage business.

We are dependent on our securities brokerage business and trading business, which contributed 71.25 % and 90.80 % of our total consolidated revenues for the financial years 2011 and 2010 respectively. Although our strategy is to actively develop other lines of business, securities brokerage business and trading business will continue to constitute a significant portion of our revenues and operating profit and any decline in our securities brokerage business and trading business will have a material adverse affect on our financial condition and operating results.

16. Increase in capital commitments in our trading and other businesses may increase the potential for significant losses.


The trend in capital markets is toward larger and more frequent commitments of capital by financial brokerage house in many of their activities. We may be subject to increased risk as we commit greater amounts of capital to facilitate primarily client – driven business.

We may enter into large transactions in which we commit our own capital as part of our trading business. The number and size of these large transactions may materially affect our results of operations in a given period. We may also incur significant losses from our trading activities due to market fluctuations and volatility from quarter to quarter. We maintain trading positions in equity markets to facilitate client trading activities and at times these positions can be large and concentrated in a single issuer. To the extent that we own assets, i.e., have long positions, a downturn in the value of those assets or in those markets could result in losses. Conversely, to the extent that we have sold assets we do not own, i.e., have short positions, an upturn in those markets could expose us to potentially unlimited losses as we attempt to cover our short positions by acquiring assets in a rising market.

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

We believe that continuing to build our brand, particularly in our new businesses, like insurance advisory services, commodities broking, wealth management and portfolio management will be critical to achieving widespread recognition of our services. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our financial conditions and results of operations could be adversely affected.

18. Our Company has made application for registration of trademark, which is under process of registration. We are unable to assure that the future viability or value of any of our intellectual property or that the steps taken by us to protect the proprietary rights of our Company will be adequate.

We believe that the broking business is based on trust and brand awareness. As such, we are dependent on our trademark and its protection via copyright laws. With the intent to protect the goodwill of our brand, promote our brand name recognition, enhance our competitiveness and otherwise support our business goals and objectives. We have made applications for registration of trademark ‘’ and the registration for the said trademark in our name is important to retain our brand equity. If our application for registration is not accepted or if the oppositions filed against our trademark application if any, are successful, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademark. Further, we cannot assure that our pending application would be granted registration or will not be challenged or if granted registration, will not be invalidated or circumvented or will offer us any meaningful protection. We are unable to assure that the future viability or value of any of our intellectual property or that the steps taken by us to protect the proprietary rights of our Company will be adequate. For further details regarding the same, please refer chapter titled “Government and Other Approvals” beginning on page 266 of the Red Herring Prospectus.

19. Our risk management policies and procedures may leave us exposed to unidentified risks or unanticipated levels of risk.

The policies and procedures we employ to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. This information may not be accurate,

complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot assure you that our policies and procedures will effectively and accurately record and verify this information.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. Nonetheless, the effectiveness of our ability to manage risk exposure cannot be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments could have a material adverse effect on our results of operations and financial condition. The consequences of these developments could include losses due to adverse changes in inventory values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in our credit risk to customers as well as to third parties and increases in general systemic risk.

20. Our operations are significantly concentrated in the western region, and failure to expand our operations may restrict our growth and adversely affect our business.

As on the date of the Red Herring Prospectus, our operations are mainly focused in the western India. As such, a substantial portion of our revenues are generated from operations in western India. We believe that future growth in business and revenues will be achieved through a pan-India footprint. Failure to expand our operations either through branches, business associates or otherwise may restrict our growth potential and adversely affect our results of operations. Further there is no guarantee that the capital which is deployed by our Company towards setting up these branches will deliver profitable results.

21. Our clients deal in securities and any default by a client could result in substantial losses.

We require clients to deposit a minimum initial margin and then to pay the balance settlement amount by the pay-in date for the transaction undertaken by us on their behalf. If a client is unable to pay this balance amount before the pay-in date, we may be required to make the payment on behalf of the defaulting client, which may affect our profitability. In case of high market volatility or adverse movements in share price, it is possible that clients may not honour their commitment, and any inability on our part to pay the margins to the Stock Exchanges may be detrimental to our business, reputation and profitability.

22. Our success largely depends on our key managerial personnel and our ability to attract and retain them. Any loss of our key managerial personnel could adversely affect our business, operations and financial condition.

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our key managerial personnel are unable or unwilling to continue in his/her present position, it could be difficult to find a replacement. Our business could thereby be adversely affected. Opportunities for key managerial personnel in our industry are intense and it is possible that we may not be able to retain our existing key managerial personnel or may fail to attract/ retain new employees at equivalent positions in the future. As such, any loss of key managerial personnel could adversely affect our business, operations and financial condition. For further details on the key managerial personnel of our Company please refer to the section titled “Our Key Managerial Personnel” on page 154 of the chapter titled ‘Our Management’ beginning on page 140 of the Red Herring Prospectus.

23. We could be exposed to risks arising from employee and Business Associate misconduct and trading errors.

Misconduct by employees could include their binding us to transactions that exceed authorized limits or present unacceptable risks to us; hiding unauthorized or unsuccessful trading activities from us; or the improper use of confidential information. These types of misconduct could result in business risks or losses to us including regulatory sanctions and serious harm to our reputation. Furthermore, while our Business Associates work under our overall supervision and control and each of their clients is directly registered with us on a revenue sharing basis, our Business Associates are typically managed by independent entrepreneurs and not by our employees. We have significantly less control over the activities of our Business Associates than our employees. The precautions we take to prevent and detect these activities may not be effective. For example, some of our clients place orders over the telephone. If employee or Business Associate misconduct or trading errors occur, our business operations and reputation could be materially adversely affected.

24. *We are exposed to risks attributable to derivatives trading by clients.*

We offer our clients the facility to trade in derivative instruments in the commodities, securities and currency markets, as currently permitted in India. Since these derivative instruments involve taking leveraged positions on the underlying assets, these are riskier to deal with compared to other financial instruments. We are exposed to greater risk in dealing with derivative instruments since we deal with such instruments on behalf of our clients. We may face financial losses if we fail to manage risks associated with our clients' dealings in derivative instruments, particularly due to price and market volatility.

25. *Commodity futures trading may be illiquid. In addition, suspensions or disruptions of market trading in the commodities markets and related futures markets may adversely affect our commodities brokerage business.*

The commodity futures markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity, congestion, disorderly markets, limitations on deliverable supplies, strikes by transporters, the participation of speculators, government regulation and intervention, technical and operational or system failures, nuclear accident, riots and natural catastrophes. In addition, commodity exchanges, including the MCX, NCDEX and NMCE have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices, consequently affecting the value of the commodities traded and the results and operations of our Company.

26. *We face intense competition in our businesses, which may limit our growth and prospects.*

Our Company faces significant competition in the businesses that we are involved in. In particular, we compete with other brokerage houses, both in India and abroad; and public and private sector commercial banks operating in the markets in which we are present. In recent years, large international banks have also entered these markets. For further details, please refer to the paragraph titled "Competition", as contained in the chapter titled "*Our Business*", on page 93 of the Red Herring Prospectus. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation and price. Our competitors may have advantages over us, including, but not limited to:

- Substantially greater financial resources;
- Longer operating history than in certain of our businesses;
- Greater brand recognition among consumers;
- Larger customer bases in and outside India; or
- More diversified operations which allow profits from certain operations to support others with lower profitability.

In addition, it is possible that certain Indian commercial banks may decide to begin offering services that we currently provide, such as broking, thereby further intensifying the competition. These competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures.

27. *Some of the premises used by our Company are not owned by our Company.*

Some premises used by our Company are taken on a short-term leave and license basis from third parties. There can be no assurance that these leave and license agreements will be renewed upon expiry or on terms and conditions acceptable to us. Any failure to renew these said agreements or procure new premises will increase our costs or force us to look out for alternative premises which may not be available or which may be available at more expensive prices. Any or all of these factors may have a material adverse effect upon our business, results of operations and financial condition. For further details please refer to the chapters titled '*Our Business*', and '*Related Party Transactions*' on page 93, and Annexure XVIII on page 232 of the Red Herring Prospectus respectively.

28. *Our Promoters and Directors may have interest in our Company, other than reimbursement of expenses incurred or remuneration.*

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled '*Our*

Business’ and *‘Our Promoters and their Background’*, on pages 93 and 157, respectively and the section titled *‘Related Party Transactions’* beginning on pages 232 of the Red Herring Prospectus.

29. *Some of our Promoter Group has transferred part of their holding to an outsider without prior Regulatory Approval of and late intimation to the Stock Exchanges.*

Mr. Kanji B. Rita has transferred 8,88,888 and Kanji Rita HUF has transferred 2,22,222 equity shares in demat form to Ms. Usha A. Shah in October 2010 and November 2010 without prior approval of the Stock Exchanges. The said transactions were informed to our Company in June 2011. This in turn resulted in late intimation in July 2011 to the Stock Exchanges by our Company. The Stock Exchanges may impose penalty on our company which may affect our financial results.

30. *Our inability to effectively implement our growth strategies or manage our growth could have an adverse effect on our business, results of operations and financial condition.*

Although we plan to continue to expand our scale of operations through inorganic growth and investments in other entities, there could be a possibility that we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit. Further, such growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls and more importantly adhering to quality and high standards that meet customer expectations. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

31. *Our insurance policies do not cover all risks, specifically risks like loss of profits. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.*

In compliance with requirements of the Indian stock exchanges, we maintain stock brokers’ indemnity policies that provide coverage against incomplete transactions and computer crimes. In addition, we maintain voluntary insurance coverage against risks including loss of money, loss of electronic equipment, burglary, general fire, damage and flood. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow could be adversely affected. Further, we are exposed to potential liability risks that are inherent in the provision of financial services. Such liabilities may exceed our available insurance coverage or arise from claims outside the scope of our insurance coverage. If our arrangements for insurance or indemnification are not adequate to cover claims, including in the case of claims exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our financial condition and results of operations may be adversely affected. For details of our insurance cover, see the section titled *“Our Business”* on page 93 of the Red Herring Prospectus.

32. *The fund requirement and deployment have not been appraised by any bank or financial institution.*

The deployment of funds as described in the chapter titled *‘Objects of the Issue’* beginning on page 68 of the Red Herring Prospectus is at the discretion of our Company’s Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled *‘Objects of the Issue’* on page 68 of the Red Herring Prospectus, management will have significant flexibility in applying the proceeds received by our Company from this Issue.

33. *Our future funds requirements, in the form of fresh issue of capital or securities and / or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.*

We may require additional capital from time to time depending on our business needs. Any fresh issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

34. Any future issuance of Equity Shares by our Company or sale of the Equity Shares by any of its significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of our Equity Shares could dilute your shareholding. Any such future issuance of our Equity Shares or sale of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

35. Post this Issue, our Promoters and Promoter Group will continue to hold majority shares in our Company.

Post this Issue, our Promoters and Promoter Group will collectively own 48.02% of our Equity Share capital. Accordingly, our Promoters and Promoter Group will continue to have control over our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election, termination or appointment of our officers and directors. This control could delay, defer, or prevent a change in control in our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company even if it is in its best interest. Our Promoters and Promoter Group may also influence our material policies in a manner that could conflict with the interests of our other shareholders.

36. You will not be able to immediately sell any of our Equity Shares purchased through this Issue on an Indian stock exchange.

Our Equity Shares will be listed on the BSE and the NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' "demat" accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. Until such time, as trading approvals are received from the BSE and the NSE you will not be able to sell any of our Equity Shares issued through the Issue.

37. There has been no public market for our Equity Shares prior to this Issue so the Issue Price may not be indicative of the value of the Equity Shares.

Prior to this Issue, there has been no public market for our Equity Shares in India or elsewhere. The Issue Price as determined by our Company in consultation with the BRLM could differ significantly from the price at which the Equity Shares will trade subsequent to completion of this Issue. We cannot assure you that even after the Equity Shares have been approved for listing on the Stock Exchanges, any active trading market for the Equity Shares will develop or be sustained after this Issue, or that the offer price will correspond to the price at which the Equity Shares will trade in the Indian capital market subsequent to this Issue.

38. We face risks associated with potential acquisitions, investments, strategic partnerships or other ventures that could adversely affect our results of operations.

We may acquire or make investments in complementary businesses, technology, services or products or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. The general trend towards consolidation in the financial services industry increases the importance of our ability to successfully complete such acquisitions and investments. We may not identify suitable acquisition, investment or strategic partnership, candidates, or if we do identify suitable candidates, we may not complete those transactions on commercially acceptable terms or at all. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

39. We have in the past entered into related party transactions and may continue to do so in the future.

We have, in the course of our business entered into transactions with related parties that include entities forming part of our Subsidiaries and Promoter Group. The cumulative figure of related party transactions for the last three years is as follows.

(₹ in lakhs)

| Particulars | For the Financial Year ended March 31, | | |
|---|--|---------------|-----------------|
| | 2011 | 2010 | 2009 |
| Revenue Items | 195.94 | 119.56 | 22.51 |
| Expense Items | 63.76 | 66.99 | 59.45 |
| Interest on Unsecured Loans | 7.57 | 22.31 | 5.01 |
| Director's Remuneration | 21.60 | 21.60 | 38.85 |
| Investments incl. Share Application Money | 2,000.00 | 0.00 | 622.01 |
| Loans & Advances given/ (repaid) Net | 1852.20 | 1038.00 | 439.10 |
| Deposits and Advances paid | (133.00) | (310) | 5.00 |
| Total | 4008.07 | 958.46 | 1,410.94 |

While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details please refer to Annexure XVIII on page 232 forming part of the chapter titled “Financial Information” beginning on page 165 of the Red Herring Prospectus.

40. Our ability to pay dividends will depend upon future earnings, financial conditions, cash flows, working capital requirements, capital expenditure, lender's approvals and other factors.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends.

41. Our business is dependent on systems and operations availability and any interruptions in our transaction systems could lead to decline in our sales and profits.

We are dependent on our technology systems to perform the critical function of gathering, processing and communicating information efficiently, securely and without interruptions. We face risks arising from failures in our systems control processes or technology systems on which our ability to manage our business depends. Additionally, rapid increases in client demand may strain our ability to enhance our technology and expand our operating capacity. At the core of our on-line trading system is an application based on very small aperture terminals (“VSAT”), which has a direct connection with the Exchanges and allows investors to trade securities on-line. The VSAT-based network allows us to provide investors with real-time market data such as streaming quotes from each market due to better connectivity. A breakdown or interruption in the Indian domestic satellite system could have a material adverse effect on our business and client base. Our operations are highly dependent on the integrity of our technology systems and our success depends, in part, on our ability to make timely enhancements and additions to our technology in anticipation of client demands. To the extent we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in client use patterns, technological failure, changes to systems, linkages with third-party systems, and equipment and power failures), our business and operations could be significantly impacted. While we maintain back up of all records at our office in Mumbai, any unforeseen events or circumstances beyond our control at this office could result in loss of data and records and adversely affect our results of operations.

42. Security breaches could adversely impact our business.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by our increased internet connectivity. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches but there can be no assurance that these security measures will be successful. Breaches of our security measures could affect the security of information stored in and transmitted through these computer systems and network infrastructure. A failure in security measures could have a material adverse effect on our business and our future financial performance.

EXTERNAL RISK FACTORS

1. Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant.

Although the Central government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting foreign investment and other matters affecting investment in our securities could change as well.

2. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market.

There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares. The Issue Price of the Equity Shares in this Issue will be determined by our Company in consultation with the BRLM, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business, the sectors and industries in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market and may be more volatile than the securities markets in other countries. The stock exchanges in India have experienced problems, including broker defaults and settlement delays, which, if were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

3. Material changes in the regulations that govern us could cause our business to suffer and the price of the Equity Shares to decline.

The securities market and our business are subject to extensive regulation including by SEBI, RBI, FMC and other governmental regulatory authorities. Additionally, we are also regulated by industry self-regulatory organizations, including the Stock Exchanges, the Commodities Exchanges and the Depositories. The regulatory environment in which we operate is also subject to change and we may be adversely affected as a result of new or revised legislation or regulations imposed by SEBI, other governmental regulatory authorities or self-regulatory organizations. We may also be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organisations. We are SEBI registered stock brokers and are members of several exchanges such as the BSE, NSE, MCX-SX and the OTCEI. As such, brokers are subject to regulations which cover all aspects of the securities business, including sales methods and supervision; trading practices among broker - dealers and the conduct of directors, officers and employees of broker - dealers.

Compliance with many of the regulations applicable to us involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. The requirements imposed by securities regulators are designed to ensure the integrity of the financial markets and to protect customers and third parties who deal with us. Consequently, these regulations often serve to limit our activities, including through capital

adequacy, credit concentration and market conduct requirements. If we are found to have violated an applicable regulation, administrative or judicial proceedings may be initiated against us that may result in trading bans, censures, fines, deregistration or suspension of our brokerage activities, the suspension or disqualification of our officers or employees, or other adverse consequences. The imposition of any of these or other penalties could have a material adverse effect on our business, reputation, financial condition and results of operations.

We also are subject generally to changes in Indian law, as well as to changes in regulations and accounting principles. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes would not adversely affect our business and future financial performance.

4. *Downturns or disruptions in the securities markets could reduce transaction volumes, causing a decline in our business and impacting our profitability.*

Our business is materially affected by conditions in the financial markets and economic conditions generally, both in India and elsewhere around the world. Many factors or events could lead to a downturn in the financial markets including war, political instability, natural catastrophes and sudden changes in economic and financial policies. Any such events could affect confidence in the financial markets and impair their ability to function effectively. A significant portion of our revenues in recent years has been derived from capital markets, and although we continue to diversify our revenue sources, we expect this business to continue to account for a significant portion of our revenues in the foreseeable future. Capital markets are exposed to additional risks, including liquidity, interest rate and foreign exchange related risks. Any downturn or disruption in the securities markets and the capital markets specifically would have a material adverse effect on our results of operations. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility. For example, BSE Sensex had seen a fall of approximately 60% within a span of 9 months quoting 7767.21 at one point in October 2008 as compared to 21078 in January 2008. Any such future volatility may have an adverse effect on market-sentiment, and hence could adversely impact our business, prospects, financial condition and results of operations.

5. *We require certain regulatory approvals and periodical renewals for conducting our business. Any failure to obtain or retain such approvals in a timely manner, or at all, may adversely affect our operations.*

We require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as SEBI, RBI, Stock Exchanges, commodities exchanges, Depositories, FMC and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain a certificate of registration for carrying on each of our business activities from SEBI and other such regulatory authorities that are subject to numerous conditions. If we fail to maintain such registrations and licenses or to comply with applicable conditions of such licenses, or a regulator claims we have not complied with such conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. This will materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that we will be able to obtain approvals in respect of any application made by us in the future, in a timely manner or at all. For further details, please see section entitled “*Regulations and Policies in India*” and “*Government and Other Approvals*” beginning on pages 122 and 266 respectively.

6. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

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

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

8. *Any downgrading of India's credit rating by an international rating agency could have an unfavorable impact on our business.*

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

9. *India is vulnerable to natural disasters that could severely disrupt our normal operations of business and adversely affect our earnings.*

India is susceptible to tsunamis and earthquakes. On December 26, 2004, Southeast Asia, including the Eastern coast of India, experienced a tsunami that caused significant loss of life and property damage. On January 26, 2001, the Kutch region in the State of Gujarat suffered a major earthquake causing significant loss of life and property. Substantially all of our facilities and employees are located in Mumbai. Mumbai is a flood, tsunami and earthquake prone area. If our facilities are damaged by an earthquake, tsunami or other natural disaster, its capability could be interrupted or delayed. As a result, a natural disaster in these areas could have a material adverse effect on our financial condition and results of operations.

Prominent Notes

1. Our Company, its Promoters, Directors, Promoter Group or persons in control of our Company have not been prohibited or debarred from accessing the capital market by the SEBI. Also, none of our Promoter, Directors or persons in control of our Company was or is a promoter, director or person in control of any other company that is debarred from accessing the capital market under any order or directions made by SEBI. Further Our Company, our Promoters, their relatives, Directors, Promoter Group or persons in control of our Company are not declared as wilful defaulters by RBI / Government Authorities and there are no violations of securities laws committed in the past or pending against them.
2. This is a Public Issue of 70,00,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share for cash aggregating ₹ [●] lakhs. The issue will constitute 33.33% of the post issue paid up capital of the Company.
3. The net worth of our Company, before the Issue, as per our consolidated restated audited financial statements, as at March 31, 2011 and March 31, 2010 was ₹8,045.55 lakhs and ₹7,587.02lakhs respectively and the book value per Equity Share, as per our consolidated restated audited financial statements, as at March 31, 2011 and March 31, 2010 was ₹57.47and ₹54.19per share respectively.
4. Any clarification or information relating to this Issue shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. Investors may contact the BRLM i.e. Intensive Fiscal Services Private Limited, and/or Ms. Bhavi Gandhi, Company Secretary and Compliance Officer and/or Link Intime India Private Limited, Registrar to this Issue for any complaints pertaining to this Issue at the Pre-Issue or Post-Issue stage.
5. The following table represents average cost of acquisition of Equity Shares by our Promoters as on date of the Red Herring Prospectus. For details please refer to the table titled '*Details of build-up of shareholding*

of promoters’ on page 56 under the chapter titled ‘*Capital Structure*’ beginning on page 52 of the Red Herring Prospectus.

| Sr. No. | Name of the Promoters | Average cost of acquisition (in ₹) |
|---------|-----------------------|------------------------------------|
| 1. | Mr. Nagji K. Rita | 5.00 |
| 2. | Ms. Jayshree N. Rita | 5.00 |

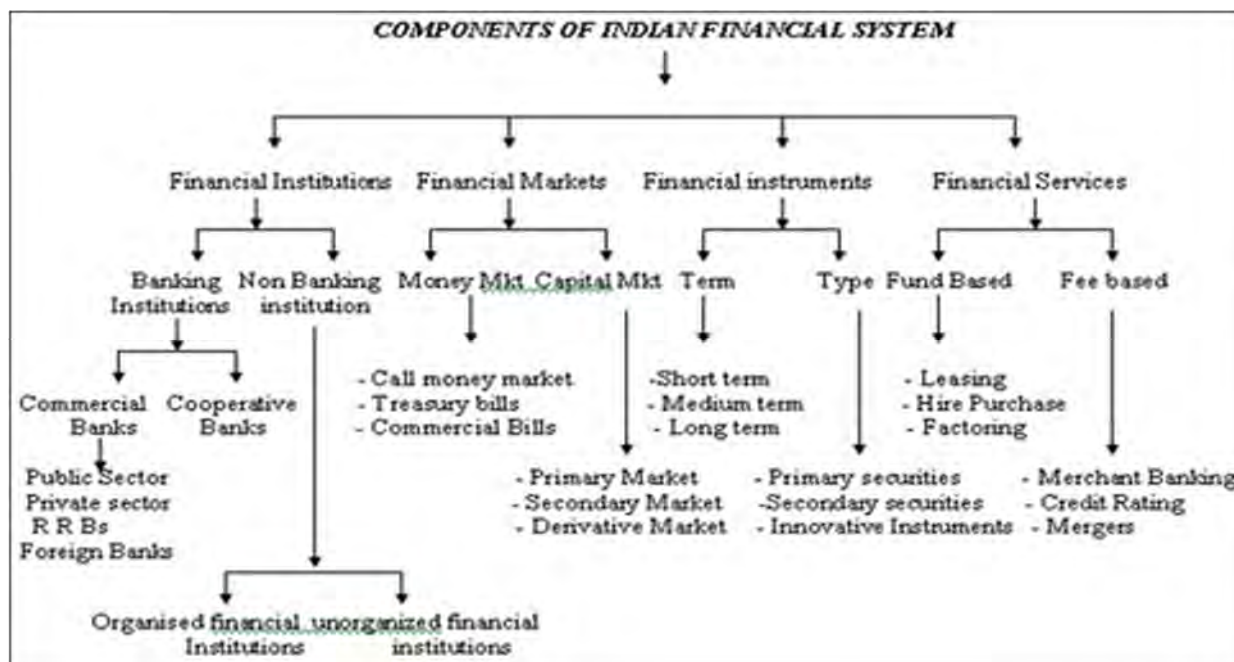
6. For interests of our Promoters, Directors and Key Managerial Personnel, please refer to the chapters titled ‘*Risk Factors*’, ‘*Our Business*’, ‘*Our Promoter and Their Background*’ and ‘*Our Management*’ on pages xiv, 93, 157, and 140 of the Red Herring Prospectus respectively.
7. Investors are advised to refer to the paragraph in the chapter titled ‘*Basis for Issue Price*’ on page 73 of the Red Herring Prospectus before making an investment in this Issue.
8. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid bids being received at or above the Issue Price.
9. In the event of the Issue being oversubscribed, the allocation shall be on a competitive basis to Bidders in the QIBs, Retail Individual Bidders and Non-Institutional Bidders. For further details, please refer to paragraph titled ‘*Method of proportionate basis of allotment in the issue*’ on page 320 in the chapter titled ‘*Issue Procedure*’ beginning on page 292 of the Red Herring Prospectus.
10. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
11. Under subscription, if any, in any category shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company in consultation with the BRLM. Allocation in all the categories shall be on a proportionate basis.
12. Except as disclosed in the chapter titled ‘*Capital Structure*’ beginning on page 52 of the Red Herring Prospectus, we have not issued any shares for consideration other than cash.
13. For details regarding our related party transactions, please refer Annexure XVIII on page 232 in the chapter titled ‘*Financial Information*’ beginning on page 165 of the Red Herring Prospectus.
14. The Group companies are interested parties to the extent of the related party transactions disclosed in Annexure XVIII on page 232 in the chapter titled ‘*Financial Information*’ beginning on page 165 of the Red Herring Prospectus.
15. There has been no change in the name of our Company during the last three year.
16. Except, as disclosed in the chapter titled ‘*Capital Structure*’ on page 52 of the Red Herring Prospectus, neither our Promoters nor our Directors have purchased or sold any Equity Shares, during a period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.
17. We and the BRLM are obliged to keep the Red Herring Prospectus updated and inform the public of any material change / development until the listing and trading of the Equity Shares offered under the Issue.
18. None of our Promoters, Directors and their relatives, Promoter Group or Group Entities, have entered into any financing arrangement or have financed the purchase of securities of our Company during the last six months prior to the date of filing of the Red Herring Prospectus.

SECTION III – INTRODUCTION

SUMMARY OF OUR INDUSTRY

Indian Financial Sector

The financial sector in India is characterized by liberal and progressive policies, vibrant equity and debt markets and prudent banking norms. India's financial sector has been one of the fastest growing sectors in the economy. India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets etc. Public Sector (Government owned) banks account for majority of the banking assets; however, Indian private banks and foreign banks are growing at a rapid pace. Most of the global players in banking & financial services have presence in India. The Indian financial sector attributes its growth to technology upgradation, consolidation of large broking houses, evolution of e-broking business, growth in retail segment, regulatory reforms, diversified asset instruments and foreign investment participation. There is huge growth potential in the Indian financial sector. This is evident from the fact that less than 1% of population trades in the market as compared to 25% in the developed economy. The opportunities in the sector are huge as financial intermediaries have not restricted themselves to equity broking business. They have de-risked their business by diversifying into emerging opportunities in the last couple of years. They have ventured into commodity broking business which emerged from a small contribution towards revenue to major growth engine for many companies. Companies have also forayed into wealth management, investment banking, mutual funds and insurance business. They are also looking into areas like forex trading which would further de-risk their business model. The business areas covered under the Indian Financial Sector is displayed in the chart below:



Capital Market

Indian capital market offers the following functions:

- Investment Advisory
- PMS
- Private Equity
- Fixed Deposit
- Equities and Derivatives
- Commodities
- Currency
- Depository Services
- Research
- Insurance and Mutual Fund
- IPO

India has a transparent; highly technology enabled and well regulated stock / capital market. A vibrant, well-developed capital market facilitates investment and economic growth. Capital market achieves one of the most

important functions of channeling idle resources to productive resources or from less productive resources to more productive resources. The capital market transactions today involve lots of checks and balances with efficient electronic trading and settlement systems. Today the stock markets are buoyant and have a range of players including mutual funds, FIIs, hedge funds, corporate and other institutions. Domestic savings and capital inflows are channelized in the capital markets. The flow of resources in the securities market depends on the depth and efficiency of the markets, robust risk management system, attractiveness of securities and the ability of the users of capital to attract resources.

The last decade (2000-2010) has been the most eventful period for the Indian securities market during which it took major strides to carve a niche for itself in the global securities markets. The major developments which hastened this incredible journey can broadly be observed under three categories, viz. improved market microstructure, introduction of new products and progressive changes in the regulatory framework.

Financial Markets Outlook

Post-Lehman, the impact of the global financial crisis unfolded in the Indian financial markets, through reversal of capital inflows and significant correction in the domestic stock markets on the back of sell-off in the equity market by the Foreign Institutional Investors (FIIs). The withdrawal of funds from the Indian equity markets and reduced access of the Indian entities to raise funds from the international markets put significant pressure on the dollar liquidity in the domestic foreign exchange market. These developments created adverse expectations on the balance of payments (BoP) outlook leading to downward pressures on the Indian rupee and increased volatility in the foreign exchange market.

The financial markets in India and abroad witnessed recovery during 2009. This was reflected in the rising market capitalisation of stock exchanges of emerging and developing countries. The market capitalisation of the emerging markets increased to 28.3% of world total market capitalisation in 2009, up from 25.9% in 2008. The market value of emerging markets increased by 48.8% in 2009. United States which accounted for 30.9% of the world total market capitalisation in 2009 registered a rise of 28.4% in its market capitalisation. However, neither the emerging countries nor the developed economies were able to surpass the levels of growth witnessed in market capitalisation and turnover during the year 2007.

The year 2010-11 was marked by periods of volatility and tranquility in the Indian financial markets. Global uncertainties as well as domestic developments impacted Indian financial markets. The Indian markets, however, remained largely orderly, despite the challenges posed by persistent inflation and high current account deficit.

The normalisation of monetary policy of the Reserve Bank in 2010-11 so far has been conditioned by the changing growth-inflation dynamics characterised by robust acceleration in growth and increasing generalisation of inflation. With concerns about the recovery receding, increasing risks of generalised inflation indicate that monetary policy has to continue the calibrated normalisation process.

However, the global financial crisis has exposed areas of vulnerability in the Indian financial sector and policy initiatives are underway to strengthen financial stability. With a view to addressing the issues, various international bodies, national supervisors and policymakers are engaged in instituting various reform measures at the global and at the national levels. The Reserve Bank has been actively pursuing the development of various segments of the financial market. In the recent period, financial inclusion has also been recognised as a key objective of policy.

As per the Macroeconomic and Monetary Developments Third Quarter Review 2010-11, issued by Reserve Bank of India ("RBI Third Quarter Review 2011"), going forward, macroeconomic factors may dominate financial markets movements in 2011-12.

Following the implementation of reforms in the capital market in the past years, Indian stock markets have stood out in the world ranking. India has the distinction of having the largest number of listed companies followed by United States, Canada, Spain, Japan and United Kingdom.

SUMMARY OF OUR BUSINESS

In this section, unless the context otherwise requires, a reference to the "Company", "IGSL" is a reference to Inventure Growth & Securities Limited and unless the context otherwise requires, a reference to "Inventure Group" "we", "us" and "our" refers to Inventure Growth & Securities Limited and its Subsidiaries viz Inventure Finance Private Limited (IFPL), Inventure Commodities Limited (ICL), Inventure Wealth Management Limited (IWML) and Inventure Insurance Broking Private Limited (IBPL) on a consolidated basis.

IGSL is the first generation financial intermediary and flagship Company of Inventure Group. A professionally managed Company led by Mr. Nagji K. Rita who is the founder member and through his managerial acumen and cumulative experience of 20 years in the financial markets has steered the growth of Inventure Group.

We offer a host of services under one roof providing comprehensive advisory services that are well diversified from trading services in equity cash and derivatives market, debt market, commodities and currency futures segment to financing activity, wealth management, and distributions of financial product. IGSL has direct interests in equity, debt and currency futures broking, depository activities, PMS and other activities like commodity broking, non-banking financial services, wealth management and sale of insurance products are provided through its Subsidiaries.

As a growing Indian domestic brokerage house, we have a diversified clientele base that includes institutional clients, high net worth individuals and retail investors. We use a knowledge-based approach together with personalized services to meet our clients' needs in line with their investment objective. Our clientele includes institutional clients, high net worth individuals and retail investors across the country.

We could withstand the volatile market conditions based on this diversified base of customers and the speed and accuracy of our employees.

Our products and services



The activities undertaken by IGSL and its Subsidiaries are illustrated in the table below:

| Service Area | Membership / Products offered* | Company Name |
|--------------------------------|---|--|
| Equity Broking | <ul style="list-style-type: none"> NSE (Cash and Derivatives Segments) BSE (Cash Segments) OTCEI | Inventure Growth & Securities Limited |
| Research | <ul style="list-style-type: none"> Fundamental Technical | |
| Depository Services | <ul style="list-style-type: none"> CDSL | |
| IPO Distribution | <ul style="list-style-type: none"> Distribution of IPOs | |
| Currency Futures | <ul style="list-style-type: none"> NSE MCX – SX | |
| Wholesale Debt market segment | <ul style="list-style-type: none"> BSE | |
| | <ul style="list-style-type: none"> NSE | |
| Portfolio Management | <ul style="list-style-type: none"> SEBI/PMS | Inventure Growth & Securities Limited |
| Commodity Trading | <ul style="list-style-type: none"> MCX NCDEX NMCE NSEL | |
| Insurance advisory services | <ul style="list-style-type: none"> Life Insurance General Insurance | Inventure Insurance Broking Private Limited |
| Non Banking Financial Services | <ul style="list-style-type: none"> IPO Funding Loan Against Shares | Inventure Finance Private Limited |
| Wealth Management | <ul style="list-style-type: none"> Investment Advisory Services Mutual Funds Distribution | Inventure Wealth Management Limited |

**for membership number refer to chapter titled “Government and Other Approvals” on page 266 of the Red Herring Prospectus.*

Inventure Growth and Securities Limited

Incorporated as a public limited company in the year 1995, IGSL has grown from being a SEBI registered broker with BSE membership into a full service brokerage house providing services in the financial services sector.

IGSL was declared one of the Top Four Performers in the Derivatives Segment for the year 2009-2010 by Bombay Stock Exchange.

IGSL has membership in the cash and derivative segments of BSE and NSE, currency futures market segment of NSE and MCX-SX, wholesale debt market of BSE and NSE, member of OTCEI and also registered as a DP with CDSL. IGSL has been recently registered as Portfolio Manager with SEBI. IGSL currently employs 193 employees.

Competition

We operate in a highly competitive market. We face competition from domestic as well as international players. Competition in these markets is based primarily on the relationship with the client as well as the ability to retain client.

There are no entry barriers in this industry, and any increase in the number of customers with the existing players would further intensify competition. To counter further competition, we are proposing expansion of our business activity so as to achieve economies of scale and cost competitiveness.

We face competition from Geojit BNP Paribas Financial Services Limited, Khandwala Securities Limited, Arihant Capital Market Limited, Angel Broking Limited, EmkayGlobal Financial Services Limited, Edelweiss Securities Limited, Motilal Oswal Securities Limited, Bonanza Portfolio Limited, Marwadi Shares and Finances Limited and Arcadia Share and Stock Brokers Limited.

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated and unconsolidated audited financial statements as of and for the financial years ended March 31, 2007, 2008, 2009, 2010 and 2011. These audited financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI ICDR Regulations and presented under the section titled 'Financial Information' beginning on page 165 the Red Herring Prospectus. The summary financial information presented below should be read in conjunction with our restated consolidated and unconsolidated audited financial statements, the notes thereto and the chapters titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' and 'Financial Information' beginning on pages 236 and 165 respectively, of the Red Herring Prospectus.

Inventure Growth & Securities Limited (Standalone)

Statement of assets and liabilities, as restated

(₹ in Lakhs)

| Particulars | As at 31 st March | | | | |
|---|------------------------------|------------------|------------------|------------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| A Fixed assets | | | | | |
| Gross block | 2,022.24 | 1,950.17 | 1,792.46 | 1,604.21 | 511.20 |
| Less: accumulated depreciation | 665.29 | 543.34 | 429.99 | 327.21 | 266.62 |
| Net block | 1,356.95 | 1,406.83 | 1,362.47 | 1,277.00 | 244.58 |
| Capital work-in-progress | - | - | - | 54.99 | - |
| Total | 1,356.95 | 1,406.83 | 1,362.47 | 1,331.99 | 244.58 |
| B Investments | 2,782.32 | 782.32 | 789.07 | 229.02 | 15.67 |
| C Current assets, loans and advances | | | | | |
| Stock-in-trade | 2.08 | 0.96 | 3.17 | 4.45 | 3.15 |
| Sundry debtors | 6,319.89 | 4,602.97 | 4,669.45 | 3,583.31 | 934.58 |
| Cash and bank balances | 5,366.27 | 5,910.04 | 3,320.64 | 5,209.20 | 4,750.59 |
| Loans and advances | 891.20 | 2,819.06 | 2,308.44 | 1,449.40 | 442.56 |
| Total | 12,579.44 | 13,333.03 | 10,301.70 | 10,246.36 | 6,130.88 |
| D Total Assets (A+B+C) | 16,718.71 | 15,522.18 | 12,453.24 | 11,807.37 | 6,391.13 |
| E Liabilities and provisions | | | | | |
| Share application money pending allotment | - | - | - | 311.63 | - |
| <u>Loan funds</u> | | | | | |
| Secured loans | 903.92 | 990.35 | 916.19 | 812.65 | - |
| Unsecured loans | 24.00 | 175.00 | 21.00 | - | - |
| Deferred tax liability (net) | 110.20 | 112.84 | 97.17 | 70.44 | 42.75 |
| <u>Current liabilities and provisions</u> | | | | | |
| Current liabilities | 8,323.90 | 7,283.78 | 5,387.67 | 4,662.96 | 2,187.46 |
| Provisions | 188.33 | 183.03 | 102.47 | 223.54 | 8.92 |
| Total | 9,550.35 | 8,745.00 | 6,524.50 | 6,081.22 | 2,239.13 |
| F Net worth (D-E) | 7,168.36 | 6,777.18 | 5,928.74 | 5,726.15 | 4,152.00 |
| Represented by: | | | | | |
| <u>Shareholders' funds</u> | | | | | |
| Share capital | | | | | |
| - Equity Share Capital | 1,400.00 | 1,400.00 | 700.00 | 700.00 | 560.00 |
| Forfeited Shares Account | - | - | - | - | 14.96 |
| Reserves and surplus | 5,768.36 | 5,377.18 | 5,228.74 | 5,026.15 | 3,577.04 |
| Total Networth | 7,168.36 | 6,777.18 | 5,928.74 | 5,726.15 | 4,152.00 |

Inventure Growth & Securities Limited (Standalone)
Statement of profit and loss, as restated

(₹ in Lakhs)

| Particulars | For the year ended 31st March | | | | |
|--|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Income | | | | | |
| Income from operations | 2,429.20 | 3,263.95 | 2,012.57 | 3,807.44 | 2,732.76 |
| Other income | 1,066.67 | 705.85 | 422.64 | 884.24 | 293.29 |
| Total income | 3,495.87 | 3,969.80 | 2,435.21 | 4,691.68 | 3,026.05 |
| Personnel expenses | 661.23 | 475.80 | 435.23 | 542.11 | 292.81 |
| Operating and other expenses | 1,537.67 | 1,551.30 | 1,269.78 | 1,629.75 | 998.51 |
| Interest & other financial expenses | 358.76 | 304.35 | 191.18 | 162.41 | 76.84 |
| Depreciation | 121.95 | 114.35 | 102.76 | 61.16 | 48.41 |
| Total expenditure | 2,679.61 | 2,445.80 | 1,998.95 | 2,395.43 | 1,416.57 |
| Net profit before tax and extraordinary items | 816.26 | 1,524.00 | 436.26 | 2,296.25 | 1,609.48 |
| Provision for taxation | | | | | |
| - Income tax | 265.00 | 498.00 | 120.00 | 618.00 | 495.00 |
| - Deferred tax adjustments | (2.63) | 15.65 | 26.76 | 27.68 | 6.26 |
| - Fringe benefit tax | - | - | 5.00 | 4.60 | 3.00 |
| Net profit after tax & before extraordinary items | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |
| Extraordinary items | - | - | - | - | - |
| Net profit after extraordinary items | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |
| Balance in profit & loss account brought forward | 183.71 | 235.28 | 132.68 | 198.53 | 284.87 |
| Balance available for appropriations | 737.60 | 1,245.63 | 417.18 | 1,844.50 | 1,390.09 |
| Appropriations | | | | | |
| Interim dividend | - | - | - | - | 168.00 |
| Proposed dividend on equity shares | 140.00 | 140.00 | 70.00 | 181.05 | - |
| Dividend distribution tax on equity dividend | 22.71 | 21.92 | 11.90 | 30.77 | 23.56 |
| Transfer to general reserve | 300.00 | 900.00 | 100.00 | 1,500.00 | 1,000.00 |
| Balance in profit and loss account | 274.89 | 183.71 | 235.28 | 132.68 | 198.53 |
| Total | 737.60 | 1,245.63 | 417.18 | 1,844.50 | 1,390.09 |

Inventure Growth & Securities Limited (Standalone)

Cash flow statement, as restated

(₹ in Lakhs)

| Particulars | Year ended on 31st March | | | | |
|---|--------------------------|-------------------|-----------------|-------------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Cash flow from operating activities | | | | | |
| A Profit before taxation | 816.26 | 1,524.00 | 436.26 | 2,296.25 | 1,609.48 |
| Adjustments for | | | | | |
| Depreciation | 121.95 | 114.35 | 102.76 | 61.16 | 48.41 |
| Provision for defined employees benefit | 4.51 | 0.54 | 8.84 | 2.80 | 2.75 |
| Profit on sale of investments | - | (6.31) | (5.05) | (373.36) | (2.66) |
| Loss on Sale of Fixed Assets | - | 0.27 | - | - | - |
| Dividend on current investments | (14.82) | (8.50) | (7.95) | (8.07) | (24.13) |
| Interest and other financial charges | 358.76 | 304.35 | 191.18 | 162.41 | 76.84 |
| Interest received | (478.44) | (385.99) | (213.45) | (351.35) | (222.77) |
| Operating cash flow before working capital changes | 808.22 | 1,542.71 | 512.60 | 1,789.85 | 1,487.92 |
| Adjustments for : | | | | | |
| Stock in trade | (1.12) | 2.23 | 1.26 | (1.29) | 2.53 |
| Trade & other receivables | (1,670.27) | 403.26 | (1,467.49) | (2,707.30) | (618.70) |
| Income taxes paid | (262.37) | (512.24) | (127.01) | (699.62) | (578.68) |
| Trade payables | (397.98) | 2,277.33 | 431.91 | 2,557.87 | (313.24) |
| Net cash from operating activities - A | (1,523.52) | 3,713.29 | (648.73) | 939.51 | (20.17) |
| Cash flow from investing activities | | | | | |
| B | | | | | |
| Purchase of fixed assets | (72.07) | (162.74) | (308.11) | (918.47) | (67.13) |
| Disposal of fixed assets | - | 4.00 | - | - | - |
| Capital work in progress | - | - | - | (54.99) | - |
| Investments in subsidiaries | (2,000.00) | - | (622.01) | (220.29) | - |
| Purchase of investments-others | - | - | - | (6.69) | (12.27) |
| Disposal of investment in subsidiary | - | - | 60.00 | - | - |
| Disposal of investments-others | - | 13.06 | 7.01 | 386.99 | 38.13 |
| Interest received | 421.58 | 236.64 | 178.68 | 341.11 | 222.77 |
| Dividend received | 14.82 | 8.50 | 7.95 | 8.07 | 24.13 |
| Advances to subsidiaries | 1,963.44 | (683.83) | (440.92) | (861.00) | - |
| Term deposits with banks (net) | (207.50) | (2,036.98) | 1,211.12 | (3.18) | (881.51) |
| Net cash from investing activities - B | 120.27 | (2,621.35) | 93.72 | (1,328.45) | (675.88) |
| Cash flow from financing activities | | | | | |
| C | | | | | |
| Proceeds from issue of equity shares | - | - | - | 140.00 | 10.59 |
| Equity share application money received/(returned) | - | - | (311.63) | 311.63 | - |
| Redemption of preference share capital | - | - | - | - | (50.00) |
| Dividend paid | (140.00) | (70.00) | (181.05) | - | (255.41) |
| Dividend distribution tax paid | (21.92) | (11.90) | (30.77) | - | (35.82) |
| Loans from banks | 25.00 | 150.00 | 140.00 | 816.63 | - |

| | | | | | |
|---|-----------------|-----------------|-----------------|---------------|-----------------|
| Loans from banks - repaid | (111.43) | (75.84) | (36.46) | (3.98) | (60.05) |
| Loans from others | 114.00 | 299.00 | 21.00 | - | - |
| Loans from others - repaid | (265.00) | (145.00) | - | - | - |
| Bank overdraft (net) | 1,410.09 | (381.45) | 467.65 | (257.47) | 512.43 |
| Interest & other financial charges | (358.76) | (304.35) | (191.18) | (162.41) | (76.84) |
| Net cash from financing activities - C | 651.98 | (539.54) | (122.45) | 844.39 | 44.89 |
| Net increase in cash and cash equivalents (A+B+C) | (751.27) | 552.40 | (677.46) | 455.45 | (651.16) |
| Cash & cash equivalent as at the beginning of the year | 822.28 | 269.88 | 947.34 | 491.89 | 1,143.05 |
| Cash & cash equivalent as at the end of the year | 71.01 | 822.28 | 269.88 | 947.34 | 491.89 |

Notes :

1 Computation of Cash and Cash Equivalents.

| Particulars | Year ended on 31 st March | | | | |
|---|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Cash and Bank balance as per restated financial statement | 5,366.27 | 5,910.04 | 3,320.64 | 5,209.20 | 4,750.59 |
| Less: Balance with bank in fixed deposit | 5,295.26 | 5,087.76 | 3,050.76 | 4,261.86 | 4,258.70 |
| Cash and Cash Equivalent | 71.01 | 822.28 | 269.88 | 947.34 | 491.89 |
| Represented by: | | | | | |
| Cash in hand | 5.02 | 1.26 | 1.95 | 1.53 | 0.31 |
| In current accounts | 65.99 | 821.02 | 267.93 | 945.81 | 491.58 |
| TOTAL | 71.01 | 822.28 | 269.88 | 947.34 | 491.89 |

Inventure Growth & Securities Limited (Consolidated)

Statement of assets and liabilities, as restated

(₹ in Lakhs)

| Particulars | As at 31st March | | | |
|--|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2009 | 2008 |
| A. Fixed assets | | | | |
| Gross block | 2,042.12 | 1,961.29 | 1,803.25 | 1,605.33 |
| Less: accumulated depreciation | 676.02 | 551.50 | 436.80 | 328.33 |
| Net block | 1,366.10 | 1,409.79 | 1,366.45 | 1,277.00 |
| Capital work-in-progress | - | - | - | 54.99 |
| Total | 1,366.10 | 1,409.79 | 1,366.45 | 1,331.99 |
| B. Goodwill on consolidation | 150.08 | 150.08 | 150.08 | 23.81 |
| C. Investments | 1,588.83 | 1,143.93 | 1,450.25 | 1,108.54 |
| D. Current assets, loans and advances | | | | |
| Stock-in-trade | 14.93 | 0.96 | 3.20 | 4.44 |
| Sundry debtors | 6,444.93 | 4,703.42 | 4,787.68 | 3,583.31 |
| Cash and bank balances | 6,662.45 | 6,651.84 | 3,525.50 | 5,276.82 |
| Loans and advances | 5,112.09 | 3,322.80 | 1,930.53 | 580.26 |
| Total | 18,234.40 | 14,679.02 | 10,246.91 | 9,444.83 |
| E. Total Assets (A+B+C+D) | 21,339.41 | 17,382.82 | 13,213.69 | 11,909.17 |
| F. Liabilities and provisions | | | | |
| Share application money pending allotment | - | - | - | 311.62 |
| Minority interest | 6.19 | 8.53 | 10.42 | - |
| <u>Loan funds</u> | | | | |
| Secured loans | 4,315.56 | 1,886.35 | 916.19 | 812.65 |
| Unsecured loans | 149.00 | 175.00 | 21.00 | 109.00 |
| Deferred tax liability (net) | 116.65 | 119.42 | 102.51 | 74.46 |
| <u>Current liabilities and provisions</u> | | | | |
| Current liabilities | 8,507.99 | 7,422.14 | 5,782.08 | 4,663.36 |
| Provisions | 198.47 | 184.36 | 102.47 | 223.54 |
| Total | 13,293.86 | 9,795.80 | 6,934.67 | 6,194.63 |
| G. Net worth (E-F) | 8,045.55 | 7,587.02 | 6,279.02 | 5,714.54 |
| Represented by: | | | | |
| <u>Shareholders' funds</u> | | | | |
| Share capital | 1,400.00 | 1,400.00 | 700.00 | 700.00 |
| Reserves and surplus | 6,645.55 | 6,187.02 | 5,579.02 | 5,014.54 |
| Total Networth | 8,045.55 | 7,587.02 | 6,279.02 | 5,714.54 |

Inventure Growth & Securities Limited (Consolidated)

Statement of profit and loss, as restated

(₹ in Lakhs)

| Particulars | For the year ended 31st March | | | |
|--|-------------------------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Income | | | | |
| Income from operations | 3,116.43 | 3,925.50 | 2,422.48 | 3,803.40 |
| Other income | 1,018.63 | 701.21 | 413.42 | 918.10 |
| Total income | 4,135.06 | 4,626.71 | 2,835.90 | 4,721.50 |
| Expenditure | | | | |
| Personnel expenses | 733.43 | 553.44 | 472.82 | 544.26 |
| Operating and other expenses | 1,634.82 | 1,562.50 | 1,306.01 | 1,657.43 |
| Interest & other financial expenses | 705.88 | 361.93 | 194.69 | 162.41 |
| Depreciation | 124.52 | 115.68 | 103.76 | 61.16 |
| Total expenditure | 3,198.65 | 2,593.55 | 2,077.28 | 2,425.26 |
| Net profit before tax and extraordinary items | 936.41 | 2,033.16 | 758.62 | 2,296.24 |
| Provision for taxation | | | | |
| - Income tax | 320.30 | 546.87 | 176.25 | 613.36 |
| - Deferred tax adjustments | (2.78) | 16.91 | 26.62 | 31.69 |
| - Fringe benefit tax | - | - | 5.04 | 4.60 |
| Net profit after tax & before extraordinary items | 618.89 | 1,469.38 | 550.71 | 1,646.59 |
| Extraordinary items | - | - | - | - |
| Net profit after extraordinary items and before minority interest | 618.89 | 1,469.38 | 550.71 | 1,646.59 |
| Less: Share of minority interest for the year | (2.34) | (1.89) | (2.64) | - |
| Net profit after minority interest | 621.23 | 1,471.27 | 553.35 | 1,646.59 |
| Balance in profit & loss account brought forward | 747.60 | 479.59 | 98.22 | 186.30 |
| Add: adjustment arising on consolidation | - | - | 11.92 | - |
| Adjusted balance brought forward | 747.60 | 479.59 | 110.14 | 186.30 |
| (after adjustment arising on consolidation) | | | | |
| Balance available for appropriations | 1,368.83 | 1,950.86 | 663.49 | 1,832.89 |
| Appropriations | | | | |
| Proposed dividend on equity shares | 140.00 | 140.00 | 70.00 | 181.05 |
| Dividend distribution tax on equity dividend | 22.71 | 23.26 | 11.90 | 30.77 |
| Transfer to general reserve | 300.00 | 1,000.00 | 100.00 | 1,500.00 |
| Transfer to Statutory Reserve : | | | | |
| - In respect of current year's profit | 5.50 | 40.00 | 2.00 | 15.00 |
| - In respect of earlier years profits | - | - | - | 7.85 |
| Balance in profit and loss account, as restated | 900.62 | 747.60 | 479.59 | 98.22 |
| Total | 1,368.83 | 1,950.86 | 663.49 | 1,832.89 |

Inventure Growth & Securities Limited (Consolidated)

Cash flow statement, as restated

(₹ in Lakhs)

| Particulars | Year ended on 31st March | | | |
|---|--------------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2009 | 2008 |
| A | | | | |
| . Cash flow from operating activities | | | | |
| Profit before taxation | 936.41 | 2,033.16 | 758.62 | 2,296.24 |
| Adjustments for | | | | |
| (Profit)/loss on sale of investments | (116.97) | (97.96) | 4.13 | (386.48) |
| Dividend income | (12.65) | (10.26) | (16.37) | (8.07) |
| Interest received | (301.61) | (283.23) | (200.04) | (351.36) |
| Depreciation | 124.52 | 115.68 | 108.47 | 61.71 |
| (Profit)/loss on fixed assets | - | 0.27 | - | - |
| Interest and other financial charges | 705.88 | 361.93 | 194.69 | 162.41 |
| Contingent Provisions against Standard Assets | 10.14 | | | |
| Provision for defined employees benefit | 4.51 | 0.54 | 8.84 | 2.80 |
| Provision for deferred tax adjustments | - | - | 1.44 | - |
| Operating cash flow before working capital changes | 1,350.21 | 2,120.13 | 859.78 | 1,777.26 |
| Adjustments for : | | | | |
| Stock in trade | (13.98) | 2.23 | 1.26 | (1.29) |
| Trade & other receivables | (3,427.42) | (1,215.70) | (2,538.70) | (2,719.33) |
| Trade payables | (322.55) | 2,021.37 | 649.34 | 2,733.37 |
| Income taxes paid | (363.54) | (594.92) | (197.22) | (697.29) |
| Net cash from operating activities - A | (2,777.26) | 2,333.11 | (1,225.54) | 1,092.72 |
| B | | | | |
| . Cash flow from investing activities | | | | |
| Purchase of fixed assets | (80.83) | (163.29) | (142.94) | (1,094.13) |
| Disposal of fixed assets | - | 4.00 | - | - |
| Capital work in progress | - | - | - | (54.99) |
| Goodwill on acquisition | - | - | (129.77) | (23.81) |
| Purchase of investments | (564.11) | - | (409.85) | (1,106.50) |
| Disposal of investments | 236.17 | 404.29 | 64.01 | 400.11 |
| Interest received | 241.48 | 238.97 | 200.04 | 351.36 |
| Dividend income | 12.65 | 10.26 | 16.37 | 8.07 |
| Term deposits with banks (net) | (868.00) | (2,077.24) | 1,070.38 | (3.18) |
| Net cash from investing activities - B | (1,022.64) | (1,583.01) | 668.24 | (1,523.07) |
| C | | | | |
| . Cash flow from financing activities | | | | |
| Proceeds from issue of equity shares | - | - | - | 140.00 |
| Share premium received | - | - | 96.53 | - |
| Equity share application money received/(returned) | - | - | (311.63) | 311.63 |
| Issue of capital by subsidiary | - | - | 13.06 | - |
| Dividend paid | (140.00) | (70.00) | (181.05) | - |
| Dividend distribution tax paid | (23.25) | (11.90) | (30.77) | - |
| Loans from banks | 10,806.14 | 2,786.00 | 140.00 | 812.65 |
| Loans from banks - repaid | (8,376.92) | (1,815.84) | (36.46) | - |
| Loans from others | 339.00 | 349.00 | 21.00 | 109.00 |
| Loans from others - repaid | (365.00) | (195.00) | (109.00) | - |
| Interest & other financial charges | (705.88) | (361.93) | (194.69) | (162.41) |
| Bank overdraft (net) | 1,408.41 | (381.32) | 469.37 | (257.47) |

| | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Net cash from financing activities - C | 2,942.50 | 299.01 | (123.64) | 953.39 |
| Net increase in cash and cash equivalents (A+B+C) | (857.40) | 1,049.11 | (680.94) | 523.04 |
| Cash & cash equivalent as at the beginning of the year | 1,383.08 | 333.97 | 1,014.91 | 491.87 |
| Cash & cash equivalent as at the end of the year | 525.68 | 1,383.08 | 333.97 | 1,014.91 |

1) **Cash and Cash Equivalents are as under:**

| Particulars | Year ended on 31st March | | | |
|---|--------------------------|-----------------|---------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Cash and Bank balance as per restated financial statement | 6,662.45 | 6,651.84 | 3,525.50 | 5,276.82 |
| Less: Balance with bank in fixed deposits | 6,136.77 | 5,268.76 | 3,191.53 | 4,261.91 |
| Cash and Cash Equivalents | 525.68 | 1,383.08 | 333.97 | 1,014.91 |
| Represented by: | | | | |
| Cash in hand | 5.42 | 1.75 | 2.39 | 1.53 |
| In current accounts | 520.26 | 1,381.33 | 331.58 | 1,013.38 |
| TOTAL | 525.68 | 1,383.08 | 333.97 | 1,014.91 |

THE ISSUE

| | |
|--|--|
| Issue of Equity Shares | 70,00,000 Equity Shares |
| <i>Of which:</i> | |
| QIB Portion | Upto 35,00,000 Equity Shares of face value ₹ 10/- each (Allocation on proportionate basis) |
| <i>Of which</i> | |
| Available for mutual funds only | 1,75,000 Equity Shares |
| Balance of QIB portion (available for QIBs including Mutual Funds) | 33,25,000 Equity Shares |
| Non-Institutional Portion | 10,50,000 Equity Shares |
| Retail Portion | 24,50,000 Equity Shares |
| Pre and post-Issue Equity Shares | |
| Equity Shares outstanding prior to the Issue | 1,40,00,000 Equity Shares |
| Equity Shares outstanding after the Issue | 2,10,00,000 Equity Shares |
| Use of Issue Proceeds | |

See the section titled “*Objects of the Issue*” on page 68 of the Red Herring Prospectus for information about the use of the Issue Proceeds.

Allocation to all categories shall be made on a proportionate basis.

Under subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.

GENERAL INFORMATION

Our Company was incorporated on June 22, 1995 at Mumbai in the State of Maharashtra as Inventure Growth & Securities Limited under the Companies Act, 1956, with Registration Number 11-89838 of 1995 and Corporate Identification Number is U65990MH1995PLC089838 with the Registrar of Companies, Mumbai. On April 1, 2008 our Registered Office was shifted from 1, Anand Kunj, Daftary Road, Malad (East), Mumbai 400 097 to our present address.

Our Registered and Corporate Office

Viraj Towers, 201,
2nd floor, near Landmark,
Western Express Highway,
Andheri (E)
Mumbai – 400 069,
Maharashtra,
India.
Tel. No.: +91 22 39548500 / 4075 1500
Fax No.: +91 22 40751535
Email: ipo@inventuregrowth.com
Website: www.inventuregrowth.com

Our Registrar of Companies

Registrar of Companies, Mumbai
Everest Building,
100, Marine Drive,
Mumbai – 400 002,
Maharashtra,
India.

Our Board of Directors

Our Board of Directors as on the date of filing of the Red Herring Prospectus with SEBI is as follows:

| Sr. No. | Name and Designation | Age | DIN | Address |
|----------------|--|------------|------------|--|
| 1. | Mr. Nagji K. Rita <i>Chairman and Managing Director</i> | 58 | 00117052 | Room No. 11, 3 rd floor, Anand Kunj, Daftary Road, Malad (East), Mumbai 400 097 |
| 2. | Mr. Virendra Singh <i>Whole-time Director</i> | 54 | 00656302 | C/301, Abhishek, Datta Mandir Road, Malad (East), Mumbai 400 097 |
| 3. | Mr. Vinod K. Shah <i>Non executive Director</i> | 53 | 00143268 | Vijaya Bhuvan, 1 st Floor, Balaji Road, Vile-Parle (West), Mumbai 400 056 |
| 4. | Mr. Kanji B. Rita <i>Non Executive Director</i> | 44 | 00727470 | 1601, Laburnum Towers, Mahindra Gardens, S.V. Road, Goregaon (West), Mumbai 400062 |
| 5. | Mr. Pravin N. Gala <i>Non executive Director</i> | 46 | 00786492 | 1502, Laburnum Tower, Mahindra Gardens, Goregaon (West), Mumbai 400062 |
| 6. | Mr. Harshawardhan M. Gajbhiye <i>Independent Director</i> | 66 | 02281778 | A-1301, Patliputra, Four Bunglow, Andheri (West), Mumbai 400053 |
| 7. | Mr. Srinivasaiyer Jambunathan <i>Independent Director</i> | 73 | 00063729 | 9, Prakash, Relief Road, Daulat Nagar, Santacruz (West), Mumbai 400054 |
| 8. | Mr. Arun N. Joshi <i>Independent Director</i> | 69 | 02268407 | 6, Manas, Besant Street, Santacruz (West), Mumbai 400054 |

| Sr. No. | Name and Designation | Age | DIN | Address |
|----------------|---|------------|------------|--|
| 9. | Mr. Deepak M. Vaishnav <i>Independent Director</i> | 46 | 02889935 | B/506, Vrindavan-3, Raheja Township, Malad (East) Mumbai 400097 |
| 10. | Mr. Ajay Khera <i>Independent Director</i> | 55 | 00695146 | 41, Atur Apartment, Colaba, Mumbai 400005 |

For a detailed profile of our Board of Directors, please refer to the chapter titled ‘*Our Management*’ beginning on page 140 of the Red Herring Prospectus.

Company Secretary and Compliance Officer

Ms. Bhavi Gandhi

Viraj Towers, 201,
2nd floor, near Landmark,
Western Express Highway,
Andheri (E), Mumbai – 400 069,
Maharashtra, India.
Tel. No.: +91 22 3954 8500 / 4075 1500
Fax No.: +91 22 40751535
Email: cs@inventuregrowth.com

Investors can contact the Company Secretary and Compliance Officer and / or the Registrar to the Issue and/or the Book Running Lead Manager to the Issue i.e. Ms. Bhavi Gandhi and / or Link Intime India Private Limited and / or Intensive Fiscal Services Private Limited respectively, in case of any pre-Issue or post-Issue problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Book Running Lead Manager to the Issue

Intensive Fiscal Services Private Limited

131, C Wing,
Mittal Tower, 13th floor,
Nariman Point,
Mumbai – 400 021,
Maharashtra, India.
Tel. No.: +91 22 2287 0443/44/45
Fax No.: +91 22 2287 0446
E-mail: inventureipo@intensivefiscal.com
Investor Grievance ID: inventureipo@intensivefiscal.com
Website: www.intensivefiscal.com
Contact Person: Mr. Brijesh Parekh / Ms. Ishita Kohli
SEBI Registration Number: INM000011112

Legal Advisor to this Issue

M/s. Crawford Bayley & Co.

State Bank Building,
4th floor
N. G. N. Vaidya Marg
Fort, Mumbai - 400 023
India.
Tel. No.: +91 22 2266 8000
Fax No.: +91 22 2266 0355
E-mail: sanjay.asher@crawfordbayley.com

Legal Advisor to our Company

P.H. Bathiya & Associates

2, Tardeo Airconditioned Market,
4th floor, Tardeo Road,
Mumbai – 400 034
Tel. No.: +91 22 4355 8000
Fax No.: +91 22 4355 8080
E-mail: phb@phbathiya.com
Contact Person: Mr. Pankaj Bathiya

Registrar to this Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
LBS Road,
Bhandup (West)
Mumbai – 400 078,
Maharashtra, India.
Tel. No.: +91 22 2596 0320
Fax No.: +91 22 2596 0329
Email: igsl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Chetan Shinde
SEBI Registration Number: INR000004058

Bankers/ Lenders to our Company

Bank of India (Stock Exchange)

Stock Exchange Branch,
P.J.Tower, Dalal Street,
Fort, Mumbai – 400 001
Tel. No: +91 22 22722394 / + 91 22 22722398
Fax No.: +91 22 2721782
Contact Person: S. L. Kolvekar
Email: boistockexchange@mtnl.net.in

HDFC Bank Limited

Process House,
2nd floor, Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel (W),
Mumbai – 400 013
Tel. No.: +91 22 24988484
Fax No.: +91 22 40804676
Contact Person: Mr. Samit Mehta
E-mail: samit.mehta@hdfcbank.com

Kotak Mahindra Bank Limited

36-38A,
Nariman Bhavan 227,
Nariman Point,
Mumbai- 400 021
Tel. No.: +91 22 67595559
Fax No.: +91 22 67595374
Contact Person: Mr. Rajiv Gurnani
E-mail:rajiv.gurnani@kotak.com

Axis Bank Limited

Capital Market Division,
Jeevan Prakash Building,
Sir. P. M. Road, Fort,
Mumbai- 400001
Tel. No.: +9122 66107260
Fax No.: +9122 66107284/85
Contact Person: Mr. Rajesh Khandelwal
E-mail: rajesh.khandelwal@axisbank.com

Punjab National Bank(Malad)

Shiv Baug Building,
Daftary Road, Malad (East)
Tel. No.: +91 22 28834072 / +91 22 28443975
Fax No.: +91 22 28808657
Contact Person: Mr. K.K. Singh
E-mail: kksingh@pnb.co.in

Syndicate Bank

1st floor,
10, Homji Street,
Fort, Mumbai – 400 023
Tel. No.: +91 22 22664568 / +91 22 22664407
Fax No.: +91 22 2676354
Contact Person: Mr. Jugesh Chander
E-mail: mh.5077mumhomjist@syndicatebank.co.in

ICICI Bank Limited

Landmark,
Race Course Circle,
Vadodara – 390 007

ICICI Home Finance Company Limited

ICIC Bank Tower,
Bandra Kurla Complex,
Mumbai - 400 051

Tel. No.: +91 265 4088 9324
Fax No.: +91 265 3985 7296
Contact Person: Kiran Jumani
E-mail: kiran.jumani@icicibank.com

Tel. No.: +91 22 3985 7299
Fax No.: +91 22 3985 7296
Contact Person: Hiren Goradia
E-mail: hiren.goradia@icicihfc.com

Kotak Mahindra Prime Limited

Vinay Bhavan Complex,
1st Floor, 159 – A,
C.S.T. Road, Kalina,
Santacruz (East),
Mumbai – 400 098
Tel. No.: +91 22 66426666
Fax No.: +91 22 26542824
Contact Person: Kapil Saparia
E-mail: kapil.saparia@kotak.com

Punjab National Bank (Fort)

B.S. Marg,
Fort,
Mumbai 400 023
Tel. No.: +91 9967869871
Fax No.: +91 22653855
Contact Person: L.D. Naik
E-mail: 601955@pnb.co.in

Bank of India (Botad Branch)

Para, Botad,
Taluka Botad,
District Bhavnagar.
Tel. No.: +91 02849 252360
Fax No.: 02849 242027
Contact Person: Ram Charan Meena
Email: boi.btdr@sancharnet.in

Bankers to the Issue and Escrow Collection Bank(s)

Axis Bank Limited

Universal Insurance Building,
Sir. P. M. Road, Fort,
Mumbai- 400001
Tel. No.: +91 22 66107353/7625
Fax No.: +91 22 22835785
Contact Person: Mr. Rajesh Khandelwal
E-mail: rajesh.khandelwal@axisbank.com
SEBI Registration Number: INBI00000017

ICICI Bank Limited

Capital Market Division,
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel. No.: +91 22 66310312
Fax No.: +91 22 22611138/66310350
Contact Person: Mr. Viral Bharani
E-mail: viral.bharani@icicibank.com
SEBI Registration Number: INBI00000004

HDFC Bank Limited

FIG – OPS Department – Lodha,
I Think Techno Campus, O – 3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East),
Mumbai – 400 042
Tel. No.: +91-22- 30752928
Fax No.: +91-22- 25799801
Contact Person: Mr. Deepak Rane
E-mail: deepak.rane@hdfcbank.com
SEBI Registration Number: INBI00000063

Syndicate Member(s)**Intensive Fiscal Services Private Limited**

131, C Wing, Mittal Tower, 13th floor,
Nariman Point, Mumbai – 400 021,
Maharashtra, India.
Tel. No.: +91 22 2287 0443 / 44/45
Fax No.: +91 22 2287 0446
E-mail: inventureipo@intensivefiscal.com

Website: www.intensivefiscal.com
 Contact Person: Mr. Brijesh Parekh
 SEBI Registration Number: INM000011112

Self Certified Syndicate Banks

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on website of SEBI at <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSBs collecting the ASBA bid cum Application Form, please refer to the SEBI website.

Refund Banker(s)

Axis Bank Limited

Universal Insurance Building,
 Sir. P. M. Road, Fort,
 Mumbai- 400 001
 Tel. No.: +91 22 66107353/7625
 Fax No.: +91 22 22835785
 Contact Person: Mr. Rajesh Khandelwal
 E-mail: rajesh.khandelwal@axisbank.com
 SEBI Registration Number: INBI00000017

Brokers to this Issue

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue.

Statutory Auditor *

M/s. PHD & Associates, Chartered Accountants

Radha Chambers, Level 3,
 Telli Park Lane,
 Andheri (East),
 Mumbai – 400 069
 Tel. No.: +91-22-26820083
 Fax No.: +91-22-26830824
 Contact Person: Mr. Dhiren V. Vakharia
 E-mail: dhiren@phd-ca.com
 Firm Registration Number: 111236W

** M/s. PHD & Associates holds a peer reviewed certificate dated July 20, 2010 issued by the Institute of Chartered Accountants of India. Our former statutory auditors were M/s. D. V. Vakharia & Company, Chartered Accountants of whom, Mr. Dhiren V. Vakharia was the proprietor. Mr. Dhiren V. Vakharia has now become a partner of M/s. PHD & Associates, Chartered Accountants.*

Statement of Responsibilities

Since Intensive Fiscal Services Private Limited is the sole BRLM for the Issue, the entire Issue related activities are handled by Intensive Fiscal Services Private Limited.

| Sr. No. | Activity |
|----------------|--|
| 1. | Capital structuring with relative components and formalities such as type of instruments, etc. |
| 2. | Due diligence of the Company including its operations/management/ business/plans/legal, etc. Drafting and design of the Offer Document, and of statutory advertisement including a memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing, including co-ordination with Auditors for preparation of financials. |
| 3. | Drafting and approval of all publicity material including the statutory advertisements as mentioned above, including road show presentations, corporate advertising, brochures, etc. |
| 4. | Appointment of other intermediaries' viz., Registrar to the Issue, Printers, Advertising Agency, Bankers to the Issue. |

| Sr. No. | Activity |
|----------------|--|
| 5. | Preparation of road show presentation and frequently asked questions; |
| 6. | International institutional marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> • Finalising the list and division of investors for one-to-one meetings; and • Finalising the road show schedule and the investor meeting schedules. |
| 7. | Domestic institutional marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> • Finalising the list and division of investors for one-to-one meetings; and • Finalising the road show schedule and the investor meeting schedules. |
| 8. | Non-institutional and retail marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> • Formulating marketing strategies and preparation of publicity budget; • Finalising media and public relations strategy; • Finalising centres for holding conferences for press, brokers, etc.; • Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; • Finalising collection centres and arranging for selection of Underwriters and execution of an underwriting agreement; and • Coordination with the Stock Exchanges for book building software, bidding terminals and mock trading. |
| 9. | Pricing, managing the book and coordination with Stock-Exchanges |
| 10. | The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc |
| 11. | Post-Bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, coordination with the Registrar to the Issue and Bankers to the Issue, intimation of allocation and dispatch of refunds to Bidders, etc. The post-Issue activities will involve essential follow up steps, including the finalisation of trading, dealing of instruments and dispatch of certificates and delivery of shares with the various agencies connected with these activities such as the Registrar to the Issue, the Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfil their functions and enabling them to discharge their responsibilities through suitable agreements with the Company. |

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required for this Issue.

IPO Grading

The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and “IPO Grade 1” indicates poor fundamentals. This Issue has been graded by two SEBI registered credit rating agencies i.e. Fitch Ratings India Private Limited (“**Fitch**”) and ICRA Limited (“**ICRA**”), and has been assigned the following IPO gradings.

Fitch has assigned this Issue “Fitch IPO Grade 2(ind)” indicating below average fundamentals through its letter dated September 8, 2010.

ICRA has assigned this Issue “2” indicating below average fundamentals through its letter dated July 7, 2011.

A copy of the report provided by Fitch and ICRA, furnishing the rationale for their respective grading, will be annexed to the Red Herring Prospectus and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Red Herring Prospectus, until the Bid/Issue Closing Date. Attention is drawn to the disclaimer appearing on page 276 of the Red Herring Prospectus.

Expert Opinion

Except the report of Fitch and ICRA in respect of the IPO grading of this Issue annexed herewith, the Company has not obtained any expert opinions.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

A monitoring agency is not required to be appointed in terms of sub-regulation (1) of Regulation 16 of the SEBI (ICDR) Regulations. The Board of Directors of our Company will monitor the use of the proceeds of this Issue.

Appraising Entity

The objects of this Issue have not been appraised by any agency. The objects of this Issue and means of finance therefore are based on internal estimates of our Company.

Book Building Process

Book Building refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, which is based on the Price Band. The Issue Price is fixed after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company,
2. Book Running Lead Manager, in this case being Intensive Fiscal Services Private Limited,
3. Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE / NSE and eligible to act as Underwriters. The BRLM shall appoint the Syndicate Members,
4. Registrar to this Issue,
5. Escrow Collection Bank(s); and
6. Self Certified Syndicate Banks.

The SEBI (ICDR) Regulations, have permitted an issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs) including upto 5% of the QIB portion that shall be available for Allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds. Further, not less than 15% of the Issue shall be available for Allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Our Company will comply with the SEBI (ICDR) Regulations for this Issue. In this regard, our Company has appointed the BRLM to manage and procure subscriptions to the Issue.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all non- retail Investors i.e. QIBs and Non Institutional Investors are mandatorily required to utilise the ASBA facility to submit their Bids and participate in this Issue. For further details please refer to the chapter titled ‘Issue Procedure’ beginning on page 292 of the Red Herring Prospectus.

Attention of all QIBs is specifically drawn to the fact that all QIBs are required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion are not allowed to withdraw their Bids after the QIB Bid Closing Date. Further, allocation to QIBs will be on a proportionate basis. For further details, please refer to the chapter titled ‘Terms of the Issue’ and ‘Issue Procedure’ beginning on pages 287 and 292 respectively, of the Red Herring Prospectus.

For details, please refer chapter titled “Issue Procedure” beginning on page 292 of the Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check eligibility for making a bid (for further details, please refer to the paragraph on ‘Who can Bid’ on page 293 in the chapter titled “Issue Procedure” beginning on page 292 of the Red Herring Prospectus);
- Bidders necessarily need to have a DEMAT account and ensure that the DEMAT account details are correctly mentioned in the Bid Cum Application Form;

- Ensure that the Bid Cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid Cum Application Form;
- Ensure that you have mentioned your PAN in the Bid Cum Application Form (including ASBA form), unless exempted from mentioning the PAN. For further details, please refer to the para titled 'Permanent Account Number(PAN)' on page 313 in the chapter titled 'Issue Procedure' beginning on page 292 of the Red Herring Prospectus. Bidders are specifically requested not to submit their GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- The Bidder should ensure the correctness of his or her Demographic Details (as defined under the paragraph titled 'Bidder's Depository Account and Bank Account Details', on page 307 in chapter titled 'Issue Procedure' beginning on page 292 of the Red Herring Prospectus given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant so as to ensure receipt of allotment advice/refund orders with correct details at his/her present address.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹ 200/- to ₹ 240/- per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares at various prices and is collated from bids from various investors.

| Number of Equity Shares Bid for | Bid Price (₹) | Cumulative Equity Shares Bid for | Subscription |
|---------------------------------|---------------|----------------------------------|--------------|
| 500 | 240 | 500 | 16.67% |
| 1000 | 230 | 1500 | 50.00% |
| 1500 | 220 | 3000 | 100.00% |
| 2000 | 210 | 5000 | 166.67% |
| 2500 | 200 | 7500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., ₹ 220/- in the above example. The Issuer, in consultation with the BRLM will finalize the issue price at or below such cut off price i.e. at or below ₹ 220/-. All bids at or above this issue price and cut off bids are valid bids and are considered for Allocation in respective category.

Bid/Issue Programme

Bidding /Issue Period

Bid/Issue opens on: July 20, 2011

Bid/Issue closes on: July 22, 2011

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA Form, the Designated Branches or the Syndicate/Sub-syndicate members (at ASBA Bidding Locations) or in case of Bids submitted through ASBA Form, the Designated Branches or the Syndicate/Sub-syndicate members (at ASBA Bidding Locations) except that on the Bid / Issue Closing Date (which for the QIBs may be a day prior to that of the other Bidders), the Bids shall be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIBs, (ii) until 4.00 p.m in case of Bids by Non Institutional Bidders, and (iii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLM to the Stock Exchanges within half an hour of such closure. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the

data contained in the physical or electronic Bid Cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times mentioned in the Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM, Syndicate Members and the SCSB will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders after taking into account the total number of Bids received upto the closure of the time period for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid / Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid / Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLM and at the terminals of the Syndicate. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [n Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid / Issue Closing Date, but prior to allotment without assigning any reason thereof. In case the issuer decides to do so, it shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

In terms of the SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

If the Issuer withdraws the issue after closure of bidding, the issuer shall be required to file a fresh draft red herring prospectus with SEBI.

Underwriting

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for

bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfill their underwriting obligations. The underwriting shall be to the extent of the bids uploaded by the Underwriter including through its syndicates/sub-syndicates. Pursuant to the terms of the Underwriting Agreement the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

| Name and address of the Underwriter(s) | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (₹ Lakhs) |
|---|---|--------------------------------------|
| [La | [La | [La |

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

The above mentioned amount is an indicative underwriting and would be finalised after the determination of the Issue price and actual Allocation of the Equity Shares. The above underwriting agreement is dated [●] and has been approved by the Board of Directors.

In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriter(s) are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriter(s) are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement will be presented for acceptance to the Board of Directors and our Company will issue letters of acceptance to the Underwriter(s).

Allocation among Underwriter(s) may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Member(s) shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter(s) in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount, as specified in the underwriting agreement. The BRLM shall be responsible for bringing in amounts devolved in the event that the other members of the Syndicate do not fulfil their underwriting obligations.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of the Red Herring Prospectus is set forth below:

| (₹ in lakhs) | | | |
|--------------|---|----------------------------------|--------------------------------|
| Sr. No | Particulars | Aggregate Value at nominal value | Aggregate Value at Issue Price |
| 1. | Authorised Capital | | |
| | 2,45,00,000 Equity shares of ₹ 10/- each | 2,450 | |
| | 5,00,000 Preference shares of ₹ 10/- each | 50 | |
| 2. | Issued, Subscribed and Paid-Up Capital | | |
| | 1,40,00,000 Equity Shares of ₹ 10/- each | 1,400 | |
| 3. | Present Issue to the Public in terms of the Red Herring Prospectus | | |
| | 70,00,000 Equity Shares of ₹ 10/- each fully paid up | 700 | [●] |
| 5. | Paid up Capital after the Issue | | |
| | 2,10,00,000 Equity Shares of ₹ 10/- each | 2,100 | [●] |
| 6. | Share Premium Account | | |
| | Before the Issue | Nil | |
| | After the Issue | [●] | |

Details of increase in the Authorised Capital of Our Company:

1. Share Capital

| Sr. No. | Particulars of Increase | Date of Shareholders' Meeting | AGM/EGM |
|---------|--|-------------------------------|---------|
| 1 | 32,50,000 shares of ₹ 10/- each aggregating to ₹ 3,25,00,000/- | Incorporation | - |
| 2 | Reclassification of Authorised Capital of ₹ 3,25,00,000 into 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 27,50,000 Equity Shares of ₹ 10/- each aggregating for ₹ 2,75,00,000/- | December 1, 1998 | EGM |
| 3 | Increased from ₹ 3,25,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 27,50,000 equity shares of ₹ 10/- each aggregating to ₹ 2,75,00,000/- to ₹ 5,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 45,00,000 equity shares of ₹ 10/- each aggregating to ₹ 4,50,00,000/-. | December 22, 1999 | EGM |
| 4 | Increased from ₹ 5,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 45,00,000 equity shares of ₹ 10/- each aggregating to ₹ 4,50,00,000/- to ₹ 11,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 1,05,00,000 equity shares of ₹ 10/- each aggregating to ₹ 10,50,00,000/-. | August 28, 2000 | EGM |
| 5 | Increased from ₹ 11,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 1,05,00,000 equity shares of ₹ 10/- each aggregating to ₹ 10,50,00,000/- to ₹ 25,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 2,45,00,000 equity shares of ₹ 10/- each aggregating to ₹ 24,50,00,000/-. | December 21, 2009 | EGM |

NOTES TO CAPITAL STRUCTURE

1. Capital Build up (Equity Share Capital History):

| Date of Allotment / Fully Paid up | No. of Equity Shares | Face Value | Issue Price | Consideration | Nature of Allotment / Reduction | Cumulative No. of Equity Shares | Cumulative Paid-up Capital | Cumulative Securities Premium Account |
|--|-----------------------------|-------------------|--------------------|----------------------|--|--|-----------------------------------|--|
| May 23, 1995 | 70 | 10 | 10 | Cash | Subscription to MoA ⁽¹⁾ | 70 | 700 | NIL |
| November 25, 1995 | 17,20,100 | 10 | 10 | Cash | Preferential Allotment ⁽²⁾ | 17,20,170 | 1,72,01,700 | NIL |
| June 29, 1996 | 4,95,580 | 10 | 10 | Cash | Preferential Allotment ⁽³⁾ | 22,15,750 | 2,21,57,500 | NIL |
| March 31, 1997 | 400 | 10 | 10 | Cash | Preferential Allotment ⁽⁴⁾ | 22,16,150 | 2,21,61,500 | NIL |
| June 30, 1997 | 3,40,000 | 10 | 10 | Cash | Preferential Allotment ⁽⁵⁾ | 25,56,150 | 2,55,61,500 | NIL |
| March 31, 2000 | 14,80,000 | 10 | 10 | Cash | Preferential Allotment ⁽⁶⁾ | 40,36,150 | 4,03,61,500 | NIL |
| August 31, 2000 | 4,56,000 | 10 | 10 | Cash | Preferential Allotment ⁽⁷⁾ | 44,92,150 | 4,49,21,500 | NIL |
| March 30, 2001 | 5,83,000 | 10 | 10 | Cash | Preferential Allotment ⁽⁸⁾ | 50,75,150 | 5,07,51,500 | NIL |
| March 31, 2001 | 2,45,000 | 10 | 20 | Cash | Preferential Allotment ⁽⁹⁾ | 53,20,150 | 5,32,01,500 | ⁽¹⁰⁾ 12,25,000 |
| April 9, 2001 | 40,000 | 10 | 20 | Cash | Preferential Allotment ⁽¹¹⁾ | 53,60,150 | 5,36,01,500 | ⁽¹²⁾ 14,25,000 |
| April 30, 2001 | 2,00,000 | 10 | 10 | Cash | Preferential Allotment ⁽¹³⁾ | 55,60,150 | 5,56,01,500 | 14,25,000 |
| May 31, 2001 | 1,25,000 | 10 | 20 | Cash | Preferential Allotment ⁽¹⁴⁾ | 56,85,150 | 5,68,51,500 | ⁽¹⁵⁾ 20,50,000 |
| May 31, 2001 | 64,000 | 10 | 10 | Cash | Preferential Allotment ⁽¹⁶⁾ | 57,49,150 | 5,74,91,500 | 20,50,000 |
| June 30, 2001 | (2,80,000) | 10 | 20 | Cash | Forfeiture of Shares ⁽¹⁷⁾ | 54,69,150 | 5,46,91,500 | 20,75,000 |
| October 13, 2001 | 50,000 | 10 | 10 | Cash | Preferential Allotment ⁽¹⁸⁾ | 55,19,150 | 5,51,91,500 | 20,75,000 |
| October 13, 2001 | 30,000 | 10 | 20 | Cash | Preferential Allotment ⁽¹⁹⁾ | 55,49,150 | 5,54,91,500 | 23,75,000 |
| November 29, 2001 | 50,000 | 10 | 10 | Cash | Preferential Allotment ⁽²⁰⁾ | 55,99,150 | 5,59,91,500 | 23,75,000 |
| December 31, 2001 | 20,000 | 10 | 10 | Cash | Preferential Allotment ⁽²¹⁾ | 56,19,150 | 5,61,91,500 | 23,75,000 |
| January 5, 2002 | (1,25,000) | 10 | 20 | Cash | Forfeiture of Shares ⁽²²⁾ | 54,94,150 | 5,49,41,500 | 23,75,000 |
| August 10, 2006 | 1,05,850 | 10 | 10 | Cash | Re-issue of forfeited shares on preferential basis ⁽²³⁾ | 56,00,000 | 5,60,00,000 | 23,75,000 |
| November 10, 2007 | 9,00,000 | 10 | 10 | Cash | Rights Issue ⁽²⁴⁾ | 65,00,000 | 6,50,00,000 | 23,75,000 |
| January 31, 2008 | 2,99,150 | 10 | 10 | Cash | Re-issue of forfeited shares on preferential basis ⁽²⁵⁾ | 67,99,150 | 6,79,91,500 | 23,75,000 |
| January 31, 2008 | 2,00,850 | 10 | 10 | Cash | Rights Issue ⁽²⁶⁾ | 70,00,000 | 7,00,00,000 | 23,75,000 |
| December 24, 2009 | 70,00,000 | 10 | 10 | NIL | Bonus (1:1) to the | 1,40,00,000 | 14,00,00,000 | NIL |

| Date of Allotment / Fully Paid up | No. of Equity Shares | Face Value | Issue Price | Consideration | Nature of Allotment / Reduction | Cumulative No. of Equity Shares | Cumulative Paid-up Capital | Cumulative Securities Premium Account |
|-----------------------------------|----------------------|------------|-------------|---------------|---------------------------------|---------------------------------|----------------------------|---------------------------------------|
|-----------------------------------|----------------------|------------|-------------|---------------|---------------------------------|---------------------------------|----------------------------|---------------------------------------|

existing
shareholders
as on record
date⁽²⁷⁾

(1) Subscription to Memorandum of Association (ten shares each) by Mr. Nagji Rita, Mr. Virendra Singh, Mr. Vinod Shah, Mr. Padamshi Shah, Mr. Keshavji Rita, Mr. Kiran Kapadia and Mr. Kanji Shah.

(2) Preferential allotment of 7,50,100 equity shares to Mr. Nagji Rita, 3,00,000 equity shares to Mr. Kanji Rita, 2,00,000 equity shares to Mr. Pravin Gala, 1,00,000 equity shares to Mr. Virendra Singh, 1,70,000 equity shares to Mr. Vinod Shah and 2,00,000 equity shares to Mr. Premji Rita.

(3) Preferential allotment of 4,95,580 shares to the following allottees:

| Equity shares | Allottee | Equity shares | Allottee | Equity shares | Allottee |
|---------------|------------------------|---------------|------------------------|---------------|--|
| 4,890 | Mr. Nagji Rita | 30,000 | Mr. Kanji Rita | 25,000 | Mr. Narendra Sharma |
| 1,000 | Ms. Jayshree N. Rita, | 1,15,000 | Mr. Virendra Singh, | 25,000 | Mr. Navin Nandu |
| 50,000 | Mr. Vinod Shah | 1,000 | Nagji K. Rita HUF | 1,000 | Mr. Anil Shah |
| 5,000 | Ms. Kiran Singh | 1,000 | Keshavji Rita HUF | 1,000 | Premji Rita HUF |
| 1,000 | Ms. Khimai Rita | 4,990 | Mr. Keshavji Rita | 1,000 | Ms. Mita Shah |
| 100 | Mr. Pravin Gada | 100 | Mr. Nirmal Shah | 20,000 | Anupam Software Dev. & Online Training Private Limited |
| 100 | Mr. Vijay Doshi | 100 | Mr. Jasraj Jain | 25,000 | Mr. Banwarilal Kaler |
| 100 | Mr. Ashok Patel | 100 | Mr. Mahendralal Chheda | 30,000 | Mr. Arvind Patel |
| 100 | Mr. Vasanji Gala | 5,000 | Mr. Arun Devlekar | 1,000 | Mr. Chandrakant Shah |
| 10,000 | Ms. Asha Nikodwale | 10,000 | Mr. Ashok Salwani | 1,000 | Ms. Bhanu Shah |
| 10,000 | Mr. Manharlal Shah | 10,000 | Mr. Hiten Mehta | 1,000 | Anil Shah HUF |
| 10,000 | Mr. Vijay Zaveri | 10,000 | Ms. Mala Mehta | 20,000 | Ms. Bharati Petty |
| 10,000 | Mr. Hemraj Gada | 10,000 | Mr. Deepak Shah | 16,000 | Mr. Rajesh Jain |
| 14,000 | Ms. Sumitradevi Kalher | 15,000 | Mr. Suresh Goswamy | - | - |

(4) Preferential allotment of 100 equity shares each to Mr. Narendra Shah, Amrut Darji HUF, Ms. Leena Darji and Ms. Minaxi Rita.

(5) Preferential allotment of 3,40,000 equity shares to Vantage Financial Services Limited.

(6) Preferential allotment of 14,80,000 equity shares to the following allottees:

| Equity shares | Allottee | Equity shares | Allottee | Equity shares | Allottee |
|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| 3,99,000 | Mr. Nagji Rita | 50,000 | Mr. Kanji Rita | 10,000 | Mr. Chandrakant Shah |
| 89,000 | Ms. Jayshree N. Rita | 1,60,000 | Mr. Pravin Gala | 18,000 | Ms. Bhanu Shah |
| 55,000 | Mr. Virendra Singh | 10,000 | Mr. Vinod Shah | 70,000 | Ms. Minaxi Rita |
| 15,000 | Kanji Rita HUF | 50,000 | Ms. Shanti Rita | 10,000 | Anil Shah HUF |
| 50,000 | Nagji Rita HUF | 90,000 | Mr. Padamshi Shah | 10,000 | Mr. Anil Shah |
| 50,000 | Ms. Kamla Rita | 10,000 | Kanji Shah HUF | 35,000 | Premji Rita HUF |
| 50,000 | Ms. Padma Rita | 67,000 | Keshavji Rita HUF | 10,000 | Ms. Shweta Singh |
| 57,000 | Ms. Khimai Rita | 10,000 | Chandrakant Shah HUF | 50,000 | Ms. Mita Shah |
| 55,000 | Mr. Premji Rita | | | | |

(7) Preferential allotment of 40,000 equity shares to Mr. Nagji Rita, 1,00,000 equity shares to Mr. Kanji Rita, 50,000 equity shares to Mr. Pravin Gala, 70,000 equity shares to Nagji Rita HUF, 50,000 equity shares to Kanji Shah HUF, 30,000 equity shares to Navin Shah HUF, 20,000 equity shares to Padamsi Shah HUF, 60,000 equity shares to Mr. Keshavji Rita and 36,000 equity shares to Ms. Shweta Singh.

(8) Preferential allotment of 5,83,000 equity shares to the following allottees:

| Equity shares | Allottee | Equity shares | Allottee | Equity shares | Allottee |
|---------------|----------------|---------------|----------------------|---------------|-------------------|
| 65,000 | Mr. Nagji Rita | 20,000 | Ms. Jayshree N. Rita | 10,000 | Keshavji Rita HUF |

| | | | | | |
|--------|------------------|--------|--------------------|----------|-------------------|
| 50,000 | Mr. Pravin Gala | 20,000 | Mr. Virendra Singh | 1,15,000 | Mr. Keshavji Rita |
| 50,000 | Kanji Rita HUF | 50,000 | Ms. Shanti Rita | 30,000 | Ms. Mita Shah |
| 75,000 | Mr. Harilal Rita | 15,000 | Nagji Rita HUF | 20,000 | Ms. Bhanu Shah |
| 20,000 | Ms. Kiran Singh | 15,000 | Ms. Khimai Rita | 28,000 | Anil Shah HUF |

- (9) *Preferential allotment of 5,000 equity shares to Ms. Neha Dhruv, 40,000 equity shares to Mr. Narayan Dabhi and 2,00,000 equity shares to Ms. Neena Shah.*
- (10) *Our Company allotted these 2,45,000 Equity Shares at a premium of ₹ 10/-. These shares were partly paid up on the date of allotment i.e. March 31, 2001, hence the share premium is calculated as 2,45,000 multiply by 5 which is equal to 12,25,000.*
- (11) *Preferential allotment of 40,000 equity shares to Mr. Dhirubhai Ahir.*
- (12) *Our Company allotted these 40,000 Equity Shares at a premium of ₹ 10/-. These shares were partly paid up on the date of allotment i.e. April 9, 2001, hence the share premium is calculated as 40,000 multiply by 5 which is equal to 2,00,000.*
- (13) *Preferential allotment of 40,000 equity shares to Mr. Nagji Rita, 50,000 equity shares to Ms. Shanti Rita, 20,000 equity shares to Mr. Chandrakant Shah, 40,000 equity shares to Ms. Mita Shah and 50,000 equity shares to Anil Shah HUF*
- (14) *Preferential allotment of 25,000 equity shares to Mr. Ashok Rathod, 50,000 equity shares to Mr. Vinod Patel and 50,000 equity shares to Mr. Sameer Mehta*
- (15) *Our Company allotted these 1,25,000 Equity Shares at a premium of ₹ 10/-. These shares were partly paid up on the date of allotment i.e. May 31, 2001, hence the share premium is calculated as 1,25,000 multiply by 5 which is equal to 6,25,000.*
- (16) *Preferential allotment of 29,000 equity shares to Ms. Shanti Rita and 35,000 equity shares to Anil Shah HUF*
- (17) *Our Company forfeited an aggregate of 2,80,000 Equity Shares comprising of 40,000 shares of Mr. Narayan Dabhi, 40,000 shares of Mr. Dhirubhai Ahir and 2,00,000 shares of Ms. Neena Shah due to their failure to pay the call amount on the said shares. The same was approved at the meeting of the shareholders held on June 30, 2001. Our Company had received ₹25,000 towards shares subscription money which was transferred to Forfeited Shares A/c.*
- (18) *Preferential allotment of 32,500 equity shares to Mr. Virendra Singh, 2,500 equity shares to Ms Kiran Singh, 5,000 equity shares to Ms Rupal Singh, 10,000 equity shares to Ms. Shweta Singh.*
- (19) *Preferential allotment of 30,000 Equity Shares to Mr. Vijay Poddar. These shares were allotted at a premium of ₹ 10/-.*
- (20) *Preferential allotment of 50,000 equity shares to Mr. Virendra Singh.*
- (21) *Preferential allotment of 20,000 equity shares to Mr. Virendra Singh.*
- (22) *Our Company forfeited an aggregate of 1,25,000 Equity Shares comprising of 25,000 shares of Mr. Ashok Rathod, 50,000 shares of Mr. Vinod Patel and 50,000 shares of Mr. Sameer Mehta due to their failure to pay the call amount on the said shares. The same was approved at the meeting of the shareholders held on January 5, 2002.*
- (23) *Our Company re-allotted an aggregate of 1,05,850 forfeited equity shares on preferential basis of ₹ 10/- each comprising of 85,990 shares to Mr. Vinod Shah, 14,990 shares to Mr. Pravin Gala and 4,870 shares to Mr. Nagji Rita. The same was approved at the meeting of the shareholders held on August 10, 2006.*
- (24) *Our Company had allotted 9,00,000 Equity Shares to the existing shareholders on the record date, that is November 10, 2007, on rights basis.*
- (25) *Our Company re-allotted an aggregate of 2,99,150 forfeited equity shares on preferential basis of ₹ 10/- each comprising of 25,000 shares to Mr. Harshit Shah, 25,000 shares to Ms. Ratan Shah, 39,150 shares to Mr. Nishit Shah, 1,00,000 shares to Ms. Kiran Shah and 1,10,000 shares to Ms. Jayshree N. Rita. The same was approved at the meeting of the shareholders held on January 31, 2008.*
- (26) *Our Company had allotted 2,00,850 Equity Shares to the existing shareholders on the record date, that is January 30, 2008, on a rights basis*
- (27) *Our Company had allotted 70,00,000 Equity Shares as fully paid bonus shares to the existing shareholders on the record date, that is December 21, 2009, by utilisation of following reserves of our Company:*
- Capital Redemption Reserve of ₹ 50,00,000;*
 - Securities Premium of ₹ 23,75,000*
 - General Reserve of ₹ 6,26,25,000*

2. **Capital Build up (Preference Share Capital History):**

| Date of Allotment / Fully Paid up | No. of Preference Shares | Face Value | Issue Price | Consideration | Reasons for Allotment / Reduction | Cumulative No. of Preference Shares | Cumulative Paid-up Capital | Cumulative Securities Premium Account |
|-----------------------------------|--------------------------|------------|-------------|---------------|--|-------------------------------------|----------------------------|---------------------------------------|
| December 31, 1998 | 4,50,000 | 10 | 10 | Cash | Preferential Allotment ⁽¹⁾ | 4,50,000 | 45,00,000 | NIL |
| March 31, 2000 | 50,000 | 10 | 10 | Cash | Preferential Allotment to Mr. Pravin N. Gala | 5,00,000 | 50,00,000 | NIL |
| July 3, 2006 | 5,00,000 | 10 | 10 | Cash | Redeemed at par | NIL | NIL | NIL |

(1) Allotted Preference Shares to (1) Mr. Nagji K. Rita - 1,00,000 preference shares; (2) Mr. Kanji B. Rita - 75,000 preference shares; (3) Nagji Rita HUF - 50,000 preference shares; (4) Ms. Jayshree N. Rita - 50,000 preference shares; (5) Ms. Khimai K. Rita - 50,000 preference shares; (6) Mr. Virendra D. Singh - 50,000 preference shares; (7) Mr. Vinod K. Shah - 50,000 preference shares; (8) Mr. Keshavji M. Rita - 25,000 preference shares

3. Details of Promoters' contribution, lock-in and Promoter Group build-up

The Equity Shares held by the Promoters were acquired/ allotted in the following manner:

a. Details of build-up of shareholding of Promoters

| Name | Date of Allotment / Transfer Acquisition | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price | Consideration (Cash/ bonus/ kind etc.) | Nature of Transaction |
|----------------------|--|----------------------|----------------|---------------------------|--|---|
| Mr. Nagji K. Rita | May 23, 1995 | 10 | 10 | 10 | Cash | Subscribers to the MOA |
| | November 25, 1995 | 7,50,100 | 10 | 10 | Cash | Fresh Issue |
| | June 29, 1996 | 4,890 | 10 | 10 | Cash | Fresh Issue |
| | April 12, 1999 | 2,21,000 | 10 | 10 | Cash | Transfer ⁽¹⁾ |
| | March 31, 2000 | 3,99,000 | 10 | 10 | Cash | Fresh Issue |
| | August 31, 2000 | 40,000 | 10 | 10 | Cash | Fresh Issue |
| | March 30, 2001 | 65,000 | 10 | 10 | Cash | Fresh Issue |
| | April 30, 2001 | 40,000 | 10 | 10 | Cash | Fresh Issue |
| | July 29, 2006 | 3,96,100 | 10 | 10 | Cash | Transfer ⁽²⁾ |
| | August 10, 2006 | 4,870 | 10 | 10 | Cash | Re-issue of forfeited shares ⁽³⁾ |
| | November 10, 2007 | 1,80,000 | 10 | 10 | Cash | Transfer ⁽⁴⁾ |
| | December 24, 2009 | 21,00,970 | 10 | NIL | Bonus | Bonus Issue |
| | TOTAL | 42,01,940 | | | | |
| Ms. Jayshree N. Rita | June 29, 1996 | 1,000 | 10 | 10 | Cash | Fresh Issue |
| | April 12, 1999 | 2,56,030 | 10 | 10 | Cash | Transfer ⁽⁵⁾ |
| | March 31, 2000 | 89,000 | 10 | 10 | Cash | Fresh Issue |
| | March 30, 2001 | 20,000 | 10 | 10 | Cash | Fresh Issue |
| | July 29, 2006 | 3,26,000 | 10 | 10 | Cash | Transfer ⁽⁶⁾ |
| | November 10, 2007 | (50,000) | 10 | 10 | Cash | Transfer ⁽⁷⁾ |
| | January 31, 2008 | 40,000 | 10 | 10 | Cash | Transfer ⁽⁸⁾ |

| Name | Date of Allotment / Transfer / Acquisition | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price | Consideration (Cash/ bonus/ kind etc.) | Nature of Transaction |
|--------------|--|----------------------|----------------|---------------------------|--|---|
| | January 31, 2008 | 1,10,000 | 10 | 10 | Cash | Re-issue of forfeited shares ⁽⁹⁾ |
| | December 24, 2009 | 7,92,030 | 10 | NIL | Bonus | Bonus Issue |
| TOTAL | | 15,84,060 | | | | |

- (1) Transfer of 2,21,000 shares from Vantage Financial Services Limited to Mr. Nagji K. Rita at par.
- (2) Transfer of an aggregate number of 3,96,100 shares to Mr. Nagji K. Rita from; Premji Rita HUF 36,000 shares, Ms. Minaxi P. Rita 70,100 shares and Mr. Premji K. Rita 2,55,000 shares, Ms. Neha Dhruva 5,000 shares and Mr. Vijay Poddar 30,000 shares respectively, at par.
- (3) Re-issue of 4,870 forfeited equity shares to Mr. Nagji K. Rita.
- (4) Transfer of 1,80,000 Equity Shares from Keshavji M. Rita to Mr. Nagji K. Rita.
- (5) Transfer of an aggregate number of 2,56,030 shares to Ms. Jayshree N. Rita from; Nirmal Shah 100 shares, Ashok Patel 100 shares, Mr. Pravin Gada 100 shares, Kiran Kapadia 10 shares, Mr. Narendra Shah 100 shares, Mr. Amrutbhai Darji HUF 100 shares, Ms. Leela Darji 100 shares, Mr. Bhanwarilal Kaler 25,000 shares, Mr. Narendra Sharma 25,000 shares, Ms. Bharati Petty 20,000 shares, Mr. Hiten Mehta 10,000 shares, Mr. Manharlal Shah 10,000 shares, Mr. Vijay Zaveri 10,000 shares, Mr. Deepak Shah 10,000 shares, Ms. Sumitradevi Kalher 14,000 shares, Mr. Rajeshkumar Jain 16,000 shares, Ms. Mala Mehta 10,000 shares, Mr. Hemraj Gada 10,000 shares, Mr. Arun Devlekar 5,000 shares, Ms. Asha Nikodawala 10,000 shares, Mr. Navin Nandu 25,000 shares, Mr. Arvind Patel 30,000 shares, Mr. Suresh Goswami 15,000 shares, Mr. Ashok Salwalani 10,000 shares, Mr. Kanji Shah 10 shares, Mr. Padamshi Shah 10 shares, Mr. Vijay Doshi 100 shares, Mr. Jashraj Jain 100 shares, Mr. Mahendralal Chheda 100 shares, and Mr. Vasanji Gala 100 shares respectively, at par.
- (6) Transfer of an aggregate number of 3,26,000 shares to Ms. Jayshree N. Rita from; Mr. Chandrakant Shah 31,000 shares, Ms. Bhanu Shah 39,000 shares, Mr. Anil Shah 11,000 shares, Ms. Mita Shah 1,21,000 shares and Anil Shah HUF 1,24,000 shares respectively, at par.
- (7) Transfer of an aggregate of 50,000 shares from Ms. Jayshree N. Rita to Mr. Kirit Satra, 25,000 shares and Mr. Nitesh Satra, 25,000 shares respectively at par.
- (8) Transfer of 40,000 shares from Ms. Padma Rita to Ms. Jayshree N. Rita at par.
- (9) Re-issue of 1,10,000 forfeited equity shares to Ms. Jayshree N. Rita

b. Details of Promoters Contribution locked-in for three years

Pursuant to the Regulation 36 (a) of SEBI (ICDR) Regulations, an aggregate of 20% of the post-Issue shareholding of the Promoter viz. Mr. Nagji K. Rita shall be locked-in for a period of three years. The details of such lock-in are given below:

| Name | Date of Allotment/Transfer/Acquisition | Date on which equity shares were made fully paid up | Mode of Acquisition (Allotment /Transfer) | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price | Consideration (Cash/ bonus/ kind etc.) | Percent age of Pre-issue paid up capital | Percent age of Post-issue paid up capital |
|--------------------------|--|---|---|----------------------|----------------|---------------------------|--|--|---|
| Mr. Nagji K. Rita | May 23, 1995 | May 23, 1995 | Subscription to Memorandum of Association | 10 | 10 | 10 | Cash | Negligible | Negligible |
| | November 25, 1995 | November | Preferential | 7,50,100 | 10 | 10 | Cash | 5.36% | 3.57% |

| Name | Date of Allotment/Transfer/Acquisition | Date on which equity shares were made fully paid up | Mode of Acquisition (Allotment/Transfer) | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price | Consideration (Cash/bonus/ kind etc.) | Percent age of Pre-issue paid up capital | Percent age of Post-issue paid up capital |
|--------------|--|---|---|----------------------|----------------|---------------------------|---------------------------------------|--|---|
| | | 25, 1995 | Allotment | | | | | | |
| | June 29, 1996 | June 29, 1996 | Preferential Allotment | 4,890 | 10 | 10 | Cash | 0.03% | 0.02% |
| | April 12, 1999 | April 12, 1999 | Transfer ⁽¹⁾ | 2,21,000 | 10 | 10 | Cash | 1.58% | 1.05% |
| | March 31, 2000 | March 31, 2000 | Preferential Allotment | 3,99,000 | 10 | 10 | Cash | 2.85% | 1.90% |
| | August 31, 2000 | August 31, 2000 | Preferential Allotment | 40,000 | 10 | 10 | Cash | 0.29% | 0.19% |
| | March 30, 2001 | March 30, 2001 | Preferential Allotment | 65,000 | 10 | 10 | Cash | 0.45% | 0.31% |
| | April 30, 2001 | April 30, 2001 | Preferential Allotment | 40,000 | 10 | 10 | Cash | 0.29% | 0.19% |
| | July 1, 2006 | July 1, 2006 | Transfer ⁽²⁾ | 3,96,100 | 10 | 10 | Cash | 2.83% | 1.89% |
| | August 10, 2006 | August 10, 2006 | Re-issue of forfeited shares on preferential basis ⁽³⁾ | 4,870 | 10 | 10 | Cash | 0.03% | 0.02% |
| | November 10, 2007 | November 10, 2007 | Transfer ⁽⁴⁾ | 1,80,000 | 10 | 10 | Cash | 1.29% | 0.86% |
| | December 24, 2009 | December 24, 2009 | Bonus Issue (1:1) | 21,00,970 | 10 | NIL | Bonus | 15.01% | 10.00% |
| TOTAL | | | | 42,01,940 | | | | 30.01% | 20.01% |

(1) Transfer of 2,21,000 equity shares from M/s. Vantage Financial Services Limited to Mr. Nagji K. Rita

(2) Transfer of 2,55,000 equity shares from Mr. Premji Keshavji Rita, 36,000 equity shares from Premji Keshavji Rita HUF, 70,100 equity shares from Ms. Minaxi P. Rita, 5,000 equity shares from Ms. Neha

Dhruva and 30,000 equity shares from Mr. Vijay Poddar to Mr. Nagji K. Rita.

(3) *Re-issue of 4,870 forfeited equity shares on preferential basis to Mr. Nagji K. Rita.*

(4) *Transfer of 1,80,000 Equity Shares from Keshavji M. Rita to Mr. Nagji K. Rita.*

We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years does not consist of:

- (5) *equity shares* acquired in past three years for consideration other than cash and revaluation of assets or *capitalisation* of intangible assets is involved in such transaction; or
- (6) *equity shares resulting* from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution during the period of last three years;
- (7) *equity shares* acquired by promoter during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue;
- (8) *equity shares* allotted to promoter during the preceding one year at a price less than the issue price, against funds brought in by them during that period, post conversion of partnership firms;
- (9) *equity shares* pledged with any creditor.

The Promoters contribution has been brought in to the extent of not less than the specified minimum amount and from the person defined as Promoters under the SEBI (ICDR) Regulations. 20% of the post-Issue paid-up equity share capital, as determined after the book-building process from the above mentioned Promoter i.e., Mr. Nagji K. Rita would be locked-in for a period of three years from the date of allotment in the present Issue and the balance Pre-Issue Paid-up Equity Share Capital would be locked-in for a period of one year from the date of allotment in the present Issue.

c. Details of share capital locked-in for one year

| Name | Date of Allotment / Transfer / Acquisition | | Date on which equity shares were made fully paid up | Mode of Acquisition (Allotment / Transfer) | No. of Equity Shares | Face Value (₹) | Issue / Transfer Price | Consideration (Cash/ bonus/ kind) | Percentage of Pre-issue paid up capital | Percentage of Post-issue paid up capital |
|-----------------------------|--|-----|---|--|----------------------|----------------|------------------------|-----------------------------------|---|--|
| Ms. Jayshree N. Rita | June 1996 | 29, | June 29, 1996 | Preferential Allotment | 1,000 | 10 | 10 | Cash | 0.01% | Negligible |
| | April 1999 | 12, | April 12, 1999 | Transfer ⁽¹⁾ | 2,56,030 | 10 | 10 | Cash | 1.83% | 1.22% |
| | March 2000 | 31, | March 31, 2000 | Preferential Allotment | 89,000 | 10 | 10 | Cash | 0.64% | 0.42% |
| | March 2001 | 30, | March 30, 2001 | Preferential Allotment | 20,000 | 10 | 10 | Cash | 0.14% | 0.10% |
| | July 2006 | 29, | July 29, 2006 | Transfer ⁽²⁾ | 3,26,000 | 10 | 10 | Cash | 2.33% | 1.55% |
| | November 10, 2007 | | November 10, | Transfer ⁽³⁾ | (50,000) | 10 | 10 | Cash | -0.07% | -0.05% |

| Name | Date of Allotment / Transfer / Acquisition | Date on which equity shares were made fully paid up | Mode of Acquisition (Allotment / Transfer) | No. of Equity Shares | Face Value (₹) | Issue / Transfer Price | Consideration (Cash/ bonus/ kind) | Percentage of Pre-issue paid up capital | Percentage of Post-issue paid up capital |
|--|--|---|---|----------------------|----------------|------------------------|-----------------------------------|---|--|
| 2007 | | | | | | | | | |
| | January 31, 2008 | January 31, 2008 | Transfer ⁽⁴⁾ | 40,000 | 10 | 10 | Cash | 0.06% | 0.04% |
| | January 31, 2008 | January 31, 2008 | Re-issue of forfeited shares on preferential basis ⁽⁵⁾ | 1,10,000 | 10 | 10 | Cash | 0.79% | 0.52% |
| | December 24, 2009 | December 24, 2009 | Bonus Issue (1:1) | 7,92,030 | 10 | NIL | Bonus | 5.66% | 3.77% |
| TOTAL(B) | | | | 15,84,060 | | | | 11.31% | 7.54% |
| <p>(1) Transfer of 100 equity shares from Nirmal Shah, 100 equity shares from Ashok Patel, 100 equity shares from Mr. Pravin Gada, 10 equity shares from Kiran Kapadia, 100 equity shares from Mr. Narendra Shah, 100 equity shares from Mr. Amrutbhai Darji HUF, 100 equity shares from Ms. Leela Darji, 25,000 equity shares from Mr. Bhanwarilal Kaler, 25,000 equity shares from Mr. Narendra Sharma, 20,000 equity shares from Ms. Bharati Petty, 10,000 equity shares from Mr. Hiten Mehta, 10,000 equity shares from Mr. Manharlal Shah, 10,000 equity shares from Mr. Vijay Zaveri, 10,000 equity shares from Mr. Deepak Shah, 14,000 equity shares from Ms. Sumitradevi Kalher, 16,000 equity shares from Mr. Rajeshkumar Jain, 10,000 equity shares from Ms. Mala Mehta, 10,000 equity shares from Mr. Hemraj Gada, 5,000 equity shares from Mr. Arun Devlekar, 10,000 equity shares from Ms. Asha Nikodawala, 25,000 equity shares from Mr. Navin Nandu, 30,000 equity shares from Mr. Arvind Patel, 15,000 equity shares from Mr. Suresh Goswami, 10,000 equity shares from Mr. Ashok Salwalani, 10 equity shares from Mr. Kanji Shah, 10 equity shares from Mr. Padamshi Shah, 100 equity shares from Mr. Vijay Doshi, 100 equity shares from Mr. Jashraj Jain, 100 equity shares from Mr. Mahendralal Chheda, and 100 equity shares from Mr. Vasanji Gala respectively to Ms. Jayshree N. Rita.</p> <p>(2) Transfer of 31,000 equity shares from Mr. Chandrakant Shah, 39,000 equity shares from Ms. Bhanu Shah, 11,000 equity shares from Mr. Anil Shah, 1,21,000 equity shares from Ms. Mita Shah and 1,24,000 equity shares from Anil Shah HUF respectively to Ms. Jayshree N. Rita.</p> <p>(3) Transfer of an aggregate of 50,000 equity shares from Ms. Jayshree N. Rita to Mr. Kirit Satra, 25,000 equity shares and Mr. Nitesh Satra, 25,000 equity shares respectively.</p> <p>(4) Transfer of 40,000 equity shares from Ms. Padma Rita to Ms. Jayshree N. Rita.</p> <p>(5) Re-issue of 1,10,000 forfeited equity shares on preferential basis to Ms. Jayshree N. Rita</p> | | | | | | | | | |

We confirm that the specific written consents have been obtained from our Promoter for inclusion of their shares for computation of minimum Promoters contribution subject to lock-in.

Shares held by any person other than our Promoters, prior to this Issue, which are subject to lock in as per the provisions of Regulation 37 of SEBI (ICDR) Regulation, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code as applicable.

Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst Promoters / Group Entities or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable. In terms of Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

- If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 36 of the SEBI (ICDR) Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan;
- If the specified securities are locked-in in terms of sub-regulation (b) of Regulation 36 of the SEBI (ICDR) Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

Further all the shares held by the Promoters / Promoter Group are free from pledge.

d. Details of build-up of shareholding of Group Entities

The Equity Shares held by the Promoter Group were acquired / allotted in the following manner:

| Name of Promoter Group Entity/ Individual | Date of Allotment / Transfer / Acquisition | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price | Consideration (Cash/ bonus/ kind etc.) | Nature of Transaction |
|---|--|----------------------|----------------|---------------------------|--|-----------------------|
| Nagji Rita HUF | June 29, 1996 | 1,000 | 10 | 10 | Cash | Fresh Issue |
| | March 31, 2000 | 50,000 | 10 | 10 | Cash | Fresh Issue |
| | August 31, 2000 | 70,000 | 10 | 10 | Cash | Fresh Issue |
| | March 30, 2001 | 15,000 | 10 | 10 | Cash | Fresh Issue |
| | December 24, 2009 | 1,36,000 | 10 | NIL | Bonus | Bonus ⁽¹⁾ |
| | TOTAL | 2,72,000 | | | | |
| Keshavji Rita HUF | June 29, 1996 | 1,000 | 10 | 10 | Cash | Fresh Issue |
| | March 31, 2000 | 67,000 | 10 | 10 | Cash | Fresh Issue |
| | March 30, 2001 | 10,000 | 10 | 10 | Cash | Fresh Issue |
| | November 10, 2007 | -77,000 | 10 | 10 | Cash | Transfer |
| | December 24, 2009 | 1,000 | 10 | NIL | Bonus | Bonus ⁽¹⁾ |
| | TOTAL | 2,000 | | | | |

⁽¹⁾ Bonus in the ratio of 1:1, that is one share for each share held in the Company as on the record date as decided by the members in the EGM dated December 21, 2009.

e. Details of aggregate shareholding of Promoter Group

| Name of Group Entities | Number of Equity Shares | % of pre issue equity share capital |
|------------------------|-------------------------|-------------------------------------|
| Mr. Kanji B. Rita | 7,41,112 | 5.29 |
| Mr. Pravin N. Gala | 11,20,000 | 8.00 |
| Mr. Virendra Singh | 10,65,000 | 7.61 |
| Mr. Vinod K. Shah | 7,20,000 | 5.14 |
| Kanji Rita HUF | 3,77,778 | 2.70 |
| TOTAL | 40,23,890 | 28.74 |

4. **Our Promoters and our Group Entities, the Directors of our Company, the Directors of our Group Entities have not purchased, neither have they sold any Equity Shares, during a period of six months preceding the date of filing the Red Herring Prospectus with SEBI.**
5. **None of our Directors or key managerial personnel hold Equity Shares in the Company, other than as follows:**

| Sr. No | Name of the Directors | Number of Equity Shares | % of pre issue equity share capital |
|--------|-----------------------|-------------------------|-------------------------------------|
| 1. | Mr. Nagji K. Rita | 42,01,940 | 30.01% |
| 2. | Mr. Kanji B. Rita | 7,41,112 | 5.29% |
| 3. | Mr. Pravin N. Gala | 11,20,000 | 8.00% |
| 4. | Mr. Virendra Singh | 10,65,000 | 7.61% |
| 5. | Mr. Vinod K. Shah | 7,20,000 | 5.14% |

6. Our Promoters have not been issued Equity Shares for consideration other than cash except for 70,00,000 Equity Shares issued as Bonus on December 24, 2009.
7. Except as mentioned in the para titled '*Other Agreements*' beginning on page 134, in the Chapter titled '*History and Certain Corporate Matters*' beginning on page 131 of the Red Herring Prospectus, our Company, our Directors, our Promoters and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
8. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off while finalizing the basis of Allotment of Equity Shares.
9. As on the date of filing of the Red Herring Prospectus there are no outstanding Warrants, options or rights to convert debentures, loans or other financial instruments into Equity Shares.
10. As per RBI regulations, OCBs are not allowed to participate in this Issue, sub accounts of FIIs who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.
11. Since the entire money of ₹ [●]/- per share (₹ 10/- face value + ₹ [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up Equity Shares.
12. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on date.
13. In case of over-subscription in all categories, not more than 50% of the Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
14. Under-subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

15. Particulars of the top ten shareholders

(a) Particulars of the top ten shareholders as on the date of filing of the Red Herring Prospectus with SEBI.

| Sr. No. | Name of Shareholders | Number of Equity Shares | Percentage of Total Paid-Up Capital |
|---------|----------------------|-------------------------|-------------------------------------|
| 1 | Mr. Nagji K. Rita | 42,01,940 | 30.01 |
| 2 | Ms. Jayshree N. Rita | 15,84,060 | 11.31 |
| 3 | Mr. Pravin N. Gala | 11,20,000 | 8.00 |

| | | | |
|--------------|---------------------|--------------------|--------------|
| 4 | Ms. Usha A. Shah | 11,11,110 | 7.94 |
| 5 | Mr. Virendra Singh | 10,65,000 | 7.61 |
| 6 | Mr. Kanji B. Rita | 7,41,112 | 5.29 |
| 7 | Mr. Vinod K. Shah | 7,20,000 | 5.14 |
| 8 | Ms. Shanti K. Rita | 5,00,000 | 3.57 |
| 9 | Kanji Rita HUF | 3,77,778 | 2.70 |
| 10 | Mr. Harilal B. Rita | 2,90,000 | 2.07 |
| TOTAL | | 1,17,11,000 | 83.65 |

(b) Particulars of top ten shareholders ten days prior to the filing of the Red Herring Prospectus with SEBI.

| Sr. No. | Name of Shareholders | Number of Equity Shares | Percentage of Total Paid-Up Capital |
|--------------|----------------------|-------------------------|-------------------------------------|
| 1 | Mr. Nagji K. Rita | 42,01,940 | 30.01 |
| 2 | Ms. Jayshree N. Rita | 15,84,060 | 11.31 |
| 3 | Mr. Pravin N. Gala | 11,20,000 | 8.00 |
| 4 | Ms. Usha A. Shah | 11,11,110 | 7.94 |
| 5 | Mr. Virendra Singh | 10,65,000 | 7.61 |
| 6 | Mr. Kanji B. Rita | 7,41,112 | 5.29 |
| 7 | Mr. Vinod K. Shah | 7,20,000 | 5.14 |
| 8 | Ms. Shanti K. Rita | 5,00,000 | 3.57 |
| 9 | Kanji Rita HUF | 3,77,778 | 2.70 |
| 10 | Mr. Harilal B. Rita | 2,90,000 | 2.07 |
| TOTAL | | 1,17,11,000 | 83.65 |

(c) Particulars of the top ten shareholders 2 years prior to the date of filing of the Red Herring Prospectus with SEBI.

| Sr. No. | Name of Shareholders | Number of Equity Shares | Percentage of Total Paid-Up Capital |
|--------------|----------------------|-------------------------|-------------------------------------|
| 1 | Mr. Nagji K. Rita | 21,00,970 | 30.01 |
| 2 | Mr. Kanji B. Rita | 8,15,000 | 11.64 |
| 3 | Ms. Jayshree N. Rita | 7,92,030 | 11.31 |
| 4 | Mr. Pravin N. Gala | 5,60,000 | 8.00 |
| 5 | Mr. Virendra Singh | 5,32,500 | 7.61 |
| 6 | Mr. Vinod K. Shah | 3,60,000 | 5.14 |
| 7 | Kanji Rita HUF | 3,00,000 | 4.29 |
| 8 | Ms. Shanti K. Rita | 2,50,000 | 3.57 |
| 9 | Mr. Harilal Rita | 1,45,000 | 2.07 |
| 10 | Nagji Rita HUF | 1,36,000 | 1.94 |
| TOTAL | | 59,91,500 | 85.59 |

16. Shareholding pattern of our Company prior to and post this Issue

| Category code | Category of shareholder | Pre-Issue | | | | | Post-Issue | | | | |
|---------------|-----------------------------|----------------------|------------------------|--|--|----------------------------|----------------------|------------------------|--|--|----------------------------|
| | | No. of share holders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | | No. of share holders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | |
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| (A) | Promoter and Promoter Group | | | | | | | | | | |
| (1) | Indian | | | | | | | | | | |

| Category code | Category of shareholder | Pre-Issue | | | | | Post-Issue | | | | |
|---------------|---|----------------------|------------------------|--|--|----------------------------|----------------------|------------------------|--|--|----------------------------|
| | | No. of share holders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | | No. of share holders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | |
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| (a) | Individuals/ Hindu Undivided Family | 9 | 1,00,83,890 | 1,00,83,890 | 72.0 | 72.0 | 9 | 1,00,83,890 | 1,00,83,890 | 48.02 | 48.02 |
| | Mr. Nagji K. Rita | 1 | 42,01,940 | 42,01,940 | 30.01 | 30.01 | 1 | 42,01,940 | 42,01,940 | 20.01 | 20.01 |
| | Ms. Jayshree N. Rita | 1 | 15,84,060 | 15,84,060 | 11.31 | 11.31 | 1 | 15,84,060 | 15,84,060 | 7.54 | 7.54 |
| | Mr. Kanji B. Rita | 1 | 7,41,112 | 7,41,112 | 5.29 | 5.29 | 1 | 7,41,112 | 7,41,112 | 3.53 | 3.53 |
| | Mr. Pravin N. Gala | 1 | 11,20,000 | 11,20,000 | 8.00 | 8.00 | 1 | 11,20,000 | 11,20,000 | 5.33 | 5.33 |
| | Mr. Virendra Singh | 1 | 10,65,000 | 10,65,000 | 7.61 | 7.61 | 1 | 10,65,000 | 10,65,000 | 5.07 | 5.07 |
| | Mr. Vinod K. Shah | 1 | 7,20,000 | 7,20,000 | 5.14 | 5.14 | 1 | 7,20,000 | 7,20,000 | 3.43 | 3.43 |
| | Nagji Rita HUF | 1 | 2,72,000 | 2,72,000 | 1.94 | 1.94 | 1 | 2,72,000 | 2,72,000 | 1.30 | 1.30 |
| | Keshavji Rita HUF | 1 | 2,000 | 2,000 | 0.01 | 0.01 | 1 | 2,000 | 2,000 | 0.00 | 0.00 |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | - | - | - | - | - | - | - | - | - | - |
| (d) | Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | - | - | - | - |
| (f) | Immediate relatives | - | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(1) | - | - | - | - | - | - | - | - | - | - |
| (2) | Foreign | | | | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | - | - | - | - | - | - | - | - | - | - |
| (b) | Bodies Corporate | - | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - | - |
| (d) | Any Other (specify) | - | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | - | - | - | - | - | - | - | - | - | - |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 9 | 1,00,83,890 | 1,00,83,890 | 72.02 | 72.02 | 9 | 1,00,83,890 | 1,00,83,890 | 48.02 | 48.02 |
| (B) | Public shareholding | | | | | | | | | | |
| (1) | Institutions | | | | | | | | | | |
| (a) | Mutual | - | - | - | - | - | ● | ● | ● | ● | ● |

| Category code | Category of shareholder | Pre-Issue | | | | | Post-Issue | | | | |
|---------------|--|----------------------|------------------------|--|--|----------------------------|----------------------|------------------------|--|--|----------------------------|
| | | No. of share holders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | | No. of share holders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | |
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| | Funds/UTI | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (b) | Financial Institutions/Banks | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (c) | Central Government/State Government(s) | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (d) | Venture Capital Funds | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (e) | Insurance Companies | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (f) | Foreign Institutional Investors | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (g) | Foreign Venture Capital Investors | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (h) | Any Other (specify) | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| | Sub-Total (B)(1) | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (2) | Non-institutions | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (a) | Bodies Corporate | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| (b) | Individuals – i. Individual shareholders holding nominal share capital up to ₹ 1 lakhs | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs | 7 | 15,11,110 | 15,11,110 | 10.79 | 10.79 | [•] | [•] | [•] | [•] | [•] |
| (c) | Any Other (specify) | - | - | - | - | - | - | - | - | - | - |
| | Non-Resident Indians | - | - | - | - | - | - | - | - | - | - |
| | Directors & their Relatives | 17 | 24,05,000 | 24,05,000 | 17.19 | 17.19 | 17 | 24,05,000 | 24,05,000 | 11.45 | 11.45 |
| | Sub-Total (B)(2) | 24 | 39,16,110 | 39,16,110 | 27.98 | 27.98 | [•] | [•] | [•] | [•] | [•] |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 24 | 39,16,110 | 39,16,110 | 27.98 | 27.98 | [•] | [•] | [•] | [•] | [•] |
| | TOTAL (A)+(B) | 33 | 1,40,00,000 | 1,40,00,000 | 100 | 100 | | | | | |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | - | - | - | - | - | [•] | [•] | [•] | [•] | [•] |
| | GRAND TOTAL (A)+(B)+(C) | 33 | 1,40,00,000 | 1,40,00,000 | 100 | 100 | [•] | 2,10,00,000 | 2,10,00,000 | 100 | 100 |

17. The total number of members of our Company as on the date of filing the Red Herring Prospectus is 33.
18. Our Company has not raised any bridge loan against the proceeds of this Issue.
19. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
20. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
21. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
22. Our Company has not revalued its assets since its incorporation.
23. Our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash, except for the bonus issue made on December 24, 2009.
24. Our Company has not made any public issue since its incorporation.
25. The shares locked in by our Promoters are not pledged to any party. The Equity Shares held by our Promoter which are locked-in for a period of one year can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.
26. Our Company does not have any employee stock option plan or scheme.
27. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters or Directors to the persons who receive allotments, if any, in this Issue.
28. The Equity Shares which are subject to lock-in shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the stock exchanges, where the shares are to be listed, before the listing of the securities.
29. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (ICDR) Regulations.
30. Our Promoters and Promoter Groups will not participate in this Issue.
31. There has been no allotment of Equity Shares that may be at a price lower than the Issue Price within the last 12 months from the date of filing the Red Herring Prospectus.
32. The Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transactions.
33. In respect of various agreements entered into by our Company with the lenders/bankers and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants regarding the alteration of our capital structure and other restrictive covenants. As per the loan agreements and sanction letters, we are required to take written consent from the lenders, pursuant to which we have taken written consents in relation to this Issue from the following banks:

| Sr. No. | Lender/Banker | Date of NoC |
|----------------|----------------------|--------------------|
| 1. | Axis Bank Limited | November 24, 2009 |

| Sr. No. | Lender/Banker | Date of NoC |
|----------------|------------------------------------|--------------------|
| 2. | Bank of India (Botad) | December 10, 2009 |
| 3. | Kotak Mahindra Bank Limited | December 11, 2009 |
| 4. | Punjab National Bank (Malad) | December 17, 2009 |
| 5. | HDFC Bank Limited | December 17, 2009 |
| 6. | Syndicate Bank | December 23, 2009 |
| 7. | Bank of India (Stock Exchange) | December 30, 2009 |
| 8. | Punjab National Bank (Fort) | January 2, 2010 |
| 9. | ICICI Bank Limited | January 6, 2010 |
| 10. | ICICI Home Finance Company Limited | January 6, 2010 |
| 11. | Kotak Mahindra Prime Limited | January 11, 2010 |

34. The Equity Shares forming part of Promoters' contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.

OBJECTS OF THE ISSUE

The objects of this Issue are to meet the following

- Investment in our subsidiary, Inventure Finance Private Limited;
- Augmenting Long Term Working Capital Requirement
- General corporate purposes; and
- Public issue expenses.

Further, the objects of the Issue are to achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our Company's brand name and provide liquidity to our Company's existing shareholders. Listing will also provide a public market for the Equity Shares in India.

The main objects clause and objects incidental or ancillary to the main clause of the Memorandum of Association of the Company enable the Company to undertake the existing activities and the activities for which the funds are being raised by us.

We intend to utilize the proceeds of the Issue, after deducting BRLM Fees, and management fees, selling commission and other public issue expenses associated with the Issue ("Issue Proceeds"), which is estimated at ₹ [●] Lakhs for financing the growth of our business.

Utilization of Funds

Fund Requirement

| | | (₹ in lakhs) |
|--------------|--|--------------|
| Sr. No. | Particulars | Total Cost |
| A. | Investment in subsidiary, IFPL | 3,000 |
| B. | Augmenting Long Term Working Capital Requirement | 2,000 |
| C. | General corporate purposes * | [●] |
| D. | Public issue expenses * | [●] |
| TOTAL | | [●] |

* Will be incorporated, if applicable, at the time of filing the Prospectus with RoC.

Means of Finance

The entire requirement of funds is proposed to be funded through the Issue Proceeds. In case of shortfall, if any, the same shall be met out of internal accruals. Excess money, if any, will be utilised for general corporate purpose, including acquisitions. The objects for which the funds are being raised have not been appraised by any external agencies and as such all the fund requirements are based on management estimates.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Issue Proceeds. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt.

Details of the Objects

Certain part of the Issue Proceeds is proposed to be utilised towards investment in one of the Subsidiaries, IIFL either through equity or debt. The form of investment in IFPL has not yet been finalized. We believe that such investment will provide scope for further growth in the business of the subsidiary by improving its working capital and/or helping it increase its net worth to do larger volume of regulated business. Any growth in the business of our subsidiary will bring in larger dividends or higher valuation of the equity investments of IGSL.

A. Investment in our subsidiary, Inventure Finance Private Limited

Our Company undertakes its lending business through our subsidiary, IFPL. IFPL is presently registered with RBI as an NBFC not accepting public deposits. IFPL's lending business includes providing loans secured by shares held by customers of IFPL. Our Company is mainly engaged in the broking business, and IFPL helps our customers to leverage their equity market positions to take increased exposure. Thus, revenues are generated via two verticals; firstly interest income by IFPL's lending activities for providing leverage to the clients to undertake additional market exposures and secondly these additional exposures generate additional brokerage income for our Company. IFPL's lending business is complementary to our Company's broking business and it helps improve customer retention and source additional one. This leads to growth in terms of clients as well as revenues of both the companies.

IFPL has the appropriate risk management systems in place to monitor the finance provided. For this purpose, IFPL performs a credit worthiness assessment of each of its clients before extending finance to them. The customer funding is provided against a margin of approximately 25-50% and is available only for purchase of shares which form part of our "Approved List of securities". This list is decided by the management and reviewed from time to time.

The additional requirement of funds for this activity is largely driven by the growth in the number of customers availing finance. Based on the management estimates, our Company intends to deploy ₹ 3,000 lakhs which in turn will be used by IFPL to finance its onward lending business. Our Company believes that such investment in IFPL is in line with its strategy of expanding its core businesses and will also help us to strengthen the respective balance sheets. This capital infusion in IFPL will be in the form of subscription to their equity shares and/or through interest bearing unsecured loan or any combination thereof. Our Company shall benefit from its investment in IFPL by way of dividend income in case of investment by way of equity participation in IFPL however, no dividend is assured to the Company as a consequence of such capital infusion and/ or by way of interest income in case of investment by way of interest bearing unsecured loan. The form of investment in IFPL has not yet been finalized.

B. Augmenting Long Term Working Capital Requirement

Part of the Issue Proceeds will be used towards long term working capital in the form of maintaining adequate levels of margin with the stock exchanges by the Company. The margin requirements with the stock exchanges are determined by the stock exchanges on the basis of trading volumes, market volatility and to extent of open interests in respect of equity index/ stock futures. Such margin requirements comprise of "initial margin" representing initial margin paid and "margin deposits", representing additional margin over and above the initial margin, intra-day margin etc. for entering into contracts for equity index/ stock futures, which are released on final settlement and/or squaring up of underlying contracts. Further, equity index/ stock futures are marked-to-market on a daily basis, in which case, "mark-to-market margin" is required to be provided, representing the net amount paid or received on the basis of movement in the prices of index/ stock futures till the balance sheet date.

While the initial margin and the margin deposits with the stock exchanges/ professional clearing members can be created by way of deposit of either stock or bank guarantees or fixed deposits with banks or cash, however, the marked-to-market margin is typically created by way of deposit of cash.

The working capital requirement mainly comprises of margin money to be placed with stock exchanges on the basis of trading volumes, market volatility and the extent of outstanding positions in respect of equity index/stock futures & options. Such margin capital requirements also include initial margin and additional margin deposited for entering into the contracts for equity index/ stock futures and options. Further, equity index/stock futures & options are marked-to-market on a daily basis in which case "Mark-to-Market Margin" is also required to be provided till the final settlement of the contracts.

In addition to this, our Company has to place stipulated margin in the cash segment with the stock exchanges for T+2 days. The stock exchanges also increase margin requirement in terms of percentage due to volatility in the markets. This gives rise to margin requirement even though the business may remain constant.

Our Company's working capital requirements also arise on account of the time gap in realization of cheques received from clients and amount to be paid to the exchanges towards pay-in on the settlement dates. With growing business, this gap is widening, thus creating additional requirement for the working capital.

Our Company meets its current margin requirements with the exchanges in the form of cash deposits, fixed deposits and bank guarantees. The margin capital deposited by the our Company with stock exchanges in last five fiscal years ended 2007, 2008, 2009, 2010 and 2011 was as under:

(₹ in lakhs)

| Particulars | Year Ended | | | | |
|---|------------|------------|------------|------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 | 31.03.2007 |
| Bank Guarantees given by banks to the Stock Exchanges towards base capital, margin capital etc. | 5,515.00 | 7,050.00 | 3,550.00 | 3,500.00 | 3,500.00 |
| Fixed Deposits with Exchanges for Margin Capital | 48.00 | 138.00 | 198.00 | 715.00 | 1,269.49 |
| Cash Deposit with Exchanges for Margin Capital/Additional Base Capital | 361.75 | 211.25 | 505.25 | 126.25 | 140.00 |
| Total Margin Deposit / Capital deposited with Stock Exchanges | 5,924.75 | 7,399.25 | 4,253.25 | 4,341.25 | 4,909.49 |

In tandem with the growth in the financial markets, our Company expects its trading volumes to increase further. Based on the estimated business volumes in the different segments of the market i.e. Cash Segment, Future and Option Segments, Currency Derivative Segment and Debt Market Segment, our Company expects its incremental requirements for the additional working capital to the extent of ₹ 2,000 lakhs.

The margin requirements to be maintained with the stock exchanges would be used for clients as well as for proprietary trading. The working capital requirement of cash segment is mainly due to client business. However, in respect of derivatives segment, the margin requirements to be maintained with the stock exchanges would be used for proprietary trading only. Over and above the margin actually utilised, our Company is also required to deposit additional capital/margin with the stock exchanges to smoothly undertake its additional business activities.

Herein below the break-up of proprietary and client trading for the previous five years of our Company is given: (₹ in Crore)

| Particulars | Year ended | | | | |
|-----------------------|----------------|-----------------|----------------|----------------|----------------|
| | March 31, 2011 | March 31, 2010 | March 31, 2009 | March 31, 2008 | March 31, 2007 |
| Proprietary Turnover | 50,646 | 23,085 | 6,517 | 15,805 | 18,201 |
| Client Turnover | 42,645 | 1,00,950 | 55,977 | 33,751 | 31,879 |
| Total Turnover | 93,291 | 1,24,035 | 62,495 | 49,556 | 50,080 |

C. General Corporate Purpose

We, in accordance with the policies set up by our Board, will retain flexibility in applying the remaining Issue Proceeds of this Issue, for general corporate purposes, repayment of loan, expansion of our operations domestically and/or internationally through organic or inorganic route, as may be available. Our management, in accordance with the policies of our Board, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change.

In case of a shortfall in the Issue Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes

D. Issue Expenses

The expenses for this Issue include Lead Managers fees, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to

the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately ₹ [●] lakhs as per the following break up:

The estimated Issue expenses are as under:

| (₹ in lakhs) | | | |
|--|---------------------------|--|--|
| Activity | Estimated expenses | As a percentage of the total estimated Issue expenses | As a percentage of the total Issue size |
| Fees payable to the Book Running Lead Managers* | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Fees payable to the Registrar to the Issue | | | |
| Fees payable to the Bankers to the Issue | | | |
| Underwriting commission, brokerage and selling commission | [●] | [●] | [●] |
| SCSB commission | [●] | [●] | [●] |
| IPO Grading expense | [●] | [●] | [●] |
| Others (legal fees, listing fees, monitoring agency fees, printing and stationery expenses etc.) | [●] | [●] | [●] |
| Total estimated Issue expenses | | | |

*Will be incorporated at the time of filing of the Prospectus.

Schedule of implementation of funds

| Objects | Estimated schedule of deployments of funds |
|--|---|
| Investment in subsidiary, IFPL | FY 2012 |
| Augmenting Long Term Working Capital Requirement | FY2012 |

Bridge loans

Our Company has not raised any bridge loan against the Issue Proceeds.

Interim Use of Proceeds

The management of our Company, in accordance with policies established by our Board from time to time, will have flexibility in deploying the Issue Proceeds. Post receipt of funds but prior to disbursement, we may temporarily invest funds in high quality liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdrafts. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Issue Proceeds. Such transactions would be at the prevailing commercial rates at the time of investment. Our Company confirms that pending utilization of the Issue Proceeds; it shall not use the funds for any investments in the equity markets.

Monitoring of Utilization of Funds

Our Board will monitor the utilization of the Issue Proceeds. As per Clause 49 of the listing agreements with the Stock Exchanges, we shall disclose to the Audit Committee, the uses / applications of funds on a quarterly basis as a part of our quarterly declaration of financial results. Further, we shall, on a quarterly basis, prepare a statement indicating material deviations, if any, in the use of Issue proceeds. Such statement shall be furnished to the Stock Exchanges along with the interim and / or annual financial statements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before our Audit Committee.

No part of the Issue Proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associates and Group Companies, except to the extent of amount as invested in the wholly owned subsidiary as stated in the Objects of the Issue or as incurred in the normal course of business.

The Issue Proceeds will be determined based on the Issue Price discovered through the 100% Book-Building process.

BASIS FOR ISSUE PRICE

The Price Band for the Issue shall be decided prior to the filing of the Red Herring Prospectus with the RoC. The Issue Price will be determined by the Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares of the Company is ₹ 10/- each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. The EPS and NAV presented in this section are based on the Face Value of ₹ 10/- per equity share.

Qualitative Factors

Experienced management team and motivated employees
Diverse distribution network in regional space
Integrated financial services provider
Strong risk management system
Growth in our Wealth Management business
Centralized Infrastructure
Strong relationship with our clients
Diversified client base

Quantitative Factors

Information presented in this section is derived from our restated audited consolidated and standalone, financial statements prepared in accordance with Indian GAAP.

Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Earning Per Share (of face value ₹10/- each)

| Period | Consolidated (₹ per Equity Share) | Weight | Standalone (₹ per Equity Share) | Weight |
|--------------------------------|--------------------------------------|--------|------------------------------------|--------|
| 12 months ended March 31, 2009 | 3.95 | 1 | 2.03 | 1 |
| 12 months ended March 31, 2010 | 10.51 | 2 | 7.22 | 2 |
| 12 months ended March 31, 2011 | 4.44 | 3 | 3.96 | 3 |
| Weighted Average EPS | 6.38 | | 4.73 | |

Notes:

- Earnings per share calculations are in accordance with Accounting Standard 20 "Earning per Share" issued by the Institute of Chartered Accountants of India.
- The face value of each Equity Share is ₹ 10.
- On December 24, 2009 our Company has allotted 70,00,000 Equity Shares as bonus (the "Bonus Issue"). The number of Equity Shares used for calculation of EPS for all the years/periods have been adjusted for the Bonus Issue in accordance with AS-20.

2. Price to Earnings Ratio (P/E) in Relation to Issue Price of ₹[●] per Equity Share of ₹10/- each

| Sr. No. | Particular | PE Ratio as on Weighted Average EPS | | PE Ratio as on March 31, 2011 | |
|---------|--------------------|-------------------------------------|------------|-------------------------------|------------|
| | | Consolidated | Standalone | Consolidated | Standalone |
| 1 | Lower Price Band | [●] | [●] | [●] | [●] |
| 2 | Upper Price Band | [●] | [●] | [●] | [●] |
| 3 | Industry P/E | | | | |
| | Highest | | | | 267.30 |
| | Lowest | | | | 2.90 |
| | Industry Composite | | | | 14.70 |

Source: Capital Markets, Volume XXVI/09 dated Jun 27- July 10, 2011 (Industry-Finance and Investments). Data based on full year as reported in the edition.

3. Return on Net Worth as per restated audited financial statement is as follows:

| Period | Consolidated (%) | Standalone (%) | Weight |
|--------------------------------|------------------|----------------|--------|
| 12 months ended March 31, 2009 | 8.81 | 4.80 | 1 |
| 12 months ended March 31, 2010 | 19.39 | 14.91 | 2 |
| 12 months ended March 31, 2011 | 7.72 | 7.73 | 3 |
| Weighted Average RoNW | 11.79 | 9.63 | |

Net Worth is defined as share capital + reserves and surplus – miscellaneous expenditure

Return on Net Worth has been calculated as per the following formula:
(Net profit after tax as restated/Net Worth at the end of the year or period)

4. Minimum Return on total Net Worth after the Issue required to maintain the Pre-Issue EPS for the Fiscal 2011:

At the Floor Price – [●] % and [●] % Standalone and Consolidated audited financial statements respectively.

At the Cap Price - [●] % and [●] % based on Standalone and Consolidated audited financial statements respectively.

5. Net Asset Value (NAV) per Equity Share (of face value of ₹10 each)

| Particulars | Consolidated NAV (₹) | Standalone NAV (₹) |
|--------------------------|----------------------|--------------------|
| NAV as on March 31, 2009 | 89.70 | 84.70 |
| NAV as on March 31, 2010 | 54.19 | 48.41 |
| NAV as on March 31, 2011 | 57.47 | 51.20 |
| NAV after the Issue* | [●] | [●] |
| Issue Price | [●] | [●] |

Note:-[●] would be calculated after discovery of issue through book building.

NAV per equity share has been calculated as networth divided by weighted average number of equity shares. Weighted average number of equity shares has been computed as per AS 20.

*The Issue Price of ₹ [●] per Equity Share has been determined on the basis of the demand from investors through the Book Building Process and is justified based on the above accounting ratios.

6. Comparison with Industry Peers

The comparable ratios of the companies which are to some extent similar in business are given as follows:

| Company | Face Value | Net Asset Value (₹ Per Share) | EPS (₹) | RoNW (%) | P/E |
|---|------------|-------------------------------|---------|----------|--------------------|
| Inventure Growth & Securities Limited | 10 | 57.47 | 4.44 | 7.72 | [●] |
| Arihant Capital Market Limited | 10 | 28.70 | 4.99 | 17.39 | 5.60 |
| Geojit BNP Paribas Financial Services Limited | 1 | 17.82 | 1.28 | 7.73 | 18.87 |
| Khandwala Securities Limited | 10 | 24.00 | 0.40 | (6.70) | 51.90 [#] |
| Emkay Global Financial Services Limited | 10 | 60.85 | 4.85 | 7.97 | 9.10 |

Source: Capital Markets, Volume XXVI/09 dated Jun 27- July 10, 2011 (Industry-Finance and Investments), Economic Times Newspaper Mumbai Edition dated July 05, 2011 and BSE Website: www.bseindia.com. Data based on full year as reported in the edition.

The face value of Equity Shares of Inventure Growth & Securities Limited is ₹10/- and the Issue Price is [●] times of the Face Value.

The Issue Price of ₹ [●] per Equity Share has been determined on the basis of the demand from investors through Book Building Process and is justified based on the above factors. The face value of the Equity Shares is ₹ 10/- each. The Issue Price is [●] times the face value at the lower end of the price band and [●] times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of ₹ [●] per share is justified.

Investors are requested to see section titled “Risk Factors” beginning on page xiv of the Red Herring Prospectus and the audited financials of the Company including important profitability and return ratios, in Annexure V as set out in the Auditors Report on financial statements on page 181 of the Red Herring Prospectus to have a more informed view. Provided however that the Issue Price for the Equity Shares in this Issue has not been determined solely on the basis of such profitability and returns ratios, financial statements or other forward looking statements. The Issue Price will be determined on the basis of demand from Investors upon completion of the Book Building process.

STATEMENT OF TAX BENEFITS

To
The Board of Directors,
Inventure Growth & Securities Limited
201, Viraj Towers,
Near Andheri Flyover, Western Express Highway
Andheri (East)
Mumbai - 400 069.

Sub. : Statement of possible tax benefits available to Inventure Growth & Securities Limited and its shareholders

Dear Sirs,

We hereby certify that the enclosed statement states the probable tax benefits that may be available to Inventure Growth & Securities Limited (the "Company") and to the shareholders of the Company under the applicable provisions of the Direct Taxes presently in force in India. Several of these tax benefits are subject to the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive tax benefits is subject to fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. No assurance is given that the revenue authorities will concur with the views expressed herein.

The benefits discussed in the enclosed statement are neither exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

The contents of this enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and our views are based on an interpretation of the current tax laws in force in India which are subject to change from time to time. We do not have any obligation or assume any responsibility to update the views consequent to these changes.

The enclosed statement is provided solely for information and for the inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For PHD & Associates
Chartered Accountants
(Firm Registration No.111236W)

Place: Mumbai
Dated: 6th July 2011

(Dhiren Vakharia)
Partner
(Membership No. 46115)

1. Tax benefits available under Income Tax Act, 1961 (the Act).

A) Benefits available to the Company

- a. Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on

shares of any domestic company is exempt from tax.

b. Under section 10(38) of the Act, long term capital gains arising on transfer of equity shares held in another Company or an unit of an equity oriented fund would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax. However, when the company is liable to tax on book profits under section 115JB of the Act, the said income is required to be included in book profits and taken into account in computing the book profit tax payable under section 115 JB.

c. Under section 32 of the Act, the deduction for depreciation will be available at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets.

d. Under section 32(2) of the Act, the unabsorbed depreciation arising due to absence/ insufficiency of profits or gains chargeable to tax can be carried forward. The amount is allowed to be carried forward and set off for the succeeding years until the amount is exhausted without any time limit.

e. Under section 10(35) of the Act, any income (other than capital gains) received in respect of the units of a Mutual Fund specified under section 10(23D) of the Act is exempt from tax.

f. Under section 35D of the Act, the deduction, subject to prescribed limits, will be available in respect of the expenditure incurred of the nature specified in the said section, including expenditure in connection with the present issue, such as underwriting commission, brokerage and other expenses, as specified in the said section, by way of amortization over a period of five years.

g. As per the provisions of section 80G of the Act, the deduction will be available in respect of donations to various charitable institutions and funds covered under that section, subject to fulfillment of the conditions specified therein.

h. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into reduced taxable income.

i. Under section 115JAA (1A) of the Act, tax credit shall be allowed in respect of Minimum Alternate Tax (MAT) paid under section 115JB of the Act for any assessment year commencing on or after 1st April, 2006. The credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set off beyond ten years immediately succeeding the year in which the MAT credit initially arose.

j. Under section 36 (1) (xv) of the Act, the Securities Transaction Tax paid by the Company in respect of the transactions, the income whereof is chargeable as Business Income, will be allowable as deduction against such income.

B. Benefits available to resident shareholders

a. Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on the shares of the Company would be exempt from income tax in the hands of shareholders.

b. Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

c. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into the reduced taxable income.

d. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

- 1) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- 2) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bear to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.

e. Under section 54F of the Act, subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family on transfer of shares of the Company will be exempt from capital gains tax, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of such transfer.

f. Under section 111A of the Act, short -term capital gains (i.e., equity shares held for a period not exceeding 12 months) arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess) where the transaction is done through a recognized stock exchange in India and is liable to securities transaction tax.

However in the case of an individual or a Hindu Undivided Family, being resident, where the total income as reduced by such short term capital gains is below the maximum amount which is not chargeable to income tax then, such short term capital gains shall be reduced by the amount by which total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such short term capital gains shall be computed at the rate of ten percent. Where the gross total income of an assessee includes any short term capital gains referred herein above then the deduction under chapter VI – A of the Act shall be allowed from the gross total income as reduced by such capital gains.

g. Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares of the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge, education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge, education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of the shares.

However in the case of an individual or a Hindu Undivided Family where the total income as reduced by such long term capital gains is below the maximum amount which is not chargeable to income tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the balance of such long term capital gains shall be computed at the rate of 20% (plus applicable education cesses).

h. Under section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid in respect of taxable securities transactions offered to tax as business income shall be allowable as a deduction against such income.

C. Benefits available to non resident shareholders (other than Foreign Institutional Investors and Foreign Venture Capital Investors).

a. Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on the shares of the Company would be exempt from income tax in the hands of shareholders.

b. Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

c. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into reduced taxable income.

d. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

- 1) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- 2) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.

e. Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

f. Under section 111A of the Act and other relevant provisions of the Act, short -term capital gains arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

g. Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at the rate of 20 percent (plus applicable surcharge, education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge, education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

h. As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the non resident shareholder would prevail over the provisions of the Act to the extent they are more beneficial to the non resident shareholder.

i. Taxation of income from investment and long term capital gains (other than those exempt under section 10(38) of the Act).

(1) A non resident Indian i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the specific provisions contained in Chapter XII-A of the Act, i.e. "Special provisions relating to certain income of non-residents".

(2) As per the provisions of section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by a non- resident Indian, capital gains arising on transfer of shares held for the period exceeding 12 months shall be concessionally taxed at a flat rate of 10% (plus applicable education cesses) without indexation benefit but with protection against foreign currency fluctuation under the first proviso to section 48 of the Act.

(3) Under the provisions of section 115F of the Act, long term capital gains arising to a non-resident Indian from transfer of shares of the Company subscribed to in convertible foreign exchange shall be exempt from tax if the net consideration is reinvested in specified assets within six months of the date of transfer. Conversely, under the provisions of the said section, long term capital gains arising to a non resident Indian from transfer of specified assets subscribed to in convertible foreign exchange shall be exempt from tax if net consideration is reinvested in the shares of the Company within six months of date of transfer. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their

acquisition. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

(4) Under section 115-G of the Act, it shall not be necessary for a non resident Indian to furnish his return of income if his only source of income, liable to tax in India, is investment income or long term capital gains or both arising out of assets acquired, purchased with or subscribed to in convertible foreign exchange and tax deductible at source has been deducted there from.

(5) As per the provisions of section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for the any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year, and if he does so, the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

D. Benefits available to foreign institutional investors (FIIs)

a. Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on the shares of the Company would be exempt from income tax in the hands of shareholders.

b. Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

c. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

- 1) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- 2) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.

d. As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.

e. Under section 115AD of the Act, income by way of long term capital gains arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @ 10% (plus applicable surcharge, education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

2. Benefits available under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

3. Gift of shares not liable to tax, subject to satisfaction of certain conditions

(i) Gift of shares would not attract gift tax as such.

However, pursuant to section 56 (2) (vii) of the Act, if shares of the company, the fair market value whereof is more than ₹ 50,000, are transferred by the shareholder of the Company to a Hindu Undivided Family or any individual who is not a relative as defined in the explanation to section 56(2)(vi)] of the shareholder, without

consideration or for an inadequate consideration, then, the fair market value of the shares or the difference between the fair market value of the shares and the actual consideration, as the case may be, shall be included in the taxable income of the transferee and taxed as per the provisions of the Act.

(ii) After the shares of the Company are listed, transfer of the shares of the Company by any person to any partnership firm, Limited Liability Partnership or closely held company would not attract tax liability under section 56(viia) in the hands of the transferee in a case where the transfer is effected without any consideration or for an inadequate consideration.

4. Special Benefits

There are no special tax benefits to the Company or to the shareholder of the Company.

Notes:

1. The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
2. The tax benefits listed above are not exhaustive.
3. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.
4. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
5. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
6. In view of the individual nature of tax consequences, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its participation in the scheme.
7. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources including stock exchange and industry websites and from publications and government and company estimates. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Red Herring Prospectus is reliable and that website data is as current as practicable, these have not been independently verified. Similarly, internal Company estimates, which we believe to be reliable, have not been verified by any independent agencies.

Indian Economy

In the past years, the Indian as well as the global economy has witnessed a very high degree of uncertainty and volatility due to the subprime crisis that emerged in the USA and snowballed into Global Recession. At present, the focus around the world and also in India has shifted from managing the crisis to managing the recovery. Even as recovery remains multi-speed, growth in both advanced economies and emerging/developing economies outpaced initial expectations. This raises hope for sustained, though moderately paced global recovery during 2011, with risks emerging from high oil prices. The IMF World Economic Outlook of April 2011 has left its global growth forecast unaltered from its January 2011 estimate of 4.4 per cent for 2011 and 4.5 per cent for 2012. It has, however, projected a 36 per cent rise in global crude oil prices in 2011 and noted the potential of oil prices to surprise further on the upside. This is a key downside risk to growth. Sovereign balance sheet risks in the Euro zone and dormant real estate markets have also been cited as downside risks to growth in advanced economies (AEs).

Despite sound fundamentals and no direct exposure to the sub-prime assets, India was affected by global financial crisis reflecting increasing globalisation of the Indian economy. However, there is some inherent strength within the Indian economy, which has spawned the idea of recovery from the global economic crises. The presence of a large domestic population, along with the increase in its per capita income on the back of sustained economic growth over the past few years has provided enough of a demand stimulus to ensure continued economic growth for India. Further, a strong saving and investment rate contributed towards shortening the length and severity of the current slowdown, and also towards a faster revival. The policy response by the Government has been swift. While fiscal stimulus cushioned the deficiency in demand, monetary policy augmented both domestic and foreign exchange liquidity.

India is the world's fifth largest economy after the European Union, the United States of America, China and Japan in purchasing parity terms, with an estimated real gross domestic product ("GDP") estimated at US\$4.0 trillion in 2010 (*Source: CIA World Factbook 2010*).

The Indian economy continued to outperform most emerging markets during 2010-11 retaining its position as the second fastest growing economy, after China, amongst the G-20 countries. China and India contributed nearly a quarter of the incremental world output.

As per the Macroeconomic and Monetary Developments Third Quarter Review 2010-11, issued by Reserve Bank of India ("RBI Third Quarter Review 2011"), India's GDP at factor cost (2004-2005 prices) experienced a growth rate of 6.7%, 7.4% and 8.9% in the fiscal years 2009, 2010 and the first half of fiscal year 2011, respectively.

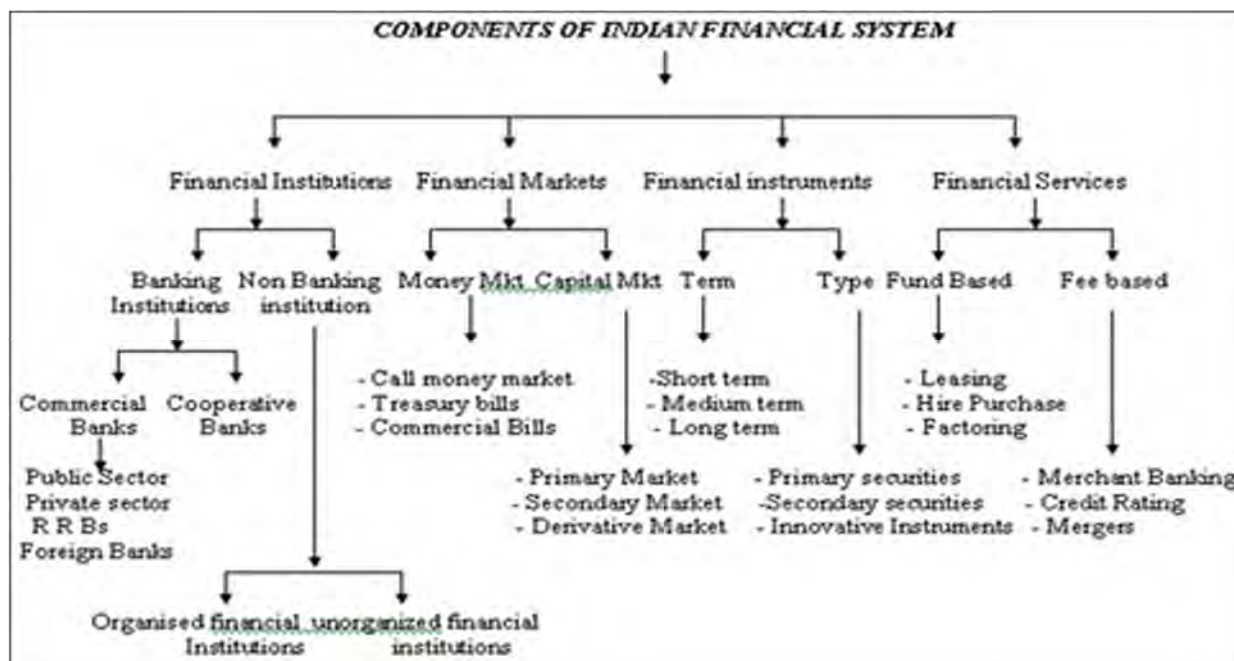
GDP growth decelerated to 7.8 per cent in Q4 of 2010-11 from 8.3 per cent in the previous quarter and 9.4 per cent in the corresponding quarter a year ago. For the year as a whole, GDP growth in 2010-11 was 8.5 per cent. While private consumption was robust, investment activity moderated in Q4 of 2010-11. The Central Statistical Organisation (CSO) released the new series of industrial production with 2004-05 as the base. The new series represents a better coverage of the industrial structure in the country. The trend in industrial production as revealed by the new series is significantly different from that indicated by the old series (base: 1993-94). While the old series suggested a sharp deceleration from 10.4 per cent in the first half of 2010-11 to 5.5 per cent in the second half, the new series suggested broadly the same growth of a little over 8 per cent in both halves of the year. While the y-o-y IIP growth moderated to 6.3 per cent in April 2011, growth in capital goods production at

14.5 per cent was buoyant. During April-May 2011, both exports and imports increased sharply and the trade deficit widened. The progress of south west monsoon 2011 has so far been satisfactory, which augurs well for agricultural production.

Overall, even as there is deceleration in some important sectors, notably interest-sensitive ones such as automobiles, there is no evidence of any sharp or broad-based slowdown. Corporate earnings growth and profit margins in the fourth quarter of 2010-11 were broadly in line with the performance over the past three quarters, suggesting that demand remained steady, and in the face of sharp increases in input costs, pricing power remained intact. Credit grew steadily, while the composite Purchasing Managers' Index (PMI) for May 2011 suggests reasonably good conditions and the Indian economy is estimated to have grown by 8.6 per cent during 2010-11.

Indian Financial Sector

The financial sector in India is characterized by liberal and progressive policies, vibrant equity and debt markets and prudent banking norms. India's financial sector has been one of the fastest growing sectors in the economy. India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets etc. Public Sector (Government owned) banks account for majority of the banking assets; however, Indian private banks and foreign banks are growing at a rapid pace. Most of the global players in banking & financial services have presence in India. The Indian financial sector attributes its growth to technology upgradation, consolidation of large broking houses, evolution of e-broking business, growth in retail segment, regulatory reforms, diversified asset instruments and foreign investment participation. There is huge growth potential in the Indian financial sector. This is evident from the fact that less than 1% of population trades in the market as compared to 25% in the developed economy. The opportunities in the sector are huge as financial intermediaries have not restricted themselves to equity broking business. They have de-risked their business by diversifying into emerging opportunities in the last couple of years. They have ventured into commodity broking business which emerged from a small contribution towards revenue to major growth engine for many companies. Companies have also forayed into wealth management, investment banking, mutual funds and insurance business. They are also looking into areas like forex trading which would further de-risk their business model. The business areas covered under the Indian Financial Sector is displayed in the chart below:



Capital Market

Indian capital market offers the following functions:

- Investment Advisory
- PMS
- Equities and Derivatives
- Commodities

- Private Equity
- Fixed Deposit
- Currency
- Depository Services
- Research
- Insurance and Mutual Fund
- IPO

India has a transparent; highly technology enabled and well regulated stock / capital market. A vibrant, well-developed capital market facilitates investment and economic growth. Capital market achieves one of the most important functions of channeling idle resources to productive resources or from less productive resources to more productive resources. The capital market transactions today involve lots of checks and balances with efficient electronic trading and settlement systems. Today the stock markets are buoyant and have a range of players including mutual funds, FIIs, hedge funds, corporate and other institutions. Domestic savings and capital inflows are channelized in the capital markets. The flow of resources in the securities market depends on the depth and efficiency of the markets, robust risk management system, attractiveness of securities and the ability of the users of capital to attract resources. In addition to the introduction of new products, an endeavour was made to strengthen the existing products which had not gained momentum. Notable among them were the corporate bonds and interest rate futures. The securities market is endeavouring to make equity finance available for small and medium enterprises. In May 2010, SEBI has permitted setting up of a stock exchange or trading platform for SMEs by stock exchanges having nationwide trading terminals. In addition to this, various initiatives have been taken by SEBI to strengthen the corporate governance among the listed companies. In a major move aimed at bringing in more accountability and enhancing investor participation, the government has made it mandatory for all listed companies, other than listed public sector enterprises (PSEs), to raise public shareholding to 25%; listed PSEs must maintain public shareholding of at least 10%. Any listed company which falls short of these prescribed limits on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, shall increase its public shareholding to the stipulated level within a period of three years.

In a recent initiative on the regulatory front, a Financial Stability and Development Council (FSDC) has been created to strengthen and institutionalize the mechanism for maintaining financial stability and monitoring macro prudential supervision of the economy. The Government in the budget 2010-11 announced the setting up of the Financial Sector Legislative Reforms Commission (FSLRC) with a view to rewrite and clean up financial-sector laws to bring them in tune with the requirements of the sector. The remit of the commission will be to review, simplify, and rewrite legislation focusing on broad principles. It will evolve a common set of principles for governance of financial-sector regulatory institutions. The Commission will also examine the case for greater convergence of regulation and will streamline the regulatory architecture of financial markets.

In addition to setting up new regulatory commission, the regulators have been proactively introducing various discussion papers, committee reports on some pressing issues in the Indian securities market.

The initiatives discussed above have not only transformed the landscape of the securities market, but also contributed to its growth. It can be seen that during the decade, there has been a significant rise in the market capitalization ratio, turnover ratio and traded value ratio.

Securities and Exchange Board of India (SEBI) regulates the Indian capital markets. There are 25 exchanges (including active and non active exchanges) in the country, which offer screen based trading system. The trading system is connected using the VSAT technology. BSE is one of the oldest exchanges in Asia. National Stock Exchange (NSE) is third largest exchange in the world in terms of number of trades. These exchanges constitute an organized market for securities issued by the Central and State Governments, public sector companies and public limited companies. The stock exchanges provide an efficient and transparent market for trading in equity, debt instruments and derivatives. The stock exchanges are demutualised, and have been converted into companies now, in which brokers only hold minority share holding. Indian exchanges are entering into cross border agreements with overseas exchanges for introducing their products on their trading platform. In March 2010, NSE and Chicago Mercantile Exchange (CME) had announced cross-listing arrangements. Under the cross-listing arrangements, the S&P CNX Nifty Index (Nifty 50), the leading Indian benchmark index representing 22 sectors of the Indian economy, has been made available to CME for the creation and listing of U.S. dollar denominated Nifty futures contracts for trading on CME. Keeping in view the increased integration of global markets, the market regulator allowed Indian stock exchanges to extend their trade timings from 9:55 a.m.-3:30 p.m. to 9:00 a.m.-3:30 p.m.

In addition to the SEBI Act, the Securities Contracts (Regulation) Act, 1956 regulates the stock markets.

Some of the fundamental changes that fuelled rapid pace of market growth was the introduction of electronic trading (secondary markets), allowing foreign ownership (FII's) of shares, permitting Indian companies to raise capital from abroad (ADRs/GDRs), expansion in the product range (equities, commodity, currency, derivatives and debt), book building process and transparency in IPO issuance, T+2 settlement cycle, dematerialization of shares and internet trading (e-broking). These changes resulted in dramatic growth of the stock markets in India as well as the equity broking firms. The broking industry is emerging as a rapidly growing segment in Indian finance, in terms of business growth, distribution & network and enterprise value.

Our markets went through a period of unusual liquidity squeeze with its attendant impact on interest rates, foreign exchange rates, and mutual funds. Broking companies, whose fortunes are closely linked to the markets, had a tough time till early 2009. This was due to the fear of loss of business given the drop in trading volumes as well as participation by investors and traders. The securities markets in India and abroad witnessed recovery during later half of 2009. This was reflected in the rising market capitalisation of stock exchanges of emerging and developing countries. The market capitalisation of the emerging markets increased to 28.3% of world total market capitalisation in 2009, up from 25.9% in 2008. The market value of emerging markets increased by 48.8% in 2009. United States which accounted for 30.9% of the world total market capitalisation in 2009 registered a rise of 28.4% in its market capitalisation. However, things have improved as liquidity was restored through aggressive steps (stimulus package) by the Central Bank and Government; and the markets as well as trading turnover have more than doubled but neither the emerging countries nor the developed economies were able to surpass the levels of growth witnessed in market capitalisation and turnover during the year 2007.

Capital market comprises of two segments- primary market (new issues, offer for sale) and secondary market (trading of stocks). There are two major types of issuers who issue securities. The corporate entities issue mainly debt and equity instruments (shares, debentures, etc.), while the governments (central and state governments) issue debt securities (dated securities, treasury bills).

Primary Market

Primary markets create a flow of new securities to the securities market. This is achieved through public offerings of debt or equity or a composite structure of debt and equity to the investors. Here the issuer of securities raises the funds to meet its fund requirements.

Primary market offerings could either be in the form of public offerings or private placements. The issuers here could include corporates, Government, municipal corporations and in some cases existing shareholders and institutional investors offering their securities for sale.

The product offerings by intermediaries in the primary markets include management of IPOs of issuers, mobilization of resources from retail and institutional investors, private placement of issues, debt syndications etc.

Intermediaries in the primary market include merchant bankers, registrars and brokers.

During the year 2010-11, the resources raised through Public Issues, Rights Issues, QIP and Preferential Allotments and Non-Convertible Debentures on NSE are summarized in the table below:

| Particulars | No. of Issues | Amount | Amount |
|----------------------------|---------------|------------|-------------|
| | | (₹ cr.) | (US \$ mn.) |
| Equity Public Issues | | | |
| IPOs | 51 | 33,390.93 | 7,478.37 |
| FPOs | 4 | 13,043.88 | 2,921.36 |
| IDR issue | 1 | 2,486.34 | 556.85 |
| Rights Issues | 18 | 8,414.06 | 1,884.45 |
| QIP | 48 | 23,020.64 | 5,155.80 |
| Preferential Allotment | 279 | 29,042.05 | 6,504.38 |
| Non-Convertible Debentures | | | |
| Public Issue | 7 | 8,881.53 | 1,989.14 |
| Total | 408 | 118,279.43 | 26,490.35 |

Source: NSE Factbook 2011

Secondary Market

Secondary markets provide a medium of exchange and enable investors to trade in the securities. An efficient securities market distinguishes financial investments from various forms of other illiquid investments. Stock Exchanges provide the platform and the mechanism for effecting transactions between different market participants. Secondary market comprises of trading in equities, bonds and derivatives. The depth of the market is determined by number of factors such as liquidity of the instruments traded, number of market participants, types of instruments traded, settlement practices etc.

According to data released by the market regulator Securities and Exchange Board of India (SEBI), FIIs transferred a record US\$ 17.46 billion in domestic equities during the calendar year 2009. This FII investment in 2009 proved to be the highest ever inflow in the country in rupee terms in a single year, breaking the previous high of US\$ 14.96 billion parked by foreign fund houses in domestic equities in 2007. FIIs infused a net US\$ 1.05 billion in debt instruments during the said period. In March 2010, the net investment of US \$ 6,465 million by FIIs was the highest monthly net investment in 2009-10. The total net investment by FIIs in 2009-10 stood at US \$ 30,253 million and it continued to flourish in the first-half of 2010-11 at US \$ 19,250 million with September 2010 clicking net investment of a mammoth US \$ 7,100 million. As on March 31, 2011 FII invested ₹1,29,363.30 crores in the equity markets and ₹ 52,281.80 crores in the debt segment.

As on March 31, 2011 the number of companies listed at NSE is 1574. The trading volumes on NSE have been witnessing phenomenal growth over the past decade. The trading volume, which peaked 2007-08, fell substantially in 2008-09. However, the total trading volumes on the exchange saw a turnaround in the subsequent years and the trading volume doubled in the year 2010-11 as compared to 2008-09. This is evident in the table below:

| (₹ in crores) | | | | | |
|------------------------------|-----------|-------------|-------------|----------------|----------------|
| Particulars | 2006-2007 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| Market Capitalisation | 33,67,350 | 48,58,122 | 28,96,194 | 60,09,173 | 67,02,616 |
| Gross Turnover | | | | | |
| Cash | 19,45,285 | 35,51,038 | 27,52,023 | 41,38,024 | 35,77,412 |
| Derivatives | 73,56,242 | 1,30,90,478 | 1,10,10,482 | 1,76,63,664.57 | 2,92,48,221.09 |

Source: NSE

As on March 31, 2011 the number of companies listed at BSE are 7910. The BSE Sensex rose from 9,709 at end-March 2009 to 16,811 on October 23, 2009, showing an increase of 73.1% during 2009-10. Significantly, a persistent inflow of overseas money also helped the BSE benchmark Sensex to regain 18,000-level in July 2010, after struggling to scale the same for 30 long months. The table below shows the growth in volume traded in BSE:

| (₹in crores) | | | | | |
|------------------------------|-----------|-------------|-----------|-----------|-----------|
| Particulars | 2006-2007 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| Market Capitalisation | 35,45,041 | 51,38,014 | 30,86,076 | 60,79,892 | 68,39,084 |
| Growth Turnover | 9,56,186 | 1,57,87,855 | 1,00,074 | 13,78,809 | 11,03,466 |

Source: BSE

Wholesale Debt Market Segment (WDM)

In the WDM segment, all government securities, state development loans and treasury bills are 'deemed' listed as and when they are issued. All eligible debt securities whether publicly issued or privately placed can be made available for trading in the WDM segment. Amongst other requirements, privately placed debt papers of banks, institutions and corporates require an investment grade credit rating to be eligible for listing.

The listing requirements for securities at NSE on the WDM segment are presented below:

| Issuer | Eligibility Criteria for listing | |
|--|--|---|
| Corporates (Public limited companies and Private limited companies) | <ul style="list-style-type: none"> • Paid-up capital of ₹ 10 crores; or • Market capitalisation of ₹ 25 crores (In case of unlisted companies Networth more than ₹25 crores) • Credit rating | |
| Public Sector Undertaking, Statutory Corporation established/ constituted under Special Act of Parliament /State Legislature, Local bodies/ authorities, | <ul style="list-style-type: none"> • Credit rating | |
| Mutual Funds: Units of any SEBI registered Mutual Fund/scheme : • Investment objective to invest predominantly in debt or • Scheme is traded in secondary market as debt instrument | <ul style="list-style-type: none"> • Qualifies for listing under SEBI's Regulations | |
| Infrastructure companies • Tax exemption and recognition as infrastructure company under related statutes/regulations | <ul style="list-style-type: none"> • Qualifies for listing under the respective Acts, Rules or Regulations under which the securities are issued. • Credit rating | |
| | Public Issue | Private Placement |
| Financial Institutions u/s. 4A of Companies Act, 1956 including Industrial Development Corporations | Qualifies for listing under the respective Acts, Rules or Regulations under which the securities are issued. | Credit rating |
| Banks | <ul style="list-style-type: none"> • Scheduled banks • Networth of ₹50 crores or above • Qualifies for listing under the respective Acts, Rules or Regulations under which the securities are issued. | <ul style="list-style-type: none"> • Scheduled Banks • Networth of ₹50 crores or above • Credit rating |

Source: NSE Factbook 2011

As per NSE Factbook 2011 as at end March 31, 2011, 4,479 securities with issued capital of ₹ 36,31,587 crore (US \$ 8,13,345 million) The growth of securities available for trading on the WDM segment is presented in table below:

| Securities | 2010 | | | 2011 | | |
|-----------------------|--------------|------------------|----------------|--------------|------------------|----------------|
| | Number | Amount | Amount | Number | Amount | Amount |
| | | (₹ cr.) | (US \$ mn.) | | (₹ cr.) | (US \$ mn.) |
| Government Securities | 1,461 | 2,472,978 | 547,846 | 1,508 | 2,840,182 | 636,099 |
| T-Bills | 54 | 137,500 | 30,461 | 54 | 140,418 | 31,449 |
| PSU Bonds | 795 | 161,904 | 35,867 | 852 | 191,542 | 42,899 |
| Institutional Bonds | 299 | 77,568 | 17,184 | 361 | 103,973 | 23,286 |
| Bank Bonds | 518 | 164,385 | 36,417 | 518 | 182,616 | 40,900 |
| Corporate Bonds | 992 | 133,428 | 29,559 | 1,166 | 169,337 | 37,925 |
| Others | 21 | 3,117 | 690 | 20 | 3,518 | 788 |
| Total | 4,140 | 3,150,880 | 698,024 | 4,479 | 3,631,587 | 813,345 |

Source: NSE Factbook 2011

As of June 30, 2011 the number of debt securities listed on BSE is:

- 126 Central Government Securities,
- 1,429 State Government Securities,
- 79 Treasury Bill Securities and
- 1,826 Privately Placed Debt Instruments listed

Equity Broking

As the Indian capital markets continue to evolve, they are undergoing rapid consolidation driven by increased trading volumes, increased regulation, customer sophistication, availability of better technology and increased back-office requirements. As a result, significant changes have been introduced to strengthen risk management systems. Changes in the regulatory framework and settlement mechanics have resulted in smaller operating players losing market share, leading to consolidation in the industry.

Market consolidation is even more pronounced in the on-line trading category where the top five brokers control a very significant share in the market. The rapid growth in on-line trading volumes can be attributed to the growing sophistication of retail investors, availability of reliable internet connectivity and the sophistication of the internet trading products.

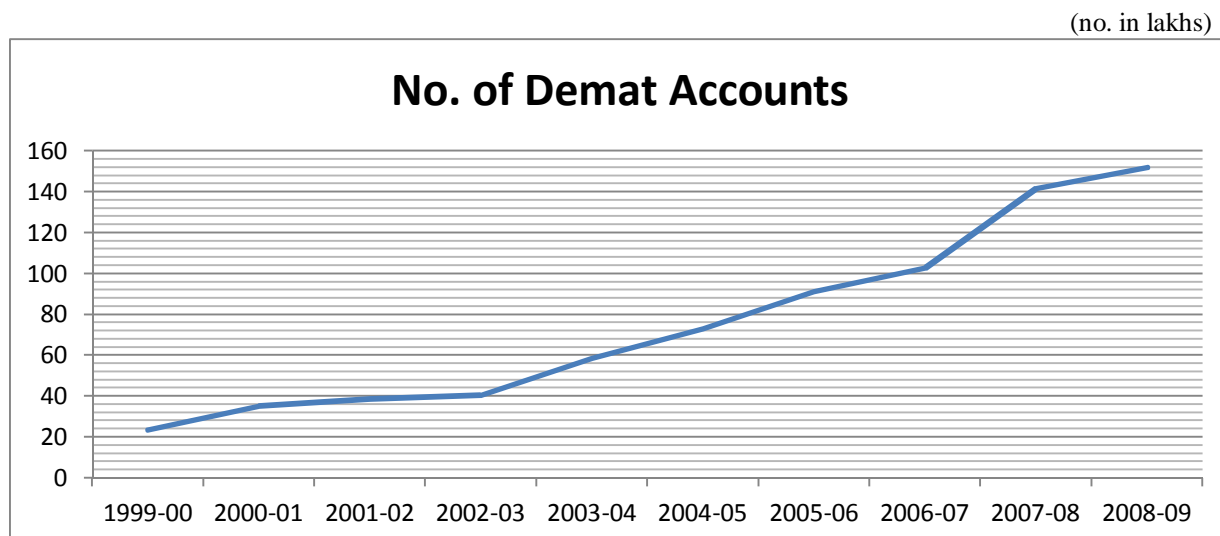
At the end of March 2011, a total number of 387 members were permitted to allow investor's web based access to NSE's trading system. The members of the exchange in turn had registered 56,40,513 clients for web based access as on March 31, 2011. During the year 2010-11, 10.70 % of the trading value in the Capital Market segment was routed and executed through the internet. The table below shows the growth of internet trading from the fiscal year 2006-07:

| Year | Enabled Members* | Registered Clients* | Internet Trading Volume | Internet Trading Volume | % of total trading volume |
|---------|------------------|---------------------|-------------------------|-------------------------|---------------------------|
| | | | (₹ cr.) | (US \$ mn.) | |
| 2006-07 | 242 | 2,279,098 | 337,524 | 77,432 | 17.35 |
| 2007-08 | 305 | 4,405,134 | 668,399 | 167,225 | 18.82 |
| 2008-09 | 349 | 5,627,789 | 692,789 | 135,974 | 25.17 |
| 2009-10 | 363 | 5,143,705 | 921,380 | 204,116 | 11.13 |
| 2010-11 | 387 | 5,640,513 | 765,271 | 171,393 | 10.70 |

Source: NSE Factbook 2010

Demat Accounts

The number of demat accounts in the country shows the depth of equity penetration. CDSL and NSDL together have over 1.5 crores active demat accounts. The table below indicates a steady growth in the number of demat accounts with CDSL and NSDL:



Source: NSDL & CDSL

At the end of March 2010, the number of companies connected to NSDL and CDSL were 8,124 and 6,805 respectively. The number of dematerialised securities have increased from 353.69 billion at the end of March 2009 to 429.09 billion at the end of March 2010. However, during the same period the value of dematerialised securities has increased by 82.01% from ₹35,463 billion to ₹ 64,545 billion.

Insurance Sector

The Insurance sector in India has been traditionally dominated by state owned Life Insurance Corporation and General Insurance Corporation and its four subsidiaries. Government of India has now allowed FDI in insurance sector up to 26%, which has seen a number of new joint venture private companies entering the life and general insurance sectors, and their market share is rising at a rapid pace. IRDA is the regulatory authority in the insurance sector developed under the provisions of the Insurance Regulatory and Development and Authority Act, 1999.

Mutual Funds

The Indian mutual fund industry is one of the fastest growing sectors in the Indian capital and financial markets. The mutual fund industry in India has seen dramatic improvements in quantity as well as quality of product and service offerings in recent years.

Almost all varieties of schemes are offered today. The Mutual fund industry operates in a strict regulatory environment and conforms to the best international standards. Association of Mutual Funds in India (AMFI) is a trade body of all the mutual funds in India. It is a non-profit organisation set-up to promote and protect the interests of mutual funds and their unit holders. SEBI is the regulator of the mutual fund industry in India.

Mutual Funds also played a big role in surmounting the financial crises that rocked the world economy in the previous fiscal. As more and more investors are looking for alternative instruments the industry grew in size.

Table below indicates AUM and folios - category wise - aggregate - as on March 31, 2011

| Types of Schemes | Investor Classification | AUM (₹ Cr) | % to Total | No of Folios | % to Total |
|---------------------|-------------------------|------------|------------|--------------|------------|
| Liquid/Money Market | Corporates | 57132.60 | 76.48 | 11598 | 6.00 |
| | Banks/FIs | 12749.77 | 17.07 | 387 | 0.20 |

| Types of Schemes | Investor Classification | AUM (₹ Cr) | % to Total | No of Folios | % to Total |
|----------------------------------|----------------------------|------------|------------|--------------|------------|
| | FII's | 180.56 | 0.24 | 17 | 0.01 |
| | High Networth Individuals* | 3947.32 | 5.28 | 18385 | 9.51 |
| | Retail | 689.61 | 0.92 | 163035 | 84.29 |
| | Total | 74699.86 | 100.00 | 193422 | 100.00 |
| Gilt | Corporates | 2656.31 | 75.74 | 3135 | 10.74 |
| | Banks/FIs | 17.14 | 0.49 | 27 | 0.09 |
| | FII's | 0.00 | 0.00 | 0 | 0.00 |
| | High Networth Individuals* | 683.60 | 19.49 | 2706 | 9.27 |
| | Retail | 150.23 | 4.28 | 23310 | 79.89 |
| | Total | 3507.29 | 100.00 | 29178 | 100.00 |
| Debt Oriented | Corporates | 178458.49 | 60.66 | 83366 | 1.94 |
| | Banks/FIs | 10317.33 | 3.51 | 1288 | 0.03 |
| | FII's | 931.06 | 0.32 | 20 | 0.00 |
| | High Networth Individuals* | 86674.51 | 29.46 | 291672 | 6.77 |
| | Retail | 17836.04 | 6.06 | 3929431 | 91.26 |
| | Total | 294217.44 | 100.00 | 4305777 | 100.00 |
| Equity Oriented | Corporates | 21088.30 | 10.67 | 227775 | 0.58 |
| | Banks/FIs | 2194.82 | 1.11 | 9943 | 0.03 |
| | FII's | 1027.46 | 0.52 | 66 | 0.00 |
| | High Networth Individuals* | 40933.72 | 20.72 | 395363 | 1.01 |
| | Retail | 132318.51 | 66.98 | 38644938 | 98.39 |
| | Total | 197562.81 | 100.00 | 39278085 | 100.00 |
| Balanced | Corporates | 2144.29 | 12.22 | 17036 | 0.61 |
| | Banks/FIs | 42.30 | 0.24 | 76 | 0.00 |
| | FII's | 7.91 | 0.05 | 2 | 0.00 |
| | High Networth Individuals* | 6471.41 | 36.87 | 54542 | 1.95 |
| | Retail | 8886.48 | 50.63 | 2718394 | 97.43 |
| | Total | 17552.40 | 100.00 | 2790050 | 100.00 |
| Gold ETF | Corporates | 1439.94 | 32.72 | 26464 | 8.28 |
| | Banks/FIs | 511.36 | 11.62 | 11 | 0.00 |
| | FII's | 1.51 | 0.03 | 3 | 0.00 |
| | High Networth Individuals* | 1226.71 | 27.88 | 6786 | 2.12 |
| | Retail | 1220.68 | 27.74 | 286415 | 89.59 |
| | Total | 4400.20 | 100.00 | 319679 | 100.00 |
| ETFs(other than Gold) | Corporates | 312.68 | 12.43 | 15365 | 14.90 |
| | Banks/FIs | 357.06 | 14.19 | 17 | 0.02 |
| | FII's | 821.26 | 32.64 | 21 | 0.02 |
| | High Networth Individuals* | 753.42 | 29.94 | 3307 | 3.21 |
| | Retail | 272.01 | 10.81 | 84412 | 81.86 |
| | Total | 2516.43 | 100.00 | 103122 | 100.00 |
| Fund of Funds investing Overseas | Corporates | 540.77 | 21.46 | 7097 | 3.29 |
| | Banks/FIs | 9.81 | 0.39 | 134 | 0.06 |

| Types of Schemes | Investor Classification | AUM (₹ Cr) | % to Total | No of Folios | % to Total |
|------------------|----------------------------|------------|------------|--------------|------------|
| | FII's | 0.05 | 0.00 | 1 | 0.00 |
| | High Networth Individuals* | 1117.85 | 44.35 | 6465 | 3.00 |
| | Retail | 851.92 | 33.80 | 201823 | 93.64 |
| | Total | 2520.41 | 100.00 | 215520 | 100.00 |
| | Grand Total | 596976.84 | - | 47234833 | - |

* Defined as individuals investing ₹ 5 lakhs and above

Source: AMFI

Non Banking Finance Companies

Non Banking Finance Companies (NBFCs) have played a crucial role in broadening the access to financial services, enhancing competition and in the diversification of the financial sector. NBFCs are increasingly being recognized complementary to the banking system, capable of spreading risks at times of financial distress. NBFCs are recognized as an integral part of the financial system with an impetus to improve the credibility of the entire sector. Today, NBFCs are present in the competing fields of vehicle financing, hire purchase, lease, personal loans, working capital loans, consumer loans, housing loans, loans against shares, investments, distribution of financial products, etc. The total numbers of NBFCs registered with the RBI in India in May 31, 2011 were more than 12,600.

Financial Markets Outlook

Post-Lehman, the impact of the global financial crisis unfolded in the Indian financial markets, through reversal of capital inflows and significant correction in the domestic stock markets on the back of sell-off in the equity market by the Foreign Institutional Investors (FIIs). The withdrawal of funds from the Indian equity markets and reduced access of the Indian entities to raise funds from the international markets put significant pressure on the dollar liquidity in the domestic foreign exchange market. These developments created adverse expectations on the balance of payments (BoP) outlook leading to downward pressures on the Indian rupee and increased volatility in the foreign exchange market.

The financial markets in India and abroad witnessed recovery during 2009. This was reflected in the rising market capitalisation of stock exchanges of emerging and developing countries. The market capitalisation of the emerging markets increased to 28.3% of world total market capitalisation in 2009, up from 25.9% in 2008. The market value of emerging markets increased by 48.8% in 2009. United States which accounted for 30.9% of the world total market capitalisation in 2009 registered a rise of 28.4% in its market capitalisation. However, neither the emerging countries nor the developed economies were able to surpass the levels of growth witnessed in market capitalisation and turnover during the year 2007.

The year 2010-11 was marked by periods of volatility and tranquility in the Indian financial markets. Global uncertainties as well as domestic developments impacted Indian financial markets. The Indian markets, however, remained largely orderly, despite the challenges posed by persistent inflation and high current account deficit.

The normalisation of monetary policy of the Reserve Bank in 2010-11 so far has been conditioned by the changing growth-inflation dynamics characterised by robust acceleration in growth and increasing generalisation of inflation. With concerns about the recovery receding, increasing risks of generalised inflation indicate that monetary policy has to continue the calibrated normalisation process.

However, the global financial crisis has exposed areas of vulnerability in the Indian financial sector and policy initiatives are underway to strengthen financial stability. With a view to addressing the issues, various international bodies, national supervisors and policymakers are engaged in instituting various reform measures at the global and at the national levels. The Reserve Bank has been actively pursuing the development of various segments of the financial market. In the recent period, financial inclusion has also been recognised as a key objective of policy.

As per the Macroeconomic and Monetary Developments Third Quarter Review 2010-11, issued by Reserve Bank of India (“RBI Third Quarter Review 2011”), going forward, macroeconomic factors may dominate financial markets movements in 2011-12.

Following the implementation of reforms in the capital market in the past years, Indian stock markets have stood out in the world ranking. India has the distinction of having the largest number of listed companies followed by United States, Canada, Spain, Japan and United Kingdom.

OUR BUSINESS

In this section, unless the context otherwise requires, a reference to the "Company", "IGSL" is a reference to Inventure Growth & Securities Limited and unless the context otherwise requires, a reference to "Inventure Group" "we", "us" and "our" refers to Inventure Growth & Securities Limited and its Subsidiaries viz Inventure Finance Private Limited (IFPL), Inventure Commodities Limited (ICL), Inventure Wealth Management Limited (IWML) and Inventure Insurance Broking Private Limited (IBPL) on a consolidated basis.

IGSL is the first generation financial intermediary and flagship Company of Inventure Group. A professionally managed Company led by Mr. Nagji K. Rita who is the founder member and through his managerial acumen and cumulative experience of 20 years in the financial markets has steered the growth of Inventure Group.

We offer a host of services under one roof providing comprehensive advisory services that are well diversified from trading services in equity cash and derivatives market, debt market, commodities and currency futures segment to financing activity, wealth management, and distributions of financial product. IGSL has direct interests in equity, debt and currency futures broking, depository activities, PMS and other activities like commodity broking, non-banking financial services, wealth management and sale of insurance products are provided through its Subsidiaries.

As a growing Indian domestic brokerage house, we have a diversified clientele base that includes institutional clients, high net worth individuals and retail investors. We use a knowledge-based approach together with personalized services to meet our clients' needs in line with their investment objective. Our clientele includes institutional clients, high net worth individuals and retail investors across the country.

We could withstand the volatile market conditions based on this diversified base of customers and the speed and accuracy of our employees.

Our products and services



The activities undertaken by IGSL and its Subsidiaries are illustrated in the table below:

| Service Area | Membership / Products offered* | Company Name |
|---------------------|---|--|
| Equity Broking | <ul style="list-style-type: none"> NSE (Cash and Derivatives Segments) BSE (Cash Segments) OTCEI | Inventure Growth & Securities Limited |
| Research | <ul style="list-style-type: none"> Fundamental Technical | |
| Depository Services | <ul style="list-style-type: none"> CDSL | |
| IPO Distribution | <ul style="list-style-type: none"> Distribution of IPOs | |

| Service Area | Membership / Products offered* | Company Name |
|--------------------------------|---|--|
| Currency Futures | <ul style="list-style-type: none"> • NSE • MCX – SX | |
| Wholesale Debt market segment | <ul style="list-style-type: none"> • BSE | |
| Portfolio Management | <ul style="list-style-type: none"> • NSE | |
| Commodity Trading | <ul style="list-style-type: none"> • SEBI/PMS | |
| | <ul style="list-style-type: none"> • MCX • NCDEX • NMCE • NSEL | Inventure Commodities Limited |
| Insurance advisory services | <ul style="list-style-type: none"> • Life Insurance • General Insurance | Inventure Insurance Broking Private Limited |
| Non Banking Financial Services | <ul style="list-style-type: none"> • IPO Funding • Loan Against Shares | Inventure Finance Private Limited |
| Wealth Management | <ul style="list-style-type: none"> • Investment Advisory Services • Mutual Funds Distribution | Inventure Wealth Management Limited |

**for membership number refer to chapter titled “Government and Other Approvals” on page 266 of the Red Herring Prospectus.*

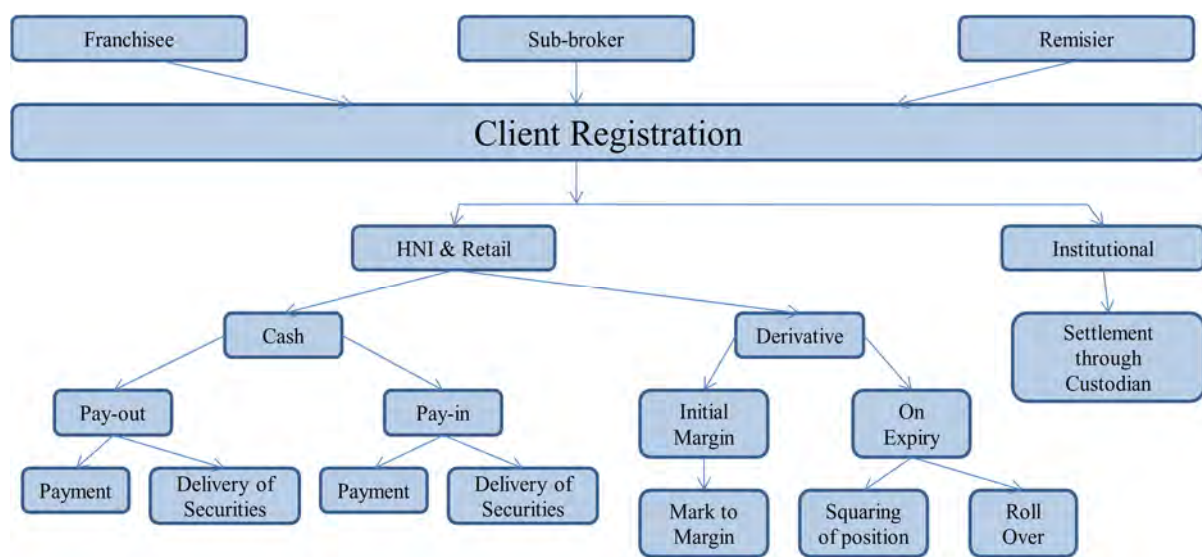
Our Business Model and Methodology

Business Model

We follow a simplified business model. Firstly, we do business through our sub-brokers. Our second business model is called Remisier where we have registered sub-brokers who sit in our office or at his own premises. If required we provide them with the entire infrastructure etc. Our third business model is our direct franchisees. Franchisee is an individual who purchases the rights to use our Company's trademarked name and business model to do business. The franchisee must follow certain rules and guidelines already established by us, and the franchisee pays us a deposit to us at the time of registration. If the franchisee shows the inclination we register him as a sub-broker and provide the support to develop his business.

Our Business Methodology

Our brokerage services are based on an advisory model using research provided by our team of research analysts.



HNI & Retail

Brokerage services are based on an advisory model using research provided by a team of research analysts. Dedicated dealers and advisors provide personalised trade and execution services to active traders, retail investors and high net worth investors. IGSL is a member of BSE, NSE in the equity segment, wholesale debt market segment and NSE and MCX-SX in the currency futures segment and OTCEI's equity segment and primarily offers secondary market broking services to its HNI & retail customers both Indian and non-resident Indian. ICL is a member of MCX, NCDEX, NMCE and NSEL.

Our HNI & retail client brokerage covers equity brokerage services, personal financial services including the distribution of mutual funds & initial public offerings (IPO's) through IGSL, commodity brokerage services through ICL and loans against shares provided by IFPL which are targeted at high net worth and other individuals who actively invest and trade in equity markets and seek research and advisory support. Historically, the services offered in this segment have been the most substantial part of our business.

For our equity trading services, our model combines a dedicated relationship and dealing team behind each client to ensure that our services continuously grow not only in terms of revenue but also in terms of number of clients. While the dealing teams continuously keep equity trading clients updated with market information and are responsible for execution of trades, the relationship team continues to acquire and enroll new clients for our services.

Institutional

To be eligible to offer broking services to the institutions, a broker has to be empanelled with an institution. Institutions evaluate brokerage houses on a number of parameters, such as quality of service and research capability before choosing them. IGSL commenced our institutional brokerage business to increase our clients' base.

IGSL's institutional brokerage operations are managed by experienced and knowledgeable relationship managers. IGSL services clients through dedicated sales teams. This team provides products and services including trading, distribution and research services to our clients. IGSL is empanelled with 26 institutional clients, domestic mutual funds, insurance companies, Indian banks and corporates.

Our Business Locations

We are head quartered at Mumbai and operate through 233 business locations including branches, franchisees and sub- brokers located across 29 cities and towns.

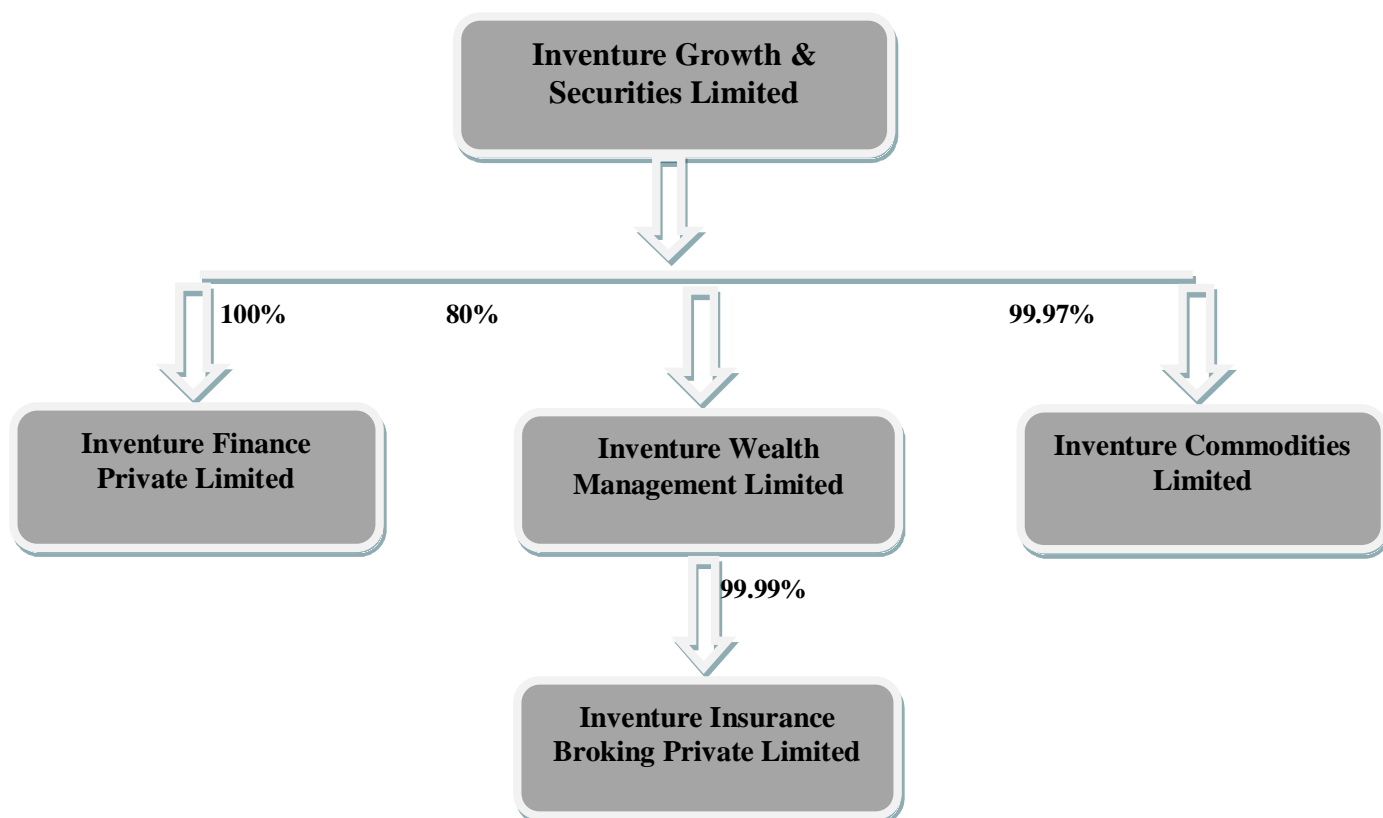
Our branches are the retail locations where we offer our services face-to-face and automated services to our customers. It is an independent profit centre. We develop branches in line with our growth strategy keeping in mind the overall market condition. As of June 30, 2011 we have 15 branches located across the western region.

Our business locations also include intermediaries or our "Business Associates", who deliver a standard quality of service offering on the basis of a pre-determined revenue sharing ratio for the business generated through them.

Our Group Structure

IGSL is the holding company of the following subsidiaries:

- Inventure Finance Private Limited (IFPL)
- Inventure Commodities Limited (ICL)
- Inventure Wealth Management Limited (IWML)
- Inventure Insurance Broking Private Limited (IIBPL) which is a step down subsidiary of IGSL and a subsidiary of IWML.



Inventure Growth and Securities Limited

Incorporated as a public limited company in the year 1995, IGSL has grown from being a SEBI registered broker with BSE membership into a full service brokerage house providing services in the financial services sector.

IGSL was declared one of the Top Four Performers in the Derivatives Segment for the year 2009-2010 by Bombay Stock Exchange.

IGSL has membership in the cash and derivative segments of BSE and NSE, currency futures market segment of NSE and MCX-SX, wholesale debt market of BSE and NSE, member of OTCEI and also registered as a DP with CDSL. IGSL has been recently registered as Portfolio Manager with SEBI. IGSL currently employs 193 employees.

The activities undertaken by IGSL are given below:

Equity Broking

IGSL is a trading cum clearing member of BSE and NSE for trading in derivatives and securities and also a member of OTCEI. IGSL caters to the needs of clients' i.e. institutional clients, high net worth individuals and retail investors in the secondary market segment. IGSL offers advisory services to our clients through the research undertaken by a team of fundamental and technical research analyst. IGSL provides personalised trade and execution services along with real time information to our clients. Our online equity trading portal "net net lite" was launched in the year 2006-07. The portal offers equity news, announcements, market commentary, sector watch, company specific information, personalised portfolio tracking and real time quotes without involving any additional intermediary thus saving on cost. IGSL serves more than 35,877 clients (including institutional) as of June 30, 2011.

Based on the total value of trades published by BSE and NSE our combined estimated market share of both BSE & NSE cash and futures segment trading was approximately ₹ 28,093.74crores for the quarter ended on June 30, 2011.

Research

IGSL provides research services on both fundamental and technical side. It employs a blend of chartered accountants and management graduates who track economy, industries and companies on a regular basis. The purpose of research is to identify money-making opportunities for the clients without exposing them to unwarranted risk. IGSL focus on providing in-depth insightful research that is timely and valuable to clients. The support team provides robust research deliverables that are in many cases serve as the basis for buy-hold-sell decisions. The research team comprises of head institutional sales, research analysts and technical analysts. The research team covers companies in various sectors and analyses the Indian and global economy in order to identify potentially wealth-creating equity investment ideas. Research desk offers reports to our Institutional clients.

Currency Futures Market

Currency future trading in India is comparatively new and gives investors opportunities to hedge risk of capital market fluctuations. It also is emerging as an additional class of investment for investors. IGSL is targeting our equity as well as commodity trading customers for investment in global currencies. IGSL has recently become a clearing & trading member of currency future segment of BSE, NSE and MCX SX.

Depository Services

Depository Participant is as an agent of the depository and can offer depository related services only after obtaining a certificate of registration from SEBI. Therefore IGSL is the intermediary between the depository and the investors. The relationship between us and the depository is governed by an agreement under the Depositories Act. IGSL offers depository facility to our equity trading clients as a part of integrated service offering as well as to third parties through CDSL, where it is a depository participant. As on June 30, 2011 IGSL has 25,661 active depository accounts.

Wholesale Debt market segment

The debt market is the market where fixed income securities of various types and features are issued and traded. Debt Markets are therefore, markets for fixed income securities issued by Central and State Governments, Municipal Corporations, Government bodies and commercial entities like financial institutions, banks, public sector units, public limited companies and also structured finance instruments. The commercial banks and the financial institutions are the most prominent participants in the Wholesale Debt Market in India. As government securities enjoys the greatest amount of security and have zero default risk they offer one of the best reasons for investments to investors. In tandem with this we are expecting a rise in this business segment. IGSL is a member of Wholesale Debt market segment of BSE and NSE and undertake transactions in debt instruments namely government securities and other fixed income instruments.

Portfolio Management Services

IGSL has been recently registered as portfolio manager with SEBI and is in the process of starting portfolio management services. Portfolio management is used to organise a portfolio of various securities (shares, bonds and other securities) to achieve the following:

- maximize the profitability or value of the portfolio
- provide balance
- to meet specified investment goals for the benefit of the investors

As a portfolio manager, IGSL would provide investment advisory and planning services to high net worth individuals.

Other services offered by IGSL

Apart from the services mentioned above IGSL also offers investment opportunities in a diverse range of products like distribution of IPO's. The clients are updated about forthcoming IPO and news articles in relation to IPO. IGSL has also forayed into imparting training on capital market, commodities market and currency market segments and has established an institute with a view to train our present personnel as well as prospective candidates.

Inventure Finance Private Limited

IFPL was acquired on November 6, 2007. For further details about the takeover refer the chapter titled "*History and Certain Corporate Matters*" on page 131 of the Red Herring Prospectus. To enable clients to take greater participation in different segments of capital market, IFPL provides loan against shares to various clients, including our broking clients. Through such financing clients pay a partial sum of stock price and the balance is then funded by IFPL at an interest. This partial amount is as per a pre-decided sanctioned limit awarded to a client. It serves 96 clients with the help of 17 employees.

Non Banking Financial Services

IFPL is RBI registered NBFC and is in the business of advancing loans to clients for acquisition of shares/ stock/ bonds/ debentures/ securities issued by government or local authority or other securities of like marketable nature. This facility provides the clients with the opportunity to buy shares listed on the stock exchanges on credit. Holders of a portfolio are able to buy new shares utilising the liquidity provided to them by us. In order to secure the amount of credit extended, IFPL use's part of the client's share portfolio as collateral, which goes to make up a "Margin Portfolio", including all the shares purchased with credit. For this purpose, IFPL performs a credit worthiness assessment of each of its clients before extending financing to them. The customer financing is provided against a margin of approximately 25-50% and is available only for purchase of shares which form part of our "Approved List of securities". This list is decided by IFPL's management of and reviewed from time to time. The liquidity provision is a pre-decided sanctioned limit awarded to a client. Upon the signing of the contract, the client designates the shares that will make up the collateral portfolio and is ready to buy on margin. The extra liquidity made available by IFPL may be used whenever the client considers that market conditions make this worthwhile. By using this facility the client leverages his investment. This means that a possible rise in the price of shares will lead to higher returns. This activity is central for the growth of our business as well as client retention as it is complementary to our broking business.

Inventure Commodities Limited

ICL was acquired on August 19, 2008. For further details about the takeover refer the chapter titled "*History and Certain Corporate Matters*" on page 131 of the Red Herring Prospectus. ICL undertakes commodities brokerage business and has membership of MCX, NCDEX, NSEL and NMCE. It serves 794 clients with the help of 14 employees.

Commodity Trading

Trading in commodities market to retail and HNI clients is offered through ICL. A commodities market is an exchange for buying and selling commodities for future delivery. These primary commodities includes agricultural products, bullion, industrial products, oil and oil seeds and energy products which are traded on regulated commodities exchanges in which they are bought and sold in standardized contracts. ICL is a member of MCX, NCDEX, NMCE and NSEL.

ICL employ experienced commodities dealers, who support trading for existing commodity broking clients, in addition to the equity relationship manager, who follow factors like the number of contracts to trade at a time, the profit goals per week/month/year and the maximum loss allowed per trade.

Inventure Wealth Management Limited

IWML was originally incorporated on June 12, 2008 as Inventure Comtrade Private Limited and the name was changed to Inventure Wealth Management Limited on November 4, 2008. IWML along with IIBPL serves our clients through 7 employees.

Wealth Management

IWML our advisory arm, caters to retail and HNI clients to provide advisory services in almost all the sectors related with financial market which include areas like finance, equities, mutual funds, life insurance, general insurance and tax planning. IWML have a dedicated team of employees including specialist advisors who understand each client needs individually and offer customised services to them. The advisors first analyze the risk appetite and identify individual's goals and objectives. They diversify the investment strategy by combining asset classes, securities from different sectors to maximize performance, minimize losses and increase the likelihood of returns. As the number of individual securities in the investment increases, unsystematic risk (the risk that pertains to a single company) decreases. They then create a basket of stock, bonds and mutual funds to fit into the personal investment goals and objectives. Hence, different types of investment strategies are provided. Since an investment strategy is a collection of individual securities, the amount each single security contributes to the total depends both on its individual return and its share of the initial market value of the investment. The advisors also accept clients existing securities, bonds and mutual fund holdings along with cash which can be then be revamped according to their goal and preferences. The aim of diversification is to reduce risk without sacrificing returns.

Inventure Insurance Broking Private Limited

IIBPL was incorporated on January 8, 2008 as the subsidiary of IGSL and on March 6, 2009 IGSL transferred all its shareholding in IIBPL to IWML. It has a team of IRDA certified advisors who cater to the varied needs of customers in both life and general insurance space offered by major insurance companies in India.

Insurance advisory services

Since its incorporation IIBPL has been dealing as a corporate agent for major insurance companies. As an agent IIBPL has acquired a number of clients and has been successful in generating repeat business from them. A dedicated team of dedicated employees including relationship managers have been deployed, who understand each clients specific needs and offer personalised solutions for alleviation of business as well as personal risks. As a broker, IIBPL plans to distribute major insurance companies' products in life as well as non-life segments to clients and provide consultancy and guidance to them. To grow existing relationship with clients and further facilitate their need IIBPL has applied for IRDA registration on November 24, 2009 for direct insurance broker's license.

Business Strengths

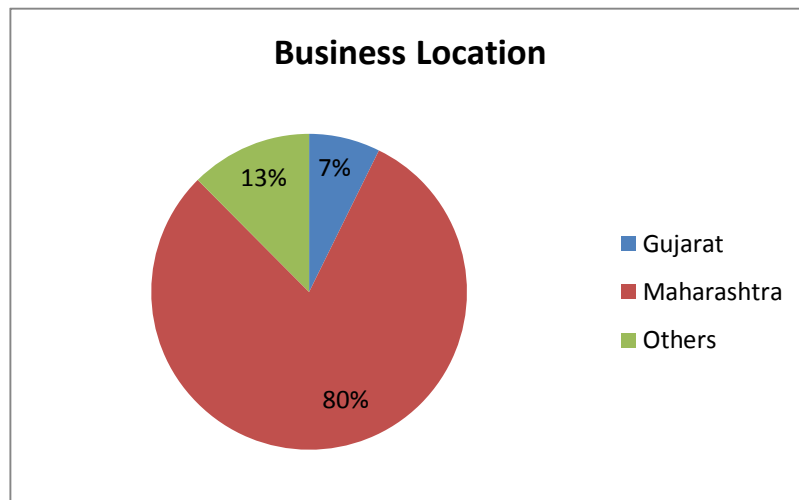
Our principal strengths that give us a distinct set of competitive advantages are as follows:

Experienced management team and motivated employee

We have an experienced management team. Our Chairman Mr. Nagji K. Rita has approximately 20 years of experience in financial services. He was the director on the board of BSE for the period from 2004 till 2006. In addition, our top management team comprises of qualified and experienced professionals with a successful track record. Mr. Virendra Singh has more than 15 years of experience in the financial markets. Apart from executive directors we have 3 non executive directors and 5 independent directors on our Board that gives diversified insights and also help us in identifying new business avenues. This is backed by motivated and qualified staff that is instrumental in our business growth. Our Subsidiaries are also governed by qualified and experienced managers. The policies are drafted by the top management and implemented by the staff.

Diverse distribution network in regional space

We started our operation in the western region of India and over the last few years have established our presence in the equity broking. Of our total pan-India network of 233 business locations covering 29 cities and towns, 187 are located in Maharashtra and 17 are located in Gujarat as on date.



Integrated financial services provider

We offer a wide range of financial products and services to our investors which include equity brokerage, commodities brokerage and wholesale debt market trading with memberships in BSE, NSE MCX, NCDEX and depository participant of CDSL. We have expanded our operations beyond broking to distribution of third party financial products like IPO's, mutual funds, insurance, margin funding, internet trading and wealth management. We also offer an array of advisory services ranging from investing, trading, research, financial planning to institutional clients, high net worth individuals and retail investors. Most of these services are customised to meet the needs of our clients in line with their investment objective.

Strong risk management system

We have deployed resources in terms of technology, people and processes to manage our risk management function. We have established general risk management procedures for trading activities, including instruments and strategies, position and trading limits for trading desks, business units and/or individual traders, periodic stress testing and cash flow and "Value at Risk" analysis. We periodically review and modify such procedures, as necessary or appropriate. These procedures cover our internal control system, customer margin requirement and risk management of relationship members. This is evident from the fact that during the fiscal 2009 when the global economy was facing a downturn we have managed to sustain our financial performance.

Centralized Infrastructure

Our corporate office is located at Andheri, Mumbai. The office spreads across an area admeasuring 8,000 sq.ft. We operate in the same premises thereby facilitating ease in functionality, supervision and guidance thus enabling quick decision making in different business verticals.

Strong relationship with our clients

We believe in maintaining long term relationships with our clients in terms of increased sales. Our dedicated focus on client coverage and our ability to provide timely solutions that enables us to resolve customer complaints, if any. This has helped us to establish long-term relationships with institutional and high net worth individual clients. This key strength has helped us to receive repeat business from our clients. We also believe that because of our timely trade execution, competitive pricing and customer service, we enjoy goodwill amongst our customers.

Diversified client base

We have served over 36,000 clients and are not dependent on small set of high networth individuals but have a small exposure to a well diversified client base ranging from retail investors to HNI to Institutional. We are also empanelled with Indian banks, mutual funds, and insurance companies. We revamped our risk management system in order to avoid any margin shortfall on broking clients or on funding clients. We have deployed adequate policy based monitoring and squaring off not only for mass retail but also for high networth clients.

These have helped us in protecting our capital during adverse market movements and also sustain our financial performance during the fiscal 2009.

Business Strategy

We strive for complete transparency and satisfaction of our clients with an unwavering thrust and focus on professional excellence and integrity. In keeping with this philosophy, we will focus on increasing our customer base in all our products, give them a platform of choice to transact and support them with quality research as well as on capturing the significant growth opportunities across the Indian financial services spectrum. Our key strategic initiatives are described below:

Meeting Working Capital Requirement

The working capital requirement of the company arises on account of the gap in realization of cheques from clients and amount to be paid to the exchanges towards pay in on the settlement dates. With growing business this gap is widening creating large requirement for working capital. In tandem with the growth in the financial markets, we expect our trading volumes to increase further. It is proposed to complement our working capital requirement which is currently met out of bank limits and internal accruals. To cater to these increasing needs of stock exchanges we plan to deploy ₹ 2,000 lakhs. For further details on this investment refer to chapter titled “*Objects of the issue*” on page 68 of the Red Herring Prospectus.

Concentration on NBFC activities

This business segment has two revenue verticals, which are interest income and also generates brokerage from trading of shares. The brokerage income is earned by IGSL and interest income is credited in IFPL. There has been a growth in our NBFC activities in terms of clients as well as revenues. To augment this growth we are striving to strengthen our NBFC team. We also foresee a major growth in the NBFC in the coming years. We propose to increase our presence in this vertical, both in terms of team strength and geographic reach. To cater to the increasing needs of our clients we plan to invest ₹ 3,000 lakhs in our subsidiary IFPL. For further details on this investment refer to chapter titled “*Objects of the issue*” on page 68 of the Red Herring Prospectus.

Achieve operational efficiencies

We intend to achieve operational efficiencies and maximize revenues through efficient use of technology, focused marketing and optimization of our resources. This would depend on our ability to maintain adequate capital and liquidity to absorb any adversities on broking and lending business, stabilizing the earning profile, improving upon the profitability and adherence to stringent risk management systems.

Strengthen relationship with our clients

We seek to build on existing relationships and also focus on increasing our client base. We plan to expand our business primarily by increasing the number of client relationships, as we believe that increased client relationships will add stability to our business. We also seek to offer our clients, diversified products and services to increase our per capita revenues by selling different products to the same client.

Increasing geographical reach

We are focused on increasing our concentration in the existing cities as well as expand into smaller cities and towns that we believe have the potential to grow. Currently, we have a presence in the major cities of India. Foreseeing the growth potential in the northern and eastern regions we plan to expand our reach in these regions. We propose to expand by increasing the network of our branches and are open to growth through the inorganic route including acquisitions. We believe that this network expansion, complemented by client-focused relationship management, will allow us to add new clients and help us grow our market share.

Risk Management

The global financial crisis has highlighted the need to manage risks regarding new financial instruments such as derivatives, currency futures etc. Our Company is dealing in financial services and hence risk management is of utmost importance. We have deployed resources in terms of technology, people and processes to manage our risk management function. We monitor and control our risk exposure through financial, credit, operational,

compliance and legal reporting systems based on mandatory regulatory requirements and as per our business needs. We have risk management procedures for evaluating and managing the market, credit and other risks to which we are exposed, as well as protecting our reputation in the market.

Internal Controls

We have established general risk management procedures for trading activities, including instruments and strategies, position and trading limits for trading desks, business units and/or individual traders, periodic stress testing and cash flow and "value at risk" analyses. We periodically review and modify these procedures, as necessary or appropriate. This regular stress testing analysis helps us in maintain adequate financial resources to withstand any default or delay in payment by clients.

Under our KYC policy, prior to establishing a relationship with a customer, we assess the risks of doing business with that customer. We also regularly monitor these risks throughout the term of the relationship with the customer. In general, our consideration focuses on the following areas:

- the nature of the customer (e.g., institutional or retail) and its corresponding level of experience and sophistication;
- the creditworthiness of the customer, as measured by established credit policies and procedures as mentioned for compliance and risk management; and
- the authority (including apparent authority) of the customer to conduct its proposed trading activities, including the customer's legal authority and the capacity of the individuals responsible for the trading.

To further mitigate our risk we have imposed separations with regards to business activities between:

- back office personnel responsible for trade reconciliation, margin, position limits, preparation and maintenance of books and records and other similar matters as well as compliance personnel, risk management personnel and treasury or funding personnel; and
- personnel responsible for customer relationships or proprietary trading.

Customer Margin Requirement

Customer margin requirements and position limits are established at levels that are adequate to protect us against reasonably foreseeable risks arising from the customer's trading activities. Customers' significant market exposures are reviewed on a weekly basis and whenever necessary we call for additional collateral or modify margin requirements or position limits to reduce the size of existing positions.

We have enforced policies and procedures regarding the prompt collection of customer margin (other than in the case where there are appropriate credit arrangements in place) and the liquidation of customer accounts (or other appropriate action) where necessary.

Technology

To maintain our risk management system and reduce operational errors we need to be well equipped with regards to latest software and hardware available in the market. Our investment in technology will help us to achieve economies of scale as we expand our product and service offerings.

To ensure operational efficiency and mitigate our risk, we have set up a dedicated data centre at our registered office and have invested in high-performance trading software.

We have entered into the following agreements for a tie up as our technology partners for establishing our network and for providing servers and desktops.

Purchase order for RTU from Financial Technologies

Our Company has purchased the following facilities / licenses from Financial Technologies vide its letter dated October 6, 2010. The said licences are purchased for the deal period i.e. September 1, 2010 to August 31, 2011.

| Sr. No. | Description | No. of Licences |
|----------------|---|----------------------------|
| 1. | ODIN integrated (NSE CM & DER / BSE CM & DER / MC 601 (Existing) Commodity Future / NCDEX Commodity Future) | |
| 2. | ODIN Diet (NSE CM & DER / BSE CM & DER / MCX | 150 (Existing) + 200 (New) |

Commodity Future / NCDEX Commodity Future)

Following points form part of the deal:

- Payment Gateway –5 nos.
- Multiadmin – 5 existing + 5 new = 10 nos.
- Streamer (SBS) –3 nos.
- Autosquare off –4 nos.

All above deal is for NSE / BSE / MCX / NCDEX

Non Comprehensive Annual maintenance contract Agreement - Veer Tech.

Our Company has entered into anon comprehensive annual maintenance contract agreement with Veer Tech for a period of one year commencing from April 1, 2011 to March 31, 2012. The contract covers all computers and peripherals installed at the specific office only. The renewal of the agreement is automatic unless notice in writing of the intention of not to renew is given by either party at least one month in advance.

We have a well-balanced technology team comprising managerial personnel, application support managers, network and hardware managers managing our IT infrastructure across our business locations. The salient features of our infrastructure are:

- Managing a complex multi-product/multi-architecture system serving the needs of our retail, online broking, institutional and wealth management customers;
- Data back-up;
- Balanced in-house/outsourcing approach to IT combined with a quick response to business needs;
- Scalable platforms for order-management and risk management requiring minimal human intervention;
- Alternate network connectivity;
- 24 x 7 x 365 vigorous connectivity to all employees with high data speed to the Internet using multiple service providers
- A hybrid network of leased line circuits connecting all our branches, which facilitates the operations of our back office and other business applications. This also enables us to continue with our business in the event of a breakdown in our satellite communications link.

Human Resource

We believe that a skilled and motivated employee base is essential for our competitive advantage. Since inception, we have grown along with our people. Our focus has been to employ the human resource with combination of financial expertise and innovative thinking for all areas and services of our organization. As such and also to ensure that our employees have the training and tools needed to be successful in today's competitive environment, we are committed to building teams and invest resources in the development of the expertise and know-how of our employees as well as employee satisfaction. We place a lot of emphasis on training and development of our employees. Employees in all the departments undergo regular training programs to upgrade their skills to the changing requirements of the financial markets. We are presently employing 231 full time employees.

Competition

We operate in a highly competitive market. We face competition from domestic as well as international players. Competition in these markets is based primarily on the relationship with the client as well as the ability to retain client.

There are no entry barriers in this industry, and any increase in the number of customers with the existing players would further intensify competition. To counter further competition, we are proposing expansion of our business activity so as to achieve economies of scale and cost competitiveness.

We face competition from Geojit BNP Paribas Financial Services Limited, Khandwala Securities Limited, Arihant Capital Market Limited, Angel Broking Limited, EmkayGlobal Financial Services Limited, Edelweiss

Securities Limited, Motilal Oswal Securities Limited, Bonanza Portfolio Limited, Marwadi Shares and Finances Limited and Arcadia Share and Stock Brokers Limited.

Insurance

Our Company has availed of several insurance policies for protecting its tangible and intangible assets, details of which are as under:

| Sr. No. | Insurer | Name and nature of policy | Period of policy and Policy number | Risks covered | Total sum insured and Premium paid |
|---------|----------------------------|--|--|---|---|
| 1. | Reliance General Insurance | Fire and Burglary for the premises situated at Viraj Tower, 2 nd Floor, NR Landmark, Western Express Highway, Andheri (East) Mumbai, Maharashtra – 400 069. | Number 1112302616000005 Period 10-12-2010 to 09-12-2011 | Fire and Burglary subject to no part of risk lies in basement and / or below the surrounding road level. Occupancy being office only. Burglary proper accounting system required and 24 hours watch and ward is in place. | <ul style="list-style-type: none"> • Superstructure – ₹ 7,50,10,000/-. • Contents other than stock and stock in trade - ₹ 1,76,58,000/- • Burglary and House breaking – ₹ 96,15,000/- <p>Total Premium paid: ₹20,336/-</p> |
| 2. | Reliance General Insurance | Fire and Burglary for the premises situated at 5, Anand Kunj, Daftary Road, Malad (West), Mumbai 400 097, Maharashtra. | Number 112702611000002 Period 10-12-2010 to 09-12-2011 | Fire and Burglary subject to no part of risk lies in basement and / or below the surrounding road level. Occupancy being office only. Burglary proper accounting system required and 24 hours watch and ward is in place. | <ul style="list-style-type: none"> • Contents other than stock and stock in trade - ₹ 2,04,53,000/- • Burglary and House breaking – ₹ 96,00,000/- <p>Total Premium paid: ₹5,993/-</p> |
| 3. | Reliance General Insurance | Fire and Burglary for the premises situated at 16/A Yusuf Bldg., V. N. Road, Fort, Mumbai 400 001. | Number 111270261000004 Period 10-12-2010 to 09-12-2011 | Fire and Burglary subject to no part of risk lies in basement and / or below the surrounding road level. Occupancy being office only. Burglary proper accounting system required and 24 hours watch and ward is in place. | <ul style="list-style-type: none"> • Superstructure – ₹ 4,94,000/-. • Contents other than stock and stock in trade - ₹ 27,87,000/- • Burglary and House breaking – ₹14,56,000/- <p>Total Premium paid: ₹1, 777/-</p> |
| 4. | Reliance General Insurance | Fire and Burglary for the premises situated at P. J. Towers, Dalal Street, Fort, Mumbai – 400 | Number 1112702611000003 Period 10-12-2010 to 09-12-2011 | Fire and Burglary subject to no part of risk lies in basement and / or below the surrounding road level. Occupancy being office only. | <ul style="list-style-type: none"> • Contents other than stock and stock in trade - ₹ 44,65,000/- • Burglary and House |

| Sr. No. | Insurer | Name and nature of policy | Period of policy and Policy number | Risks covered | Total sum insured and Premium paid |
|---------|---|---|--|---|---|
| | | 001. | | Burglary proper accounting system required and 24 hours watch and ward is in place. | breaking – ₹ 30,07,000/- Total Premium paid: ₹2, 526/- |
| 5. | The New India Assurance Company Limited | Comprehensive Crimes and Liabilities Policy for CDSL. | Number 11270036112500000001 Period 12-04-2011 to 11-04-2012 | <ul style="list-style-type: none"> • Indemnity for direct financial losses; • Indemnity for direct financial losses due to Electronic & Computer Crime; • Professional Indemnity. <p>Limit of Indemnity: ₹ 50,00,00,000/- with one free reinstatement. This limit is applicable in the aggregate across all sections combined, for CDSL as well as all the DP considered together Self – Excess ₹ 50,000/- for Depository Participant & ₹ 1,00,000/- for CSDL for each and every loss.</p> | Total Premium paid: ₹ 30,000/- |
| 6. | Reliance General Insurance | Group Mediciam Insurance Policy. | Number 1112312812000010 Period 01-03-2011 to 29-02-2012 | <ul style="list-style-type: none"> • Total employees covered – 126; • Total lives covered – 362 • Total sum insured – ₹ 1,97,50,000/- | Total Premium paid: ₹ 11,59,200/- |
| 7. | Life Insurance Corporation of India | Jeevan Shree without Profit | Number 890970875 Period 29-12-2000 to 28-12-2020 | Key Man insurance for Mr. Nagji K. Rita for a total sum assured of ₹ 50,00,000/-. | Premium paid: ₹ 4,47,365/- per annum |
| 8. | HDFC ERGO General Insurance | Cash, F&O Currency Segment (BSE, USE, NSE and MCX SX) | Number 2999200081740200000 Period 01-06-2011 to 31-05-2012 | <ul style="list-style-type: none"> • Infidelity of Employees Computer Crime Indemnity • Legal indemnity • Counterfeit Securities • Loss of security and / or cash | Total Premium paid: ₹ Benefit rendered by Association of National Exchange Members of India |

| Sr. No. | Insurer | Name and nature of policy | Period of policy and Policy number | Risks covered | Total sum insured and Premium paid |
|---------|-------------------------------------|---|--|---|------------------------------------|
| | | | | <i>Limit of Indemnity:</i> ₹ 5,00,000/- any claim and in the during the policy period. <i>Self Insured Excess:</i> ₹ 50,000 each and every loss. | |
| 9. | Chola Mandalam MS General Insurance | Chola MS General Insurance for Mahindra Renault Logan | Number 3362/00597959/000/00 Period 22-02-2011 to 21-02-2012 | Chola Mandalam MS Private Car Policy | Total Premium paid: ₹ 10, 617/- |
| 10. | Reliance General Insurance | Reliance General Insurance for Honda CRV AT | Number 1112702311000742 Period 20-02-2011 to 19-02-2012 | Reliance Private Car Policy | Total Premium paid: ₹ 28,021/- |
| 11. | Reliance General Insurance | Reliance General Insurance for Honda Civic | Number 111272311000804 Period 01-04-2011 to 31-03-2012 | Reliance Private Car Policy | Total Premium paid: ₹ 14,749 |
| 12. | Reliance General Insurance | Reliance General Insurance for BMW, 523I | Number 1112702311000867 Period 18-03-2011 to 17-03-2012 | Reliance Private Car Policy | Total Premium paid: ₹ 32,885/- |

Property

Our Company owns and leases the following properties for conducting its operations:

I. Premises owned by our Company

- Our Registered and Corporate office:** Vide agreement for sale dated August 23, 2007, entered into with Bhoomika Constructions Private Limited and M/s Divine Promoters / Developers, our Company, purchased the property situated at 'VIRAJ TOWER', 2nd Floor, premises number 201 and 202, near Andheri Flyover, Western Express Highway, Andheri (East), Mumbai – 400 069 for a total consideration of ₹ 7.56 lakhs, admeasuring 8,000 sq. ft. carpet area. Situated on: All that piece or parcel of land or ground admeasuring 4,444 sq. mtrs or thereabouts out of larger property bearing Survey number 1A (Part) Survey number 21-A/1 Hissa No.3 (Part), Survey No. 99-D/1(Part) situate, in the revenue village of Gundavali, Taluka Andheri (E), in the Registration Sub District of Mumbai Suburban, Western Express Highway, Mumbai-93 which shall accommodate the redevelopment of the slum hitherto on plot admeasuring 5030.20 sq.mtrs including portion under Western Express Highway.

Bound by:

On or towards East: C.T.S 209
On or towards West: Western Express Highway
On or towards North: C.T.S 216
On or towards South: Andheri –Kurla road

- Our branch office:** Vide agreement for sale dated June 3, 2006, entered into with Sir Mohamed Yusuf Trust through its trustees our Company, purchased the unit number 110 (formerly old unit number 16A), situated

at 1st Floor, Yusuf Building, corner of Veer Nariman Road and Mahatma Gandhi Road, Fort, Mumbai 400 001, admeasuring 1,169.16 sq. ft. built up area including the mezzanine floor, situated on: All those pieces or parcels of land or ground comprising of three plots bearing cadastral survey no. 1/158 admeasuring 106 sq.yards (equivalent to 88.63 sq.mts.), cadastral survey no. 1/160 admeasuring 1472 sq.yards (equivalent to 1230.77 sq.mts.), cadastral survey no. 2/166 admeasuring 164 sq.yards (equivalent to 137.12 sq.mts.) respectively, aggregating to 1472 sq.yards, (equivalent to 1456.52 sq.mts.), ground rent tenure, together with building standing thereon known as Yusuf building situate at the junction of Mahatma Gandhi Road, Veer Nariman Road, Fort, Mumbai 400001 in the town and Registration Sub-District of Mumbai and of Mumbai Fort Division, and assessed by the Municipal Corporation of Greater Mumbai under Municipal Ward 'A', having ward no. 1287, street nos. 28, 38, 46, 42, 1 to 9, 8 to 12.

Bound by:

On or towards East: Partly by C.T.S. 159 and partly by Arminian lane
 On or towards West: Esplanade Road (now known as Mahatma Gandhi Road)
 On or towards North: Churchgate Street (now known as Veer Nariman Road)
 On or towards South: Property known as Fazallbhoj Building.

3. *Sale deed between J. Shailesh Share Broking Private Limited and our Company*

Sale deed dated November 30, 2009 was made and entered into at Mumbai between J. Shailesh Share Broking Private Limited through its directors (1) Mr. Jayesh Babulal Shah and (2) Mr. Shailesh Babulal Shah therein collectively referred to the "Transferors" and our Company the "Transferees" for office no.2, in the basement, in the building known as Diamond Plaza at Laxminarayan Shopping Centre Co-operative Premises Society Ltd. situated at Podar Road, Malad (East), Mumbai 400 097. The property is situated at: Office no. 2, in basement, admeasuring 136.50 sq. ft., built-up area including toilet area, in the building known as Diamond Plaza in Laxminarayan Shopping Centre Co-operative Premises Society Ltd. situated at Podar Road, Malad (E), Mumbai – 400097, constructed on all that piece or parcel of land bearing C.T.S. no. 348 of Village Malad (E), Taluka, Borivali. The year of construction of building is 2001 and the number of floors in the said building is Ground+1 upper floor without lift. The same was purchased for a total consideration of ₹7.50 lakhs.

4. *Sale deed between J. Shailesh Share Broking Private Limited and our Company*

Sale deed dated November 30, 2009 was made and entered into at Mumbai between J. Shailesh Share Broking Private Limited through its directors (1) Mr. Jayesh Babulal Shah and (2) Mr. Shailesh Babulal Shah therein collectively referred to the "Transferors" and our Company the "Transferees" for office no.2, in the basement, in the building known as Diamond Plaza at Laxminarayan Shopping Centre Co-operative Premises Society Ltd. situated at Podar Road, Malad (East), Mumbai 400 097. The property is situated at: Office no. 2, in basement, admeasuring 136.50 sq. ft., built-up area including toilet area, in the building known as Diamond Plaza in Laxminarayan Shopping Centre Co-operative Premises Society Ltd. situated at Podar Road, Malad (E), Mumbai – 400097, constructed on all that piece or parcel of land bearing C.T.S. no. 348 of Village Malad (E), Taluka, Borivali. The year of construction of building is 2001 and the number of floors in the said building is Ground+1 upper floor without lift. The same was purchased for a total consideration of ₹ 7.50 lakhs.

5. *Sale deed between J. Shailesh Share Broking Private Limited and our Company*

Sale deed dated November 30, 2009 was made and entered into at Mumbai between J. Shailesh Share Broking Private Limited through its directors (1) Mr. Jayesh Babulal Shah and (2) Mr. Shailesh Babulal Shah therein collectively referred to the "Transferors" and our Company the "Transferees" for office no.2, in the basement, in the building known as Diamond Plaza at Laxminarayan Shopping Centre Co-operative Premises Society Ltd. situated at Podar Road, Malad (East), Mumbai 400 097. The property is situated at: Office no. 27, in basement, admeasuring 136.50 sq. ft., built-up area including toilet area, in the building known as Diamond Plaza in Laxminarayan Shopping Centre Co-operative Premises Society Ltd. situated at Podar Road, Malad (E), Mumbai – 400097, constructed on all that piece or parcel of land bearing C.T.S. no. 348 of Village Malad (E), Taluka, Borivali. The year of construction of building is 2001 and the number of floors in the said building is Ground+1 upper floor without lift. The same was purchased for a total consideration of ₹ 7.50 lakhs.

6. Allotment:

Our Company has been allotted the following office spaces situated at P.J. Towers,

1. Office number 1012 on the 10th Floor allotted by the Bombay Stock Exchange on September 16, 1999; and
2. Office number 710 on the 7th floor allotted by the Bombay Stock Exchange on June 20, 2008.

II. Leasehold properties / Properties on Leave and license

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|---|--|---------------------------|---|---------------------------|----------------------------|
| 1. | 225, Cama Industrial Estate, Sunmill Compound, Lower Parel, Mumbai – 400013. | Leave and license agreement dated June 25, 2010 | Mr. Kishore T. Bhambhwani | <ul style="list-style-type: none"> The agreement is for a period from March 01, 2010 till January 31, 2013. The licensor is entitled to terminate this license without assigning any reason for the same and in case of such termination the licensor herein shall give three (3) months written notice to the licensee. The licensee shall give two (2) months written notice in case they want to terminate the license. The Issuer Company is not permitted to sub-let the premises. | Monthly Rent – ₹ 15,000/- | Other |
| 2. | Geeta Investment Centre, Plot No. 109, Shop number 3, Jawahar Nagar Goregaon (W), Mumbai – 400 062. | Leave and license agreement dated June 25, 2010 | Mrs. Vijayaben P. Gada | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2010 till February 28, 2013. The licensor is entitled to terminate this license without assigning any reason for the same and in case of such termination the licensor herein shall give three (3) months written notice to the licensee. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly Rent – ₹ 9,500/- | Other |
| 3. | Premises Number 5, Anand Kunj, Daftary Road, Malad (E), Mumbai-400097. | Agreement of Leave and license dated June 03, 2011 | Mrs. J. N. Rita | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2012. The licensor can terminate the agreement | Monthly Rent – ₹ 80,000/- | Other |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|---|--|---------------------------------|--|---|----------------------------|
| | | | | <p>at any time without assigning any reason after giving 3 months written notice to our Company.</p> <ul style="list-style-type: none"> • Our Company shall give two (2) months written notice in case they want to terminate the license. • Parties have an option to renew the agreement for further period of twelve months from April 01, 2012 to March 31, 2013 provided the monthly compensation is increased by 10%. | | |
| 4. | Shop Number 6 Elephanta Co-op Housing Society Limited, Gaushala Lane, Malad (E) Mumbai-400097 | Agreement of Leave and license dated July 02, 2011 | Mr. Thengil Mathew David | <ul style="list-style-type: none"> • The agreement is for a period from May 01, 2011 till March 31, 2012. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. • Our Company shall give one (1) months written notice in case they want to terminate the license. • Parties have an option to renew the agreement for further period of twelve months from April 01, 2012 to March 31, 2013 provided the monthly compensation is increased by 10%. | The Licensees shall pay in advance the compensation for the license period of eleven months as under : <ul style="list-style-type: none"> • ₹ 22,000 by Licensee Number 1, • ₹ 82,500 by Licensee Number 2 • ₹ 82,500 by Licensee Number 3. | Other |
| 5. | Ground Floor, Shop Number 46, Bhagyodayi Complex, Batod, Gujarat | Agreement of Leave and license dated January 4, 2011 | Ms. Jyotikaben Jayeshbhai Joshi | <ul style="list-style-type: none"> • The agreement is for a period from April 01, 2011 till March 31, 2012. • Parties have an option to renew the agreement for further period of eleven months from April 01, 2012 to March 31, 2013. • Our Company shall pay 3 months rent in advance for each quarter. | Monthly Rent – ₹ 4,500/- | Other |
| 6. | Premises Number 7 Anand Kunj, | Agreement of Leave | Mrs. K. K. Rita | <ul style="list-style-type: none"> • The agreement is for a period from April 01, | Monthly Rent – ₹ 65,000/- | Other |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|---|---|---|--|--|----------------------------|
| | Daftary Road, Malad (E), Mumbai-400097. | and license dated June 03, 2011 | | <p>2011 till March 31, 2012.</p> <ul style="list-style-type: none"> The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. Our Company shall give two (2) months written notice in case they want to terminate the license. Parties have an option to renew the agreement for further period of twelve months from April 01, 2012 to March 31, 2013 provided the monthly compensation is increased by 10%. | | |
| 7. | Premises Number 9 Anand Kunj, Daftary Road, Malad (E), Mumbai-400097. | Agreement of Leave and license dated June 03, 2011 | Mr. N. K. Rita Karta of Nagji K. Rita HUF | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2012. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. Our Company shall give two (2) months written notice in case they want to terminate the license. Parties have an option to renew the agreement for further period of twelve months from April 01, 2012 to March 31, 2013 provided the monthly compensation is increased by 10%. | Monthly Rent – ₹ 80,000/- | Other |
| 8. | Flat Number 329, Rustomji C.H.S Limited Western Express Highway, Andheri(E) Mumbai-400 096. | Agreement of Leave and License dated October 07, 2010 | Dilip Kalluram Chourasiya | <ul style="list-style-type: none"> The agreement is for a period from October 01, 2010 till August 31, 2011. The Issuer Company is not permitted to sub-let the premises. | <p>Security Deposit ₹ 8,500/-</p> <p>Monthly Rent – ₹ 8,500 (11 months rent paid in advance)</p> | Other |
| 9. | 13, Anand Kunj, Daftary Road, Malad (E), Mumbai-400097 | Leave and license agreement dated April 01, 2011 | Mr. Vaibhav N. Rita | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2014. The licensor is entitled | Monthly Rent – ₹ 15,000/- | Other |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|--|---|---------------------------|--|----------------------------------|----------------------------|
| | | | | <p>to terminate this license without assigning any reason for the same and in case of such termination the licensor herein shall give three (3) months written notice to the licensee.</p> <ul style="list-style-type: none"> • The licensee shall give two (2) months written notice in case they want to terminate the license. • The Issuer Company is not permitted to sub-let the premises. | | |
| 10. | Parijat, J. B. Nagar, Andheri (E), Mumbai 400 059. | Leave and License agreement dated February 01, 2011 | Mr. Ramgopal Nangalia | <ul style="list-style-type: none"> • The agreement is for a period from February 01, 2010 till January 31, 2014. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. • The licensee shall give two (2) months written notice in case they want to terminate the license. • The Issuer Company is not permitted to sub-let the premises. | Monthly license fee – ₹ 10,000/- | Other |
| 11. | Parijat, J. B. Nagar, Andheri (E), Mumbai 400 059. | Leave and license agreement dated February 01, 2011 | Ms. Savitri Devi Nangalia | <ul style="list-style-type: none"> • The agreement is for a period from February 01, 2011 till January 31, 2014. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. • The licensee shall give two (2) months written notice in case they want to terminate the license. • The Issuer Company is not permitted to sub-let the premises. | Monthly license fee – ₹ 10,000/- | Other |
| 12. | 501, Corporate Arena, D. P. Parimal Road, Goregaon (W), Mumbai – 400 | Leave and license agreement dated August 2, | Ms. Manisha D. Gala | <ul style="list-style-type: none"> • The agreement is for a period from August 01, 2010 till June 30, 2013. • The licensor can terminate the agreement | Monthly license fee – ₹ 2,500/- | Client |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|---|--|----------------------|---|---------------------------------|----------------------------|
| | 062264. | 2010 | | <p>at any time without assigning any reason after giving 3 months written notice to our Company.</p> <ul style="list-style-type: none"> • The licensee shall give two (2) months written notice in case they want to terminate the license. • We are not permitted to sub-let the premises. | | |
| 13. | 264, Ratan House, Ground Floor, Opp. Central Plaza Cinema, Girgaum, Mumbai – 400 004. | Leave and License Agreement dated June 30, 2010 | Mr. Arvind K. Vohera | <ul style="list-style-type: none"> • The agreement is for a period from April 01, 2010 till February 28, 2013. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. • The licensee shall give two (2) months written notice in case they want to terminate the license. • We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Client |
| 14. | Room No. 5, Gaushala Chawl, Diamond Market, Gokul Bldg., Malad (East), Mumbai 400097. | Leave and license agreement dated March 31, 2011 | Ms. Hetal A. Mehta | <ul style="list-style-type: none"> • The agreement is for a period from February 01, 2011 to January 31, 2014. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. • The licensee shall give two (2) months written notice in case they want to terminate the license. • We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Client |
| 15. | 11/177-188, 1 st Floor, Near BOB, Bhaga Talav Branch, Chauta Bridge, Surat- 395003 | Leave and license agreement dated July 06, 2011 | Mr. K.J. Cooper | <ul style="list-style-type: none"> • The agreement is for a period from April 01, 2011 till March 31, 2014. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. | Monthly license fee – ₹ 2,500/- | Other |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|--|---|------------------------------------|--|---------------------------------|----------------------------|
| | | | | <ul style="list-style-type: none"> The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | | |
| 16. | G-10, Shivani Apartment, Near IIM Ahmedabad, Behind Sajanand College, Ambawadi, Ahmedabad-380015 | Leave and license agreement dated July 06, 2011 | Mr. Titixa Choksi | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2014. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Other |
| 17. | A/14, Saikripa Nagar, S.V. Road, Dahisar (E), Mumbai-400068 | Leave and license agreement dated April 01, 2011. | Shree Radhe Investment Consultancy | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Other |
| 18. | J-102,, Gaurav Galaxy, Opposite Nityanand, Mira Road, Thane-401107 | Leave and license agreement dated April 01, 2011 | Ms. Neetu Singh | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2014. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to | Monthly license fee – ₹ 2,500/- | Other |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|--|---|---------------------------------------|---|---------------------------------|----------------------------|
| | | | | sub-let the premises. | | |
| 19. | Bihani Sadan, Third A Road, Opposite Bank of Rajasthan, Jodhpur-342003 | Leave and license agreement dated July 07, 2011 | Mr. Rakesh Bihani | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Other |
| 20. | Block Number 4, Sai Anand Sankul, 2 nd Floor, Nasik Road, Bytco Point, Nasik-422001 | Leave and license agreement dated July 06, 2011 | Saaj Capital Services Private Limited | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2011 till March 31, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Other |
| 21. | 104, Tatkar Behind Shiv Temple, Kasturba Main Road, Borivali (East), Mumbai 400066. | Leave and license agreement dated July 26, 2010 | Mr. Hitendra A. Parmar | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2010 to February 28, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Others |
| 22. | 19-B, Devka Palace, 1st Mamlatdar Wadi, Malad (West), | Leave and license agreement dated | Mr. Sanjay J. Vora | <ul style="list-style-type: none"> The agreement is for a period from February 01, 2011 till January 31, 2014. | Monthly license fee – ₹ 2,500/- | Client |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|---|--|-----------------------------|--|---------------------------------|----------------------------|
| | Mumbai 400064. | March 31, 2011 | | <ul style="list-style-type: none"> The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. The Issuer Company is not permitted to sub-let the premises. | | |
| 23. | 401, Adamji Building, N.N. Street, Masjid Bunder, Mumbai 400 009. | Leave and license agreement dated August 2, 2010 | Yashodhan Corporation | <ul style="list-style-type: none"> The agreement is for a period from August 01, 2010 to June 30, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Others |
| 24. | Shop no. 06, Monarch Castle, Hanuman Road, Opp. Tilak School, Vile Parle (E), Mumbai – 400 057. | Leave and license agreement dated December 28, 2010 | Mr. Parimal V. Gada | <ul style="list-style-type: none"> The agreement is for a period from December 1, 2010 to November 30, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. The Issuer Company is not permitted to sub-let the premises. | Monthly license fee – ₹ 7,000/- | Client |
| 25. | 32/A, 1st Floor, Sidhpura Industrial Estate, Gaiwadi, Goregaon (W), Mumbai – 400 062. | Agreement of Leave & License dated November 04, 2010 | Mr. Jaising Govindji. Joshi | <ul style="list-style-type: none"> The agreement is for a period from April 01, 2010 to February 28, 2013. The licensor can terminate the agreement at any time without assigning any reason | Monthly license fee – ₹ 2,500/- | Client |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|--|--|---------------------------|--|---------------------------------|----------------------------|
| | | | | after giving 3 months written notice to our Company. • Our Company shall give two (2) months written notice in case they want to terminate the license. • The Issuer Company is not permitted to sub-let the premises. | | |
| 26. | G-2, Sundaram Apt., Near Mehar Park, Athwagate, Surat – 395001. | Leave and License Agreement dated July 02, 2010 | Mr. Niral V. Shah | • The agreement is for a period from July 1, 2010 till May 31, 2013. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. • The licensee shall give two (2) months written notice in case they want to terminate the license. • We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Sub- Broker |
| 27. | 404, Navkar Apt. Dalakiya Moholla, Mahidharpura, Surat – 395001. | Agreement of Leave & License dated August 23, 2010 | Mr. Dipak Bholabhai Patel | • The agreement is for a period from March 01, 2010 till January 31, 2013. • The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. • Our Company shall give two (2) months written notice in case they want to terminate the license. • The Issuer Company is not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Client |
| 28. | Shop no. 42, Bharatmata Complex, Telghani Naka, Raipur – 492001. | Leave and License Agreement dated July 27, 2010 | Mr. Umesh K. Bohra | • The agreement is for a period from March 01, 2010 till January 31, 2013. • The licensor can terminate the agreement at any time without assigning reason after giving 3 months written notice to our Company. • The licensee shall give two (2) months written | Monthly license fee – ₹ 2,500/- | Client |

| Sr. No. | Location of the property | | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|---|----------------------------------|--|----------------------|---|---------------------------------|----------------------------|
| | | | | | <ul style="list-style-type: none"> notice in case they want to terminate the license. We are not permitted to sub-let the premises. | | |
| 29. | C-11, Market, Beema Pandri Raipur – 492 001. | Shyam Jeevan Marg, Road, | Leave and license agreement dated July 17, 2010 | Ms. Sarla B. Chandak | <ul style="list-style-type: none"> The agreement is for a period from March 01, 2010 to January 31, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly license fee – ₹ 2,500/- | Client |
| 30. | Irvin Near Belsare Khaperde Amravati 444602. | Square, Doctor Hospital, Garden, | Leave and License Agreement dated December 3, 2008 | Mr. Nitin V Deshmukh | <ul style="list-style-type: none"> The agreement is for a period from December 01, 2008 till November 30, 2011. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. The Issuer Company is not permitted to sub-let the premises. | Monthly license fee – ₹ 2,000/- | Client |
| 31. | 12, Shopping Centre, Vaniyavar, Kutch – 370020. | Rajgulab Bhuj, | Leave and License Agreement dated December 3, 2008 | Mr. Ashok N. Mehta | <ul style="list-style-type: none"> The agreement is for a period from December 01, 2008 till November 30, 2011. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. The Issuer Company is not permitted to sub-let | Monthly license fee – ₹ 2,000/- | Client |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|---|--|--------------------------------|--|---------------------------------|----------------------------|
| | | | | the premises. | | |
| 32. | 102, 212, Bindu Shopping Centre, Panjrapole road, Botad – 364 710, Gujarat | Leave and License Agreement dated July 1, 2010 | Mr. Ashok B. Patel | <ul style="list-style-type: none"> The agreement is for a period from March 1, 2010 till February 28, 2013. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. We are not permitted to sub-let the premises. | Monthly License fee – ₹ 6,000/- | Client |
| 33. | 1 st Floor, Diamond Market, Aveda Gate, Botad – 364 710, Gujarat | Leave and License Agreement dated November 4, 2010 | Mr. Haribhai Vitthalbhai Patel | <ul style="list-style-type: none"> The agreement is for a period from April 1, 2010 till March 31, 2012. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. The Issuer Company is not permitted to sub-let the premises. | Monthly License fee – ₹ 4,500/- | Others |
| 34. | 207, Bindu Shopping Centre, Panjrapole Road, Botad, Bhavnagar | Leave and License Agreement dated November 4, 2010 | Mr. Haribhai Vitthalbhai Patel | <ul style="list-style-type: none"> The agreement is for a period from April 1, 2010 till March 31, 2012. The licensor can terminate the agreement at any time without assigning any reason after giving 3 months written notice to our Company. The licensee shall give two (2) months written notice in case they want to terminate the license. The Issuer Company is not permitted to sub-let the premises. | Monthly License fee – ₹ 4,500/- | Others |
| 35. | 303, Ganpati Plaza, | Rent Agreement | Mangal Karaj Charitable | <ul style="list-style-type: none"> The tenancy shall be with effect from | ₹ 40,000 per month for the | Other |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|---------|--|--|------------------------|--|--|----------------------------|
| | M.I. Road, Jaipur – 302 001, Rajasthan | dated October 22, 2010 | Trust, Jaipur | <p>November 01, 2010 for a fixed lock-in period of 12 months initially for three years which can be renewed for further period on mutually agreed terms.</p> <ul style="list-style-type: none"> Only our Company can terminate the Rent Agreement by serving two months notice only after first twelve months. | first 12 months. The same will be increased by 5% subsequently after each period of 12 months. | |
| 36. | G-4, West side , Block – B, Ground Floor, International Trade Centre, Majuragate Crossing, Ring Road, Surat – 395 002, Gujarat | Lease Deed dated October 27, 2010 | Mahendra Dayabhai Modi | <ul style="list-style-type: none"> Tenure of the lease shall be for a period of 3 years. The Licensor shall be entitled to transfer, sell, dispose off or alienate the premises without affecting the rights of our Company and the Licensor shall ensure that this agreement is legally binding on the purchaser/transferee such that the interests of our Company are protected. | ₹ 55, 000 per month. The same shall increase by 15% after three years upon completion on compound basis. | Other |
| 37. | Shop number 2,, 1 st Floor, Gokul Vihar, Opposite Canara Bank, Tokarkhada, Silvassa, Dadra and Nagar Haveli | Leave & Licence Agreement dated October 01, 2010 | Nileema Agarwal | <ul style="list-style-type: none"> Lease period: October 01, 2010 to August 31, 2011. Parties shall terminate the agreement by issuing one month notice in advance. | ₹ 4,500 per month | Other |
| 38. | Office number C-4, 1 st Floor, Mayur Complex, Ajmer Road, Gandhi Nagar, Bhilwara, Rajasthan | Rent agreement dated February 01, 2011 | Deepti Khandelwal | <ul style="list-style-type: none"> Tenancy shall be with effect from February 01, 2011 for a fixed lock-in period of 12 months, initially for three years which can be renewed for further period on mutually agreed terms. | Rent for the first 12 months is fixed at ₹ 12, 000 per month. The said rent will be increased by 5% subsequently after each period of 12 months. | Other |

| Sr. No. | Location of the property | Document | Licensor | Key Terms | Amount payable | Relationship with Licensor |
|----------------|--|---------------------------------------|-----------------|---|---|-----------------------------------|
| 39. | Bissa Bhawan, Mahatma Gandhi Hospital Road, Jodhpur, Rajasthan | Rent agreement dated October 11, 2010 | Hiraben Bissa | <ul style="list-style-type: none"> Tenancy shall be with effect from October 1, 2010 for a fixed period of 3 years which can be renewed for further period on mutually agreed terms. The Issuer Company is not permitted to sub-let the premises. The parties shall give two (2) months written notice in case they want to terminate the agreement. | Rent for the first 12 months ₹ 21,000 per month. The said rent will be increased by 7% subsequently after each period of 12 months. | Other |

REGULATION AND POLICIES IN INDIA

We offer varied financial services, including retail and institutional equity broking and research, commodities broking and research, depository services, lending services, mutual fund distribution services, wealth management services, risk analysis and distribution of life and non-life insurance products. The legal framework governing the above financial services and products is discussed below. The regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable shops and establishments statutes apply to us as they do to any other Indian company. For details of government approvals obtained by us in compliance with these regulations, see the section titled "Government and Other Approvals" beginning on page 266 of the Red Herring Prospectus. The statements below are based on the current provisions of Indian laws, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

I. Dealing in Securities

Securities regulation in India takes place under the provisions of the SCRA, SEBI Act, the Depositories Act, 1996 and the rules and regulations promulgated thereunder.

SCRA

The SCRA seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities and other related matters. The SCRA provides for grant of recognition for stock exchanges by the Central Government. Every recognized stock exchange is required to have in place a set of rules relating to its constitution and bye-laws for the regulation and control of contracts.

The bye-laws normally provide *inter alia* for:

- (i) the opening and closing of markets and the regulation of the hours of trade;
- (ii) the fixing, altering or postponing of days for settlements;
- (iii) the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities;
- (iv) the terms, conditions and incidents of contracts, including the prescription of margin requirements, if any, and conditions relating thereto, and the forms of contracts in writing;
- (v) the regulation of the entering into, making, performance, recession and termination of contracts, including contracts between members or between a member and his constituent.

SEBI Act

Pursuant to Section 12 of the SEBI Act, and the rules, regulations and guidelines issued by SEBI, a stock broker, sub-broker and depository participant or any other intermediary associated with the securities market, may buy, sell or deal in securities only after obtaining a valid certificate of registration from SEBI in accordance with the applicable regulations.

Stock Broker Regulations

The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended from time to time ("**Stock Broker Regulations**") provides that no person shall carry on activity as a stock broker unless he holds a certificate granted by SEBI under the Stock Broker Regulations.

Further, the Stock Broker Regulations provide the eligibility criteria and conditions required to be satisfied in order to obtain the certificate of registration. They further provide the procedure for obtaining the certificate of registration to carry on business as a stock broker and/or a sub-broker who is required to be affiliated to a stock broker registered under the aforesaid regulations. On registration, the stock broker and sub-broker are required to adhere to a code of conduct prescribed under the Stock Broker Regulations. In addition, a stock broker and/or a sub broker is required to abide by the rules, regulations and bye-laws of the stock exchange or stock exchanges of which it is a member. Further, in case of any change in its status or constitution, the stock broker and/or the

sub-broker are required to obtain the prior permission of SEBI in order to continue to buy, sell or deal in securities in any stock exchange.

Apart from the registration of stock brokers and sub-brokers, the Stock Broker Regulations provide for registration of trading and clearing members. A trading member is a member of the derivatives exchange or derivatives segment of a stock exchange and who settles the trade in the clearing corporation or clearing house through a clearing member. A clearing member is a member of a clearing corporation or clearing house of the derivative exchange or derivatives segment of an exchange, which clears and settles transactions in securities.

The minimum net worth for clearing members is ₹ 30 million (₹ 10 million for acting as a self-clearing member) and are required to deposit a sum of at least ₹ 5 million with the clearing corporation or clearing house of the derivatives exchange or derivatives segment of an exchange, as applicable. The code of conduct specified for stock brokers is applicable *mutatis mutandis* to the trading and clearing members.

Internet Trading

Internet based trading was approved by SEBI through its Circular No. SMDRP/POLICY/CIR-06/2000 dated January 31, 2000. The circular provides that SEBI registered stock brokers interested in providing internet based trading services must obtain formal permission of the concerned stock exchange. The stock exchange, before giving permission must ensure the fulfilment of certain minimum conditions such as a minimum net worth of ₹5 million, the system used by the broker has provision for security, reliability and confidentiality of data through use of encryption technology and has adequate backup systems and data storage capacity. The broker's web site providing the internet based trading facility should contain information meant for investor protection. Certain mandatory security features are also prescribed in the circular for all internet based trading systems.

II. Depository Regulation

The Depositories Act

The Depositories Act, 1996 (as amended from time to time) provides for regulation of depositories in securities and other related matters. Every person subscribing to securities offered by an issuer has the option either to receive the security certificates or hold securities with a depository. All securities held by a depository are required to be dematerialised and in a fungible form. A depository after obtaining a certificate of commencement of business from SEBI can enter into an agreement with one or more participants as its agent. Any person, through a participant, may enter into an agreement with any depository for availing its services.

Depository Regulations

The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time ("**Depository Regulations**") provide *inter alia* the eligibility criteria and the procedure for obtaining the certificate of registration to carry on business as a depository participant. They also provide various rights and obligations of the depository participants. On registration, the depository participant is required to adhere to a code of conduct prescribed under the Depository Regulations.

The depository is deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. The depository does not have any voting rights or any other rights in respect of securities held by it. The beneficial owner of the securities is entitled to all the rights and benefits and is subjected to all the liabilities in respect of his securities held by a depository.

III. NBFC Regulations

The Reserve Bank of India Act

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs by virtue of the power vested in it under Chapter III B of the Reserve Bank of India Act of 1934 ("**RBI Act**"). The RBI Act defines an NBFC under Section 45-I (f) as:

- (i) *a financial institution which is a company;*
- (ii) *a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;*

(iii) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.”

A “financial institution” and a “non-banking institution” have been defined under sections 45-I(c) and 45-I(e) of the RBI Act, respectively.

The RBI has clarified through a press release (Ref. No. 1998-99/1269) dated April 8, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC (a) if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration (“CoR”). In case an NBFC does not accept deposits from the public (“NBFC-ND”), it shall obtain a CoR without authorisation to accept public deposits. The NBFC must also have a net owned fund of ₹ 20 million.

The RBI has the power to exempt certain NBFCs from the requirement of obtaining the CoR. In the past, the RBI has granted exemption to certain NBFCs, upon satisfaction of *inter alia*, the following conditions:

- a) the said NBFC is having not less than 90% of its total assets in investments in shares for purpose of holding stake in the investee companies;
- b) the said NBFC is not trading in these shares except for block sale (to dilute or divest holding);
- c) the said NBFC is not carrying on any other financial activities; and
- d) the said NBFC is not holding public deposits.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the profit and loss account before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is an NBFC-ND. Further, no appropriation can be made from the fund for any purpose without prior written approval of the RBI.

Public Deposit Regulations

As per the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 (Notification No.DFC.118/DG(SPT)-98) dated January 31, 1998 (as amended from time to time and last amended on July 01, 2006) (“Public Deposit Regulations”), an NBFC-ND is entitled to certain exemptions from the norms and conditions stipulated on NBFCs taking deposits. In order to benefit from these exemptions, the board of directors of the NBFC-ND must pass a resolution for non-acceptance of public deposits and such NBFC-ND should not have accepted any public deposits during the relevant period/ year.

Certain financial companies, including *inter alia* insurance companies, companies doing business as a stock broker or sub-broker, merchant banking companies, housing finance companies, venture capital fund companies, are exempt from the requirement of obtaining a CoR or complying with the Public Deposit Regulations.

Prudential Norms

As per the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 (Notification No. DFC. 119 /DG(SPT)-98) dated January 31, 1998 (as amended from time to time and last amended on February 22, 2007) (“**Prudential Norms**”), the RBI has issued detailed directions on prudential norms, which *inter alia*, prescribe guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, constitution of audit committee, disclosures in the balance sheet, requirement of capital adequacy, restrictions on investments in land and building and unquoted shares. The Prudential Norms are not applicable to NBFCs-ND holding investments in the securities of its group/holding/ subsidiary companies where the book value of such holding is not less than 90 per cent of its total assets and where such NBFC-ND is not trading in such securities and is not a systemically important NBFC-ND.

Systemically Important NBFCs-ND

All NBFCs – ND with an asset size of ₹ 1,000 million or more as per the last audited balance sheet will be considered as a systemically important NBFC – ND (“**NBFC-ND-SI**”). All NBFCs–ND–SI are required to maintain a minimum Capital to Risk-weighted Assets Ratio (“**CRAR**”) of 10%. An NBFC–ND–SI is not allowed to:

- a) lend to
 - i) any single borrower exceeding 15% of its owned fund; and
 - ii) any single group of borrowers exceeding 25% of its owned fund;
- b) invest in
 - i) the shares of another company exceeding 15% of its owned fund; and
 - ii) the shares of a single group of companies exceeding 25% of its owned fund;
- c) lend and invest (loans/investments taken together) exceeding
 - i) 25% of its owned fund to a single party; and
 - ii) 40% of its owned fund to a single group of parties.

KYC Guidelines

The RBI has extended the Know Your Customer (“**KYC**”) guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including *inter alia* customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines and the exercise of due diligence by persons authorized by the NBFC, including its brokers and agents.

Corporate Governance Guidelines

Pursuant to an RBI Circular dated May 8, 2007, all NBFC-ND-SIs are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure and transparency and connected lending.

Norms for excessive interest rates

In addition, the RBI has recently introduced a circular (RBI/2006-07/414 dated May 24, 2007) whereby the RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges.

IV. Mutual Funds

Mutual Funds Regulations

The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 govern the law pertaining to the business of mutual funds in India. The SEBI, with a view to improving professional standards, has made it mandatory for all mutual funds to appoint agents/distributors who have obtained certification from the AMFI. In case of firms/companies, the requirement of certification is made applicable to the persons engaged in sales and marketing.

The AMFI has issued guidelines in consonance with the various circulars issued by SEBI in this regard. The primary objective of these guidelines is to ensure that mutual funds do not use unethical means to sell, market or induce any Investor to buy units of their scheme(s) and mobilize funds on the strength of professional fund management and practice as well as sound risk management policies. These guidelines are mandatory. Mutual funds are required to ensure compliance with these guidelines both by intermediaries distributing their products and through them, sub-brokers acting on behalf of such intermediaries.

Mutual Fund distribution by NBFCs

NBFCs can market and distribute mutual fund products as agents of mutual funds, with prior approval of the RBI as provided for under RBI Circular (DNBS (PD) CC No. 84/03.10.27/2006-07), dated December 4, 2006, for an initial period of two years and a review thereafter. NBFCs must however, comply with certain minimum requirements, such as a minimum net owned fund of ₹1000 million and net profit as per last two years audited balance sheet.

Further, the NBFC should comply with the SEBI guidelines/regulations, including their code of conduct, for distribution of mutual fund products. In this regard, the NBFCs should not adopt any restrictive practice forcing its customers to opt for a particular mutual fund product sponsored by it and the customers should be allowed to exercise their own choice. In addition, the participation by a company's customer in mutual fund products should be purely on a voluntary basis and this information should be stated in all publicity material distributed by the company in a prominent way.

There are other aspects of mutual fund distribution which must be complied with, such as adherence to KYC guidelines and the provisions of the Prevention of Money Laundering Act, 2000. Moreover, the company must comply with Public Deposit Regulations and the Prudential Norms and any other instructions/ provisions of the RBI Act, to the extent applicable.

V. Insurance advisory services

Insurance Act

The Insurance Act, 1938 ("**Insurance Act**") embodies the law relating to the business of insurance in India. Under the provisions of the Insurance Act, no person shall pay or contract to pay any remuneration or reward whether by way of commission or otherwise, for soliciting or procuring insurance business in India to any person except an insurance agent, licensed under the provisions of the Insurance Act. The Insurance Regulatory and Development Authority ("**IRDA**"), established under the Insurance Regulatory and Development Authority Act, 1991 ("**IRDA Act**"), is authorized to issue to any person making an application in the manner determined by the regulations, a license to act as an insurance agent for the purpose of soliciting or procuring insurance business. The IRDA was constituted, *inter alia*, with the objective of protecting the interests of holders of insurance policies, regulating, promoting and ensuring the orderly growth of the insurance industry.

Insurance Broker Regulations

The Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002, as amended from time to time ("**Insurance Broker Regulations**") provide *inter alia* for licensing and capital requirements for persons who are insurance brokers. These regulations require that a company interested in entering the business of dealing in insurance or reinsurance to apply to the IRDA for a license and also prescribe a 'Code of Conduct for Insurance Brokers' to follow.

VI. Commodities Regulation under FCRA

Commodities trading, is governed by the Forward Contracts (Regulation) Act, 1952 ("**FCRA**") and the Forward Contracts (Regulation) Rules, 1954 ("**FCRR**"). The FCRA provides, *inter alia*, for the establishment of the Forward Markets Commission ("**FMC**"). Associations interested in dealing with forward contracts, such as commodity exchanges like the MCX and NCDEX must make applications in the prescribed format as provided under the FCRR.

A trading-cum-clearing member or an institutional clearing member of such an exchange is a person who has the right to clear transactions in contracts that are executed in the trading system of the exchange. A trading-cum-clearing member is therefore subject to the rules and bye-laws framed by the exchanges in order to govern the trade in commodities. In case of difference between the provisions of any rules, the regulations or bye-laws of the exchange and the provisions of FCRA or FCRR, the provisions of the FCRA or FCRR shall prevail, except where the FCRA or FCRR allows the application or enforcement of the rules, articles, bye-laws or regulations of the exchange.

VII. Portfolio Management Services

Portfolio Manager Regulations

Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993 ("**Portfolio Manager Regulations**") provide that no person shall carry on activity as a Portfolio Manager unless he holds a certificate granted by SEBI under the Portfolio Manager Regulations. A Portfolio Manager has been defined as a person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client

(whether as a discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the client.

The Portfolio Manager Regulations lay down *inter alia* the eligibility criteria, conditions for grant of certificate to a Portfolio Manager and their general responsibilities. Further, the Portfolio Manager Regulations prescribe a code of conduct which shall be followed by every Portfolio Manager. A Portfolio Manager must fulfill the prescribed capital adequacy requirement of net worth of not less than ₹ 5 million.

VIII. Insider Trading

Insider Trading Regulations

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time (“**Insider Trading Regulations**”) govern the law with respect to insider trading in India. The Insider Trading Regulations *inter alia* prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information (“**UPSI**”). It further prohibits an insider from communicating, counseling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities.

Information is said to be price sensitive if it is likely to materially affect the price of the securities of the company to which it relates. Under the Insider Trading Regulations, the concept of an “insider” is related to those of a connected person and a deemed connected person. A person is said to be connected to a company when he or she is a director, employee or officer in the company or stands in a professional or business relationship with the company and when he or she may reasonably be expected to have access to UPSI and includes *inter alia* market intermediaries, Merchant Bankers, share transfer agents, registrars to an issue, debenture trustees, brokers, portfolio managers and investment advisors.

The Insider Trading Regulations further provide that all listed companies and organisations associated with the securities market including *inter alia* intermediaries as defined under the SEBI Act, asset management companies, trustees of mutual funds etc. should frame a code of internal procedures and conduct based on the Model Code of Conduct specified under the Insider Trading Regulations.

IX. Foreign Investment in NBFCs

FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy issued in November 2006 (“**FDI Policy**”) by the DIPP. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the “same field” in India, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided. Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members. As per the sector specific guidelines of the Government of India, the following relevant caps are presently applicable for FDI in NBFCs:

- a. FDI/NRI investments is allowed under the automatic route in the following NBFC activities:
 1. Merchant Banking;
 2. Underwriting;
 3. Portfolio Management Services;
 4. Investment Advisory Services;
 5. Financial Consultancy;
 6. Stock Broking;
 7. Asset Management;
 8. Venture Capital;
 9. Custodial Services;

10. Factoring;
 11. Credit Reference Agencies;
 12. Credit Rating Agencies;
 13. Leasing & Finance;
 14. Housing Finance;
 15. Forex Broking;
 16. Credit card business;
 17. Money changing Business;
 18. Micro Credit; and
 19. Rural Credit.
- b. Minimum Capitalisation Norms for fund based NBFCs:
 1. For FDI up to 51% - US\$ 0.5 million to be brought upfront.
 2. For FDI above 51% and up to 75% - US \$ 5 million to be brought upfront.
 3. For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought upfront and the balance in 24 months.
 - c. Minimum capitalisation norm of US \$ 0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment.
 - d. Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US\$ 50 million as at (b) (3) above (without any restriction on number of operating subsidiaries without bringing in additional capital) .
 - e. Joint Venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b)(1) and (b)(2) above.
 - f. FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the RBI in this regard. RBI would issue appropriate guidelines in this regard.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

FII Regulations

FIIs including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional Portfolio Managers, are allowed to make portfolio investments in all securities of listed and unlisted companies in India. Investments by registered FIIs or non-resident Indians made through a stock exchange are known as portfolio investments. Foreign investors wishing to invest and trade in Indian securities in India under the portfolio investment route are required to register with the SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 ('**FII Regulations**'). Foreign investors are not necessarily required to register with the SEBI under the FII Regulations, as FIIs may invest in securities of Indian companies pursuant to the FDI route discussed above.

FIIs that are registered with SEBI are required to comply with the provisions of the FII Regulations. A registered FII may buy, subject to certain ownership restrictions, and sell freely securities issued by any Indian company (excluding companies in certain sectors). The total holding of each FII/SEBI approved sub-account shall not exceed 10 per cent of the total paid-up capital of an Indian company and the total holdings of all FII/sub-accounts of FIIs aggregated shall not exceed 24 per cent of the paid-up capital. The threshold of 24 per cent can be increased to the sectoral cap or statutory limit applicable to the Indian company concerned by resolution of such company's board of directors followed by the passing of a special resolution by such company.

X. Laws Regulating Transfer of Property

Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 (“**T.P. Act**”). The T.P. Act establishes the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 (“**Registration Act**”) has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.

The Indian Stamp Act, 1899

The Indian Stamp Act, 1899 (“**Stamp Act**”) provides for the imposition of stamp duty at specified rates on instruments listed in Schedule I of the Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are inadmissible in a court of law and have no evidentiary value. Public officials have the power to impound such documents and if the executor wants to rectify them, he may have to pay a penalty of up to 10 times the original stamp value.

The Easements Act, 1882

The law relating to easements is governed by the Easements Act, 1882 (“**Easements Act**”). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the “dominant owner”, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

XI. Laws relating to Employment

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Various labour laws may be applicable, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

XII. Laws relating to Intellectual Property

The Trademarks Act, 1999, The Patents Act 1970 and the Copyright Act, 1957 *inter alia* govern the law in relation to intellectual property, including patents, copyrights, trade marks, service marks, brand names, trade names and research works.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on June 22, 1995, as Inventure Growth & Securities Limited under the Companies Act, 1956, with Registration Number 11-89838 of 1995 and Corporate Identification Number U65990MH1995PLC089838. Our Company received its certificate for commencement of business on September 4, 1995.

Today, our Company, along with its Subsidiaries, provides a host of services under one umbrella, to our diversified client base, which includes institutional clients, high net worth individuals and retail investors. Our Company has been directly providing equity broking and depository services to our clients.

We provide several other services through our subsidiaries the details of which are as under:

| Subsidiaries | Services |
|---|--|
| Inventure Insurance Broking Private Limited | Corporate agency services in connection with it's insurance business. |
| Inventure Wealth Management Limited | Wealth management services to individuals, firms, associations, institutions and bodies corporate. |
| Inventure Finance Private Limited | Managing investment and to act as brokers, commission agents. |
| Inventure Commodities Limited | Commodity broking and arbitrage services in all commodities across exchanges. |

Our evolution

The evolution of our Company can be traced through the following phases:

Our Company started its stock broking business and operation in the year 1996, by getting itself registered as a Multiple Member of the Bombay Stock Exchange, for carrying on the activities of buying, selling or dealing in securities.

Thereafter, to expand the scope and breadth of operations and areas of services our Company: -

- In March 1996, became a registered Dealer of OTC Exchange of India, for carrying on the activities of buying, selling or dealing in securities
- In May 1999, got registered as a depository participant with CDSL
- In August 2000, became a stock broking company of National Stock Exchange by getting registered as a Multiple Member of the National Stock Exchange, for carrying on the activities of buying, selling or dealing in securities
- In September 2000, got registered as trading member of the National Stock Exchange, Derivatives Segment for carrying on activities of dealing in derivatives
- In September 2008, got registered as a trading member of the Bombay Stock Exchange, Currency Derivatives Segment for carrying on activities of dealing in currency derivatives
- In September 2008, got registered as a trading member of the MCX Stock Exchange Limited, Currency Derivatives Segment for carrying on activities of dealing in currency derivatives
- In September 2008, got registered as a clearing member of the MCX Stock Exchange Limited, Currency Derivatives Segment for carrying on activities of clearing and settlement of currency derivatives trades
- In November 2008, got registered as a trading member of the National Stock Exchange, Currency Derivatives Segment for carrying on activities of dealing in currency derivatives

- In November 2008, got registered as a clearing member of the National Stock Exchange, Currency Derivatives Segment for carrying on activities of clearing and settlement of currency derivatives trades
- In March 2009, got registered as a clearing member of the National Stock Exchange, Derivatives Segment for carrying on activities of clearing and settlement of derivatives trades
- In April 2009, got registered as a trading member of the Bombay Stock Exchange, Wholesale Debt Market Segment
- In April 2010, got registered as a Portfolio Manager with the Securities and Exchange Board of India.
- In July 2010, got registered as a trading member of the National Stock Exchange, Wholesale Debt Market Segment.

Inventure Commodities Limited

In August 2008 our Company acquired 99.99% equity shareholding of ICL. ICL is a registered Trading-Cum-Clearing Member of MCX, NCDEX, NMCE and NSEL. ICL provides commodity broking activities and also undertakes arbitrage in all commodities across exchanges.

Inventure Wealth Management Limited

In June 2008 Inventure Wealth Management Limited was incorporated as a subsidiary of our Company. IWML is enrolled as an AMFI Registered Mutual Fund Advisor and deals into managing wealth of HNIs, investment advisory services, financial planning, structured products, debt products, fixed deposits distribution and mutual funds distribution.

Inventure Insurance Broking Private Limited

In March 2009, Inventure Insurance Broking Private Limited became a subsidiary of Inventure Wealth Management Limited. IIBPL has a team of IRDA certified advisors who cater to the varied needs of customers in both life and general insurance space offered by major insurance companies in India. Further IIBPL has made an application dated November 24, 2009, to the Insurance Regulatory and Development Authority ("IRDA") for registration as a composite broker, which will enable it to distribute products and services of life insurance companies, non-life insurance companies and re-insurance businesses.

Inventure Finance Private Limited

In November 2007 our Company acquired IFPL pursuant to a memorandum of understanding by and between Mr. Rasik Tokershi Gala and Mr. Manilal Khimji Karani, the sellers; and Mr. Nagji K. Rita and Mr. Kanji B. Rita representing our Company. IFPL is registered with the RBI as non-banking financial institution, without accepting public deposits. To enable clients to take greater participation in different segments of capital market, IFPL provides loans against shares to clients.

Major Events:

| Year | Milestone Event |
|-------------|---|
| 1996 | Registration as a Trading Member of BSE |
| | Registration as a Dealer of OTC Exchange of India |
| 1999 | Registration as a Depository Participant with CDSL |
| 2000 | Registration as a Trading Member of NSE, Derivatives Segment for carrying on activities of dealing in derivatives |
| 2004 | Registration as a Self-Clearing Member of NSE Future and Option Segment |
| 2007 | Crossed 25,000 registered clients |
| | Acquired IFPL |
| 2008 | Ventured into Wealth Management by incorporating a subsidiary, IWML |
| | Incorporated subsidiary – IIBPL |
| | Registration as a Trading Member of BSE in Currency Derivative Segment |
| | Registration as a Trading Member of MCX Stock Exchange in Currency Derivative Segment |

| Year | Milestone Event |
|-------------|--|
| | Registration as a Clearing Member of MCX Stock Exchange in Currency Derivative Segment |
| | Registration as a Trading Member & Clearing Member of National Stock Exchange of India Ltd. in Currency Derivative Segment |
| | Registration as a Trading Member of Bombay Stock Exchange, Derivatives Segment |
| | Acquired ICL |
| 2009 | Registration as a Clearing Member of National Stock Exchange of India Ltd. in Derivatives Segment |
| | Registration as a Trading Member of Bombay Stock Exchange Ltd. in Wholesale Debt Market Segment |
| 2010 | Registered as a Portfolio Manager with the Securities and Exchange Board of India |
| | Registration as a Trading Member of National Stock Exchange Ltd. in Wholesale Debt Market Segment |

Awards, Achievements and Certifications:

Our Company was declared one of the Top Four Performers in the Derivatives Segment for the year 2009-2010 by Bombay Stock Exchange.

Changes in Registered Office of our Company

In 2008 our registered office was shifted from 1, Anand Kunj, Daftary Road, Malad (East), Bombay 400 097 to Viraj Towers, 201, 2nd floor, near Landmark, Western Express Highway, Andheri (E), Mumbai – 400 069, Maharashtra, India so as to achieve administrative convenience and to meet our requirements for a bigger office space to accommodate the growing number of employees.

Main Objects of our Company

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

“To buy, sell, trade, exchange, deal, barter, swap, borrow, lend, assure underwrite, guarantee, give comfort for pledge, hypothecate, charge, mortgage, procure for or arrange placement of or otherwise engage in India or abroad in trade and investment instruments of all kinds and types, whether securitized or not, including shares, stocks securities debentures, bonds cumulative, convertible preference shares, certificates of deposits, commercial paper, participation certificates, bills of exchange, letter of credit, promissory notes, cheques, whether negotiable or not, currencies, drafts, travelers cheques, factoring of debt, all kind of units, coupons, warrants, options and such other derivatives, issued or to be issued by companies, government co-operations, banks, co-operatives firms, organizations, mutual benefit societies in India or abroad and trade in either as principal, broker, agent, dealer, stockist, trader, consignee or any other capacity and to acquire membership, dealership, directorship, licenses, permits, registrations or such other positions in and of stock, share, securities, debt, commodity, foreign exchange, bullion, metals, crude oil, gems and precious stones, grains and pulses, futures and options, merchant banking, financial and leasing and hire purchase, currencies, credit, savings and loans, real estate, philatelic, antiques, icons, and such other associations, exchanges, organization and bourses in India and abroad.

To encourage in business of rendering corporate advisory services / manage portfolio of securities.”

The Main Objects clause and the Objects incidental or ancillary to the Main Objects of our MoA enable us to undertake activities for which funds are being raised through this Issue. The existing activities of our Company are in accordance with the Objects clause of our Memorandum of Association.

Changes in Memorandum of Association

| Date of Shareholders' Approval | Changes in the Memorandum of Association |
|---------------------------------------|---|
| December 1, 1998 | Alteration in Capital Clause The Share Capital of the Company was reclassified from ₹ 3,25,00,000/- divided into 32,50,000 equity shares to 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 27,50,000 equity shares of ₹ 10/- each aggregating to ₹ 2,75,00,000/-. |

| Date of Shareholders' Approval | Changes in the Memorandum of Association |
|--------------------------------|--|
| December 22, 1999 | Alteration in Capital Clause Increase in the authorized share capital of our Company from ₹ 3,25,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 27,50,000 equity shares of ₹ 10/- each aggregating to ₹ 2,75,00,000/- to ₹ 5,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 45,00,000 equity shares of ₹ 10/- each aggregating to ₹ 4,50,00,000/- |
| August 28, 2000 | Alteration in Capital Clause Increase in the authorized share capital of our Company from ₹ 5,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 45,00,000 equity shares of ₹ 10/- each aggregating to ₹ 4,50,00,000/- to ₹ 11,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 1,05,00,000 equity shares of ₹ 10/- each aggregating to ₹ 10,50,00,000/- |
| December 21, 2009 | Alteration in Capital Clause Increase in the authorized share capital of our Company from ₹ 11,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 1,05,00,000 equity shares of ₹ 10/- each aggregating to ₹ 10,50,00,000/- to ₹ 25,00,00,000/- consisting of 5,00,000 Preference shares of ₹ 10/- each aggregating to ₹ 50,00,000/- and 2,45,00,000 equity shares of ₹ 10/- each aggregating to ₹ 24,50,00,000/- |

Total Number of Shareholders in our Company

As on the date of the Red Herring Prospectus, our Company has 33 shareholders.

Injunctions or restraining orders

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

Shareholders Agreements

There are no subsisting shareholders agreements among our shareholders in relation to our Company.

Other Agreements

We are not a party to, nor have we entered into, any other material contract not being a contract:

1. Entered into in the normal course of business carried on, or intended to be carried on, by our Company; or
2. Entered into more than 2 years before the date of the Red Herring Prospectus.

Strategic Partners

Our Company does not have any strategic partners.

Financial Partners

Our Company does not have any financial partners.

SUBSIDIARIES

Our Company has four subsidiaries, namely:

1. Inventure Insurance Broking Private Limited
2. Inventure Wealth Management Limited
3. Inventure Finance Private Limited
4. Inventure Commodities Limited

Details with regard to each of the Company's subsidiaries are as set forth:

1. Inventure Insurance Broking Private Limited

Corporate Structure

Inventure Insurance Broking Private Limited ("IIBPL") was incorporated on January 8, 2008, having corporate identity number U66000MH2008PTC177574 with the Registrar of Companies, Maharashtra, Mumbai. The registered office of IIBPL is situated at Viraj Towers, 201, 2nd floor, near Landmark, Western Express Highway, Andheri (E), Mumbai – 400 069, Maharashtra, India. IIBPL was incorporated as a subsidiary of our Company. On March 6, 2009, IWML purchased 99.99% of the aggregate equity shareholding of IIBPL thereby making it a step down subsidiary of our Company.

IIBPL has been incorporated inter alia with the main objects of acting as brokers, agents and / or managers for any insurance company or any individual underwriters in connection with its insurance or underwriting business.

The authorized share capital of IIBPL is ₹ 5,00,00,000 divided into 50,00,000 equity shares of ₹ 10/- each.

Shareholding Pattern

The shareholding pattern of IIBPL as on March 31, 2011 is:

| Sr. No. | Name of Shareholder | Number of Shares | % of holding |
|--------------|-------------------------------------|------------------|---------------|
| 1. | Mr. Nagji K. Rita | 10 | Negligible |
| 2. | Mr. Virendra Singh | 10 | Negligible |
| 3. | Inventure Wealth Management Limited | 6,00,000 | 99.99 |
| Total | | 6,00,020 | 100.00 |

Board of Directors

The Board of Directors of IIBPL comprises of:

1. Mr. Nagji K. Rita, Director
2. Mr. Virendra Singh, Director
3. Mr. Vinod K. Shah, Director

Financial Performance

The following table sets forth a summary of the financial performance of IIBPL.

(₹ in Lakhs)

| Particulars | For the period ended March 31, | | |
|--|--------------------------------|---------|--------|
| | 2009 | 2010 | 2011 |
| Income/Sales | 6.96 | 0.58 | 2.88 |
| Profit (Loss) after Tax | 0.83 | (14.60) | (1.63) |
| Equity share capital | 60.00 | 60.00 | 60.00 |
| Reserves and surplus (excluding revaluation reserves) ⁽¹⁾ | 0.00 | 0.00 | 0.00 |
| Earnings per share (₹) ⁽²⁾ | 0.14 | (2.43) | (0.27) |
| Diluted Earnings per share (₹) ⁽²⁾ | 0.14 | (2.43) | (0.27) |

| | | | |
|--|------|------|------|
| Net asset value or book value per share (₹) ⁽²⁾ | 9.36 | 6.93 | 6.66 |
| (1) Net of miscellaneous expenditure not written off. | | | |
| (2) Face value of each equity share is ₹10 | | | |

The equity shares of IIBPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three (3) years. IIBPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

2. Inventure Wealth Management Limited

Corporate Structure

Inventure Wealth Management Limited ("IWML") was originally incorporated as Inventure Comtrade Limited on June 12, 2008 having a corporate identity number U51909MH2008PLC183472. Its name was changed vide a fresh certificate of incorporation pursuant to change in name dated November 4, 2008. IWML received the certificate for commencement of business on August 25, 2008.

The registered office of IWML is situated at Viraj Towers, 201, 2nd floor, near Landmark, Western Express Highway, Andheri (E), Mumbai – 400 069, Maharashtra, India. IWML has been incorporated inter alia with the main objects of providing wealth management services to individuals, firms, associations, institutions and bodies corporate and to pass on the benefits of such investments as interest, dividend, bonus, etc. and to provide a complete range of financial services.

The authorized share capital of IWML is ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10/- each.

Shareholding Pattern

The shareholding pattern of IWML as on March 31, 2011 is:

| Sr. No. | Name of Shareholder | Number of Shares | % of holding |
|--------------|---------------------------------------|------------------|---------------|
| 1. | Inventure Growth & Securities Limited | 5,19,994 | 79.99 |
| 2. | Mr. Nagji K. Rita | 1 | Negligible |
| 3. | Mr. Virendra Singh | 1 | Negligible |
| 4. | Mr. Vinod K. Shah | 1 | Negligible |
| 5. | Mr. Kanji B. Rita | 1 | Negligible |
| 6. | Mr. Pravin N. Gala | 1 | Negligible |
| 7. | Mr. Nishit V. Shah | 1 | Negligible |
| 8. | Ms Raveena K. Bhambhwani | 43,330 | 6.66 |
| 9. | Mr. Mehul M. Ashar | 43,330 | 6.66 |
| 10. | Mr. Shamlal G. Sajnani | 33,340 | 5.13 |
| 11. | Ms. Kavita S. Sajnani | 10,000 | 1.54 |
| Total | | 6,50,000 | 100.00 |

Board of Directors

The Board of Directors of IWML comprises of:

1. Mr. Nagji K. Rita, Director
2. Mr. Virendra Singh, Director
3. Mr. Vinod K. Shah, Director

Financial Performance

The following table sets forth a summary of the financial performance of IWML:

| Particulars | For the period ended March 31, |
|-------------|--------------------------------|
| | (₹ in Lakhs) |

| | 2009* | 2010 | 2011 |
|--|--------------|-------------|-------------|
| Income/Sales | 2.13 | 39.94 | 35.07 |
| Profit (Loss) after Tax | (13.48) | 4.74 | (10.08) |
| Equity share capital | 65.00 | 65.00 | 65.00 |
| Reserves and surplus (excluding revaluation reserves) ⁽¹⁾ | 0.00 | 0.00 | 0.00 |
| Earnings per share (₹) ⁽²⁾ | (26.95) | 0.73 | (1.56) |
| Diluted Earnings per share (₹) ⁽²⁾ | (26.95) | 0.73 | (1.56) |
| Net asset value or book value per share (₹) ⁽²⁾ | 7.93 | 8.65 | 7.10 |

*for the period from August 25, 2008 till March 31, 2009

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is ₹10

The equity shares of IWML are not listed on any stock exchange and it has not made any public or rights issue in the preceding three (3) years. IIBPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

3. Inventure Finance Private Limited

Corporate Structure

Inventure Finance Private Limited ("IFPL") was originally incorporated as Mahajay Investments Private Limited on May 8, 1990 having registration number 11- 56454 and corporate identity number U65990MH1990PTC056454. Its name was changed *vide* a fresh certificate of incorporation pursuant to change in name dated June 6, 2008.

IFPL became our subsidiary pursuant to a Memorandum of Understanding dated November 6, 2007 entered into by and between Mr. Rasik Tokershi Gala and Mr. Manilal Khimji Karani representing the sellers; and Mr. Nagji K. Rita and Mr. Kanji B. Rita representing the buyers, i.e. our Company. The consideration for the sale was based on the net worth of the company as on December 7, 2007, plus a premium of ₹ 24 lakhs.

The registered office of IFPL is situated at Viraj Towers, 201, 2nd floor, near Landmark, Western Express Highway, Andheri (E), Mumbai – 400 069, Maharashtra, India.

Mahajay Investments Private Limited was registered with the Reserve Bank of India as a non banking financial company with effect from November 18, 2000. The name of IFPL was endorsed on registration certificate with effect from October 8, 2008. IFPL has been incorporated *inter alia* with the main objects of managing investment and to act as brokers, merchant bankers, commission agents, managers and advisers to the issue and to make investments to movable and immovable properties.

The authorized share capital of IFPL is ₹ 5,00,00,000 divided into 50,00,000 equity shares of ₹ 10/- each.

Shareholding Pattern

The shareholding pattern of IFPL as on March 31, 2011 is:

| Sr.No. | Name of Shareholder | Number of Shares | % of holding |
|---------------|---------------------------------------|-------------------------|---------------------|
| 1. | Inventure Growth & Securities Limited | 2799,998 | 99.99 |
| 2. | Mr. Nagji K. Rita (Nominee holder) | 1 | Negligible |
| 3. | Mr. Kanji B. Rita (Nominee holder) | 1 | Negligible |
| Total | | 28,00,000 | 100.00 |

Board of Directors

The Board of Directors of IFPL comprises of:

1. Mr. Nagji K. Rita, Director
2. Mr. Kanji B. Rita, Director
3. Mr. Nishit V. Shah, Executive Director

4. Ms. Asha M. Darji
5. Mr. Deepak M. Vaishnav

Financial Performance

The following table sets forth a summary of the financial performance of IFPL:

(₹ in Lakhs)

| Particulars | For the period ended March 31, | | |
|--|--------------------------------|--------|---------|
| | 2009 | 2010 | 2011 |
| Income/Sales | 92.70 | 405.07 | 625.77 |
| Profit (Loss) after Tax | 8.61 | 168.20 | 18.80 |
| Equity share capital | 80.00 | 80.00 | 280.00 |
| Reserves and surplus (excluding revaluation reserves) ⁽¹⁾ | 421.28 | 580.15 | 2398.95 |
| Earnings per share (₹) ⁽²⁾ | 1.29 | 21.02 | 2.05 |
| Diluted Earnings per share (₹) ⁽²⁾ | 1.29 | 21.02 | 21.02 |
| Net asset value or book value per share (₹) ⁽²⁾ | 62.66 | 82.52 | 95.68 |

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is ₹10

The equity shares of IFPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three (3) years. IFPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

4. Inventure Commodities Limited

Corporate Structure

Inventure Commodities Limited ("ICL") was originally incorporated as Inventure Shares & Securities Limited on November 15, 1995 having registration number 11- 94485 and corporate identity number U67120MH1995PLC094485. Thereafter its name was changed to Wagad Securities Limited *vide* a fresh certificate of incorporation pursuant to change in name dated December 7, 2001. Its name was finally changed to Inventure Commodities Limited *vide* a fresh certificate of incorporation pursuant to change in name dated December 3, 2004. ICL received the certificate for commencement of business on January 12, 1996.

ICL became our subsidiary on August 19, 2008 pursuant to the Memorandum of Understanding dated August 18, 2008 entered into by and between Ms. Asha Nikodawala and Mr. Manish Darji representing all the directors and shareholders of the company; and Inventure Growth & Securities Limited. The face value of the shares has been the basis for the consideration paid by our Company to the shareholders of ICL.

The registered office of ICL is situated at Viraj Towers, 201, 2nd floor, near Landmark, Western Express Highway, Andheri (E), Mumbai – 400 069, Maharashtra, India. ICL has been incorporated *inter alia* with the main objects of trading in agricultural products commodities and securities in spot markets and in futures and all kinds of derivatives.

The authorized share capital of ICL is ₹ 5,00,00,000 divided into 50,00,000 equity shares of ₹ 10/- each.

Shareholding Pattern

The shareholding pattern of ICL as on March 31, 2011 is:

| Sr.No. | Name of Shareholder | Number of Shares | % of holding |
|--------|---------------------------------------|------------------|--------------|
| 1. | Inventure Growth & Securities Limited | 21,90,100 | 99.97 |
| 2. | Mr. Nagji K. Rita | 100 | Negligible |
| 3. | Mr. Kanji B. Rita | 100 | Negligible |
| 4. | Mr. Virendra Singh | 100 | Negligible |
| 5. | Mr. Pravin N. Gala | 100 | Negligible |

| Sr.No. | Name of Shareholder | Number of Shares | % of holding |
|--------|---------------------|------------------|---------------|
| 6. | Mr. Vinod K. Shah | 100 | Negligible |
| 7. | Mr. Nishit V. Shah | 100 | Negligible |
| 8. | Total | 21,90,700 | 100.00 |

Board of Directors

The Board of Directors of ICL comprises of:

1. Mr. Nagji K. Rita, Director
2. Mr. Virendra Singh, Director
3. Mr. Amit P. Rita, Director

Financial Performance

The following table sets forth a summary of the financial performance of ICL:

(₹ in Lakhs)

| Particulars | For the period ended March 31, | | |
|--|--------------------------------|--------|--------|
| | 2009* | 2010 | 2011 |
| Income/Sales | 325.05 | 363.63 | 189.62 |
| Profit (Loss) after Tax | 252.08 | 300.72 | 65.97 |
| Equity share capital | 219.07 | 219.07 | 219.07 |
| Reserves and surplus (excluding revaluation reserves) ⁽¹⁾ | 237.26 | 537.97 | 603.95 |
| Earnings per share (₹) ⁽²⁾ | 21.54 | 13.73 | 3.01 |
| Diluted Earnings per share (₹) ⁽²⁾ | 21.54 | 13.73 | 3.01 |
| Net asset value or book value per share (₹) ⁽²⁾ | 20.83 | 34.55 | 37.57 |

*for the period from August 19, 2008 till March 31, 2009

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is ₹10

The equity shares of ICL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three (3) years. ICL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

OUR MANAGEMENT

Under our Articles, our Company is required to have not less than three Directors and not more than twelve Directors. As on the date of the Red Herring Prospectus, our Board comprises of ten Directors. The Chairman of our Board is an Executive Director. Our Company has two executive directors and eight non-executive Directors of which five are Independent Directors.

Our Board

Our Board comprises of the following:

| Sr. No. | Name, Designation, Father's name, Address, Nationality, Occupation and DIN | Age | Date of Appointment as Director and Term | Details of other Directorships / partnerships / co-orporative societies / Association of Persons |
|----------------|--|------------|--|---|
| 1. | Mr. Nagji K. Rita <i>Designation:</i> Chairman and Managing Director <i>Father's name:</i> Late Keshavji Maya Rita <i>Residential Address:</i> Room No. 11, 3 rd floor, Anand Kunj, Daftary Road, Malad (East), Mumbai 400 097 <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 00117052 | 58 | <i>Date of appointment:</i> June 22, 1995 <i>Term:</i> April 01, 2009 to March 31, 2014 | <i>Indian Companies</i> a. Inventure Commodities Limited; b. Inventure Finance Private Limited; c. Inventure Wealth Management Limited; d. Inventure Insurance Broking Private Limited; e. Ratnasagar Diamond Mall Private Limited; and f. Inventure Growth & Securities Limited <i>Partnership firms</i> a. M/s. Shah and Rita Builders and Developers <i>Association of Persons</i> a. Shree Vallabh Darshan |
| 2. | Mr. Virendra Singh <i>Designation:</i> Whole-time Director <i>Father's name:</i> Late Dudhnath Singh <i>Residential Address:</i> C/301, Abhishek, Datta Mandir Road, Malad (East), Mumbai 400 097 <i>Nationality:</i> Indian <i>Occupation:</i> Professional <i>DIN:</i> 00656302 | 54 | <i>Date of appointment:</i> June 22, 1995 <i>Term:</i> April 01, 2009 to March 31, 2014 | <i>Indian Companies</i> a. Central Warehouse Corporation, a Government of India undertaking; b. Central Railside Warehouse Company, a Government of India undertaking; c. Inventure Commodities Limited; d. Inventure Wealth Management Limited; and e. Inventure Insurance Broking Private Limited <i>Co-orporative societies</i> f. National Co-operative Consumers' Federation of India; and g. National Agriculture Marketing Co-operative Federations. |

| Sr. No. | Name, Designation, Father's name, Address, Nationality, Occupation and DIN | Age | Date of Appointment as Director and Term | Details of other Directorships / partnerships / co-orporative societies / Association of Persons |
|----------------|---|------------|--|---|
| 3. | Mr. Vinod K. Shah <i>Designation:</i> Non executive Director <i>Father's name:</i> Mr. Kanji B. Shah <i>Residential Address:</i> Vijaya Bhuvan, 1 st floor, Balaji Road, Vile-Parle (West), Mumbai 400 056 <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 00143268 | 53 | <i>Date of appointment:</i> June 22, 1995 <i>Term:</i> Liable to retire by rotation | <i>Indian Companies</i> a. Inventure Wealth Management Limited; b. Nirmal Poly Plast Private Limited; c. Bob-Berry Fashion Private Limited; d. Euro Multi Vision Limited; and e. Inventure Insurance Broking Private Limited. <i>Partnership Firms</i> f. M/s. Ratan Poly Plast; g. M/s. Parshawa Associates; and h. M/s. Platinum Reality |
| 4. | Mr. Kanji B. Rita <i>Designation:</i> Non Executive Director <i>Father's name:</i> Mr. Bhachubhai B. Rita <i>Residential Address:</i> 1601, Laburnum Towers, Mahindra Gardens, S.V. Road, Goregaon (West), Mumbai 400062 <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 00727470 | 44 | <i>Date of appointment:</i> June 27, 1995 <i>Term:</i> Liable to retire by rotation | <i>Indian Companies</i> a. Inventure Finance Private Limited; b. KR Shoppers Private Limited; c. Keshvi Developers Private Limited; d. Kothari Builders Private Limited; e. Ratnasagar Diamond Mall Private Limited; f. Kenorita Collections Private Limited (Formerly known as Vandana Collections Private Limited); g. Krushmi Developers Private Limited; and h. Pioneer Securities Private Limited. |
| 5. | Mr. Pravin N. Gala <i>Designation:</i> Non executive Director <i>Father's name:</i> Mr. Nanji Gala <i>Residential Address:</i> 1502, Laburnum Tower, Mahindra Gardens, Goregaon (West), Mumbai 400062 <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 00786492 | 46 | <i>Date of appointment:</i> June 27, 1995 <i>Term:</i> Liable to retire by rotation | <i>Indian Companies</i> a. Nipra Financial Services Private Limited; b. Anupam Realities Private Limited; c. Suyojana Impex Private Limited; d. Euro Multi Vision Limited; and e. Vantage Corporate Services Limited |

| Sr. No. | Name, Designation, Father's name, Address, Nationality, Occupation and DIN | Age | Date of Appointment as Director and Term | Details of other Directorships / partnerships / co-orporative societies / Association of Persons |
|---------|---|-----|--|---|
| 6. | Mr. Harshawardhan M. Gajbhiye <i>Designation:</i> Independent Director <i>Father's name:</i> Mr. Marotrao Gajbhiye <i>Residential Address:</i> A-1301, Patliputra, Four Bungalow, Andheri (West), Mumbai 400053 <i>Nationality:</i> Indian <i>Occupation:</i> Professional <i>DIN:</i> 02281778 | 66 | <i>Date of appointment:</i> July 29, 2008 <i>Term:</i> Liable to retire by rotation | <i>Indian Companies</i> a. TRIF Real Estate & Development Private Limited; b. TRIF Kochi Projects Private Limited; c. Pune Solapur Expressways Private Limited; d. Landscape Structures Private Limited; e. Ardent Properties Private Limited; and f. Gurgaon Infratech Private Limited |
| 7. | Mr. Srinivasaiyer Jambunathan <i>Designation:</i> Independent Director <i>Father's name:</i> Mr. Srinivasa Iyer <i>Residential Address:</i> 9, Prakash, Relief Road, Daulat Nagar, Santacruz (West), Mumbai 400054 <i>Nationality:</i> Indian <i>Occupation:</i> Professional <i>DIN:</i> 00063729 | 73 | <i>Date of appointment:</i> July 29, 2008 <i>Term:</i> Liable to retire by rotation | <i>Foreign Companies</i> a. Halios & Matheson, North America, New York. <i>Indian Companies</i> b. First Policy Insurance Brokers Private Limited; c. Patel Engineering Company Limited; d. Calyx Chemicals and Pharmaceuticals Limited; and |
| 8. | Mr. Arun N. Joshi <i>Designation:</i> Independent Director <i>Father's name:</i> Mr. Narayan K. Joshi <i>Residential Address:</i> 6, Manas, Besant Street, Santacruz (West), Mumbai 400054 <i>Nationality:</i> Indian <i>Occupation:</i> Professional | 69 | <i>Date of appointment:</i> December 24, 2009 <i>Term:</i> Liable to retire by rotation | NIL |

| Sr. No. | Name, Designation, Father's name, Address, Nationality, Occupation and DIN | Age | Date of Appointment as Director and Term | Details of other Directorships / partnerships / co-orporative societies / Association of Persons |
|---------|--|-----|--|---|
| | DIN: 02268407 | | | |
| 9. | Mr. Deepak M. Vaishnav <i>Designation:</i> Independent Director <i>Father's name:</i> Mr. Manikant N. Vaishnav <i>Residential Address:</i> B/506, Vrindavan-3, Raheja Township, Malad (East) Mumbai 400097 <i>Nationality:</i> Indian <i>Occupation:</i> Professional DIN: 02889935 | 46 | <i>Date of appointment:</i> December 24, 2009 <i>Term:</i> Liable to retire by rotation | Inventure Finance Private Limited |
| 10. | Mr. Ajay Khera <i>Designation:</i> Independent Director <i>Father's name:</i> Mr. Kanti Kumar Khera <i>Residential Address:</i> 41, Atur Apartment, Colaba, Mumbai 400005 <i>Nationality:</i> Indian <i>Occupation:</i> Professional DIN: 00695146 | 55 | <i>Date of appointment:</i> December 24, 2009 <i>Term:</i> Liable to retire by rotation | <i>Indian Companies</i> a. Horizon Countrywide Logistics Limited; b. Fastlane Distriparks and Logistics Limited; and c. Chiplun FTWZ Private Limited |

- (i) None of our Directors are relatives are “relatives” within the meaning of Section 6 of the Companies Act.
- (ii) As on the date of the Red Herring Prospectus, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Directors was selected as a director or a member of our senior management.
- (iii) As on the date of the Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.

BRIEF BIOGRAPHY OF OUR DIRECTORS

Mr. Nagji K. Rita, Chairman and Managing Director

Mr. Nagji K. Rita, 58 years, is the Chairman and Managing Director of our Company. He is one of our founder members and has been with our Company, in the capacity of a Director since incorporation. He is a Bachelor of Commerce from the University of Mumbai. He started his career by managing a grocery store, his family business. It is during this period that he became a member of the Retail Grains Dealers Federation and was

elected as the Honorary Secretary in the year 1980. He went on to become the President of the Retail Grains Dealers Federation in the year 1981. He has rendered his services to the Public Distribution Services of the Government of Maharashtra and he further went on to become a member of the Vigilance Committee – Rationing Department, Mumbai. He was appointed as special executive magistrate by the Government of Maharashtra in the year 1980 and was re-appointed in the years 1988 and 1996. His vast experience also includes running and managing a departmental store of custom notified consumer durable goods by the name Oswal Consumer Co-operative Society from the year 1982 to 1990.

In the year 1991 he joined Mr. Arvind M. Shah, a member of BSE, as a sub-broker and trader. Capitalising on his experience and knowledge gained as a sub-broker he incorporated our Company in the year 1995. Under his guidance our Company has expanded from being a BSE broker to a full service brokerage house. He has been involved in the capital markets for approximately twenty years and has also held the post of director of the Governing Board of the Bombay Stock Exchange Limited from 2004 to 2006. He plays an active role in developing the corporate relationships of our Company. He further plays a vital role in various operations and working of our Company.

He has been:

- Awarded the ‘Stock Market Award’ on behalf of the Company by Bruhad Mumbai Gujarati Samaj for his exceptional achievement in the field of Stock Market in the year 2009;
- Felicitated by Commissioner of Police for supporting the Mumbai Police in maintaining peace, order, communal harmony and unity in the year 2008;
- Awarded ‘Sanman Patra’ by Sanskar Sarjan Education Trust in the year 2004;
- Awarded ‘Best Corporate Services Award’ by Kutch Shakti in the year 2004 for his exceptional achievements in the field of Corporate Services;
- Awarded Gujarat’s Gaurav Award by Divya Bhaskar in the year 2010; and
- Awarded ‘Swarnim Maharashtra Award – 2011’ by Bruhad Mumbai Gujarat Samaj in the year 2011.

Further he is involved with several non-governmental organizations for the promotion of social and humanitarian activities

Mr. Virendra Singh, Whole-time Director

Mr. Virendra Singh, 54 years, is the Whole-Time Director of our Company. He is one of the founder members of our Company and has been with our Company, in the capacity of a Director since the time of incorporation. He is a Bachelor of Science from the University of Bombay. His experience includes fifteen years in the field of Capital Markets and seven years in marketing pharmaceuticals. He has been instrumental in the expansion of our Company’s various financial services. He is actively associated with the functionality of these companies and is involved in the overall planning and strategizing of our Company. Mr. Singh is also a director of:

- Central Warehouse Corporation, a Government of India undertaking;
- Central Railside Warehouse Company, a Government of India undertaking;
- Inventure Commodities Limited;
- Inventure Wealth Management Limited; and
- Inventure Insurance Broking Private Limited.

He is also the Chairman of:

- National Co-operative Consumers’ Federation of India

Mr. Vinod K. Shah, Non Executive Director

Mr. Vinod K. Shah, 53 years, is the Non Executive Director of our Company. He is one of the founder members of our Company and has been with us as a Director since the time of incorporation. He started his career as a director with Nirmal Poly Plast Private Limited which is engaged in the business of manufacture and export of plastic house-ware. He has diversified business interests in the areas of polymers, textiles, plastic multi-products and realty. He looks after overall management of Nirmal Poly Plast Private Limited which involves accounting, finances, marketing and exports.

Mr. Pravin N. Gala, Non Executive Director

Mr. Pravin N. Gala, 46 years, is the Non Executive Director of our Company, since June 27, 1995. He is a fellow member of the Institute of Chartered Accountants of India. For the last fifteen years he has been engaged in the stock markets and has previously worked with a category II Merchant Banker, Gaurav Capital and Financial Services Limited. Capitalizing on his experience he started a stock broking company named Nipra Financial Services Private Limited. Currently he is engaged in various financial activities including equity broking, portfolio management service, loan syndication and risk management.

Mr. Kanji B. Rita, Non Executive Director

Mr. Kanji B. Rita, 44 years, is the Non Executive Director of our Company, since June 27, 1995. He is a non-matriculate and started his career in retail steel sector from the year 1984. He has over 15 years of experience in the stock markets. He has diversified business interests in the areas of realty, retail and finance. In the year 2002 he incorporated Vandana Collection Private Limited and set up a retail store by the name "Kenorita". He then ventured into the real estate sector and has multiple projects running under the banner of Krushmi Developers Private Limited, Ratnasagar Diamond Mall Private Limited and Keshvi Developers Private Limited.

Mr. Harshawardhan M. Gajbhiye, Independent Director

Mr. Harshawardhan M. Gajbhiye, 66 years, is a Non Executive and Independent Director of our Company. He retired in April 2005 from the Indian Administrative Service (1985 Batch) in Supertime Scale. He started his career in the year 1969 with the Department of Co-operation, Government of Maharashtra wherein he held various senior positions. During his tenure with the Indian Administrative Service he has worked on various posts such as the C.E.O. of Zilla Parishad, Deputy Secretary of the Revenue Department, Director of Small Savings and State Lotteries, Controller of Rationing-Mumbai, Additional Commissioner of Sales Tax, Municipal Commissioner-Aurangabad and Managing Director-Maharashtra Agro Industries Development Corporation Limited.

Mr. Srinivasaiyer Jambunathan, Independent Director

Mr. Srinivasaiyer Jambunathan, 73 years, is a Non Executive and Independent Director of our Company. He is a gold medallist in Mathematics from Madras University. He is an officer of Indian Administrative Service, 1960 Batch. He has been a member of the Board of Directors of the Bombay Stock Exchange Limited for a period of six years and has further served as a Non-Executive Chairman for three years. He has also served as: -

- Chairman and Managing Director of Export Credit Guarantee Corporation, Government of India;
- Addtional Chief Secretary (Home) Maharashtra;
- Managing Director of Maharashtra State Finance Corporation;
- Vice Chairman cum General Manager of Maharashtra State Road Transport Corporation;
- Joint Secretary Defence Production;
- Chairman of the State Bank of Mauritius, Local Advisory Board;
- Secretary General of Council for Fair Business Practices; and
- Hon. Director, Bhartiya Vidya Bhavan, Gandhi Institute of Computer Education.

Mr. Deepak M. Vaishnav, Independent Director

Mr. Deepak M. Vaishnav, 46 years, is the Non Executive and Independent Director of our Company. He is a Chartered Accountant by profession. He has a vast experience of 19 years in the fields of business process re-engineering, computerisation of processes, ERP evaluation, implementation and post production support, ERP due diligence, providing functional, technical and strategic support to various teams working on various projects in diverse industries like stock exchange, finance, real estate, telecommunication, banking, government financials, IT consulting, insurance and investments, process manufacturing, retail etc. at different locations in India and abroad.

He represents Tata Consultancy Services at various academic premium institutions like S.P. Jain Management & Research Institute, D. J. Sanghavi College of Engineering, Swami Vivekanand College etc. for faculty trainings, addressing students to prepare under testing times etc. He has conducted various trainings programmes on project management, Oracle applications and finance for variety of audiences across Tata Consultancy Services' offices.

Mr. Arun N. Joshi, Independent Director

Mr. Arun N. Joshi, 69 years, is a M.Sc. and a CAIIB. He is the Non Executive and Independent Director of our Company. He has vast experience in the area of Banking and Finance. He has worked with the State Bank of India for a period of 35 years, in various capacities, in India and abroad. At the time of retirement, he held the position of Managing Director of SBI Factors and Commercial Services Limited. During his long stint with SBI, he gained knowledge and expertise in various areas such as Credit Appraisal and follow up, N.P.A. Management, Forex Operations, Planning and Control and Reorganisation of Bank's Structure etc. He has also served as an executive Director of Bombay Stock Exchange Limited for three years where he was closely involved in various areas such as control and regulation, market development, launch of products such as Internet trading, Futures & Options and upgradation of Trading platform etc. Mr. Joshi has also served as a director of Central Depository Services Limited and as a member of various committees including the audit committee and the Finance & Accounts committee for a period of three years. Mr. Joshi has also served as a director on the board of BOI Shareholding Limited, the clearing house of BSE, for a period of three years.

Mr. Ajay Khara, Independent Director

Mr. Ajay Khara, 55 years, is the Non executive and Independent Director of our Company. His qualifications include:-

- M.sc (Hons.) in Bio Chemistry;
- Diploma in International Marketing;
- Diploma in Industrial Purchasing and Materials Management;
- Advance diploma in German language;
- Fellow of Chartered Institute of Logistics and Transport;
- Member of Institute of Materials Management, United Kingdom.

He has around twenty-nine years of experience in warehousing and logistics. He stands credited with outstanding services and contributions towards the growth of hi-tech Jawaharlal Nehru Port, by the Jawaharlal Nehru Port Trust and stands conferred with JPI's Rajiv Gandhi Memorial Shipping Performance Award – 1996 for special services for outstanding contribution for promoting of shipping trade at JNPT, Navi Mumbai.

Borrowing powers of our Board of Directors

Pursuant to an ordinary resolution passed at the EGM of our shareholders held on December 21, 2009 our Directors were authorised to borrow money(s) on behalf of our Company in excess of the paid up share capital and the free reserves of our Company from time to time, pursuant to the provisions of Section 293(1) (d) of the Companies Act, subject to an amount not exceeding ₹ 2,50,00,00,000/-.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to heading titled 'Borrowing Powers' on page 352 in the Chapter titled 'Main Provisions of the Articles of Association' beginning on page 332 of the Red Herring Prospectus.

Remuneration/Compensation of Directors

(i) Executive Directors

Mr. Nagji K. Rita, Chairman and Managing Director, was one of the subscribers to the Memorandum of Association of our Company and has been appointed on the Board of Directors of our Company as per the Articles of Association of our Company. He was appointed as Managing Director *vide* EGM resolution on March 29, 1997 for a term of 5(five) years, re-appointed *vide* EGM resolution on April 30, 2001 for a term of 5(five) years, re appointed as Managing Director *vide* EGM resolution on May 15, 2006 for a term of 3 (three) years and was re appointed as Managing Director *vide* EGM resolution on April 02, 2009 for a term of 5 (five) years till March 31, 2014. Mr. Rita received a compensation of ₹ 18,00,000 for financial year ended March, 2011. The significant terms of his employment *vide* resolution passed at the EGM held on April 02, 2009 are as follows:

| | |
|---------------------|--|
| Tenure | Period of 5(five) years with effect from April 1, 2009. |
| Basic Salary | ₹ 1,50,000 per month with an authority to the Board to increase the same from time to time in accordance with the limits specified in part II of Schedule XIII of the Companies Act, 1956, as amended from time to time. |

| | |
|--------------------|--|
| Commission | Payment of commission of such amount for each corporate financial year as may be decided by Remuneration Committee of the Directors and Board of Directors for each financial year. |
| Perquisites | <p>Medical Benefits: Reimbursement of medical expenses incurred by the appointee on self, spouse and dependent children will be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.</p> <p>Leave Travel Concession: For self and family once a year in accordance with the rules of the Company.</p> <p>Club Fees: Fees for admission and life membership of two clubs.</p> <p>Personal Accident Insurance: Personal accident insurance cover shall be payable as per rules of the Company.</p> <p>Contribution to Provident Fund, Superannuation and Annuity Fund: Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</p> <p>Gratuity: Gratuity at the rate of half month's salary for each completed year of service.</p> <p>Leave: Leave with full pay or encashment thereof as per the Rules of the Company.</p> <p>Housing: The expenditure to the Company on hiring furnished accommodation shall not exceed 60% of the salary. In case the Managing Director is provided accommodations owned by the Company, he will pay 10% of his salary towards house rent.</p> <p>Gas, Electricity, Water and Furnishings Expenses: The expenditure on gas, electricity, water, and furnishing will be borne by the Company and its monetary value shall be valued as per Income Tax Rules, 1962.</p> <p>Other perquisites: Subject to overall ceiling on remuneration mentioned hereinabove, Mr. Nagji K. Rita may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.</p> |
| Amenities | <p>Conveyance facilities: Managing Director will be provided with a car with driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and telephone at residence will not be considered as perquisite.</p> <p>Communication facilities: Company shall provide telephone at the residence of Mr. Nagji K. Rita but personal long distance calls will be billed to the Managing Director.</p> <p>Minimum Remuneration: Where in any financial year during the currency of the tenure of Mr. Nagji K. Rita, Managing Director of the Company, the Company has no profits or the profits are inadequate it may pay remuneration to the Managing Director by way of salary, dearness allowances, perquisites and other allowances as detailed above.</p> <p>Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.</p> |

Mr. Virendra Singh, Whole-time Director, was one of the subscribers to the Memorandum of Association of our Company and has been appointed on the Board of Directors of our Company as per the Articles of Association. He was appointed as Whole-time Director *vide* EGM resolution on April 30, 2007 for a term of 2(two) years and was re appointed as Whole-time Director *vide* EGM resolution on April 02, 2009 for a term of 5(five) years till March 31, 2014. Mr. Singh received a compensation of ₹ 3,60,000 for financial year ended March, 2011. The significant terms of his employment *vide* resolution passed at the EGM held on April 02, 2009 are as follows:

| | |
|------------------------------|---|
| Tenure of Appointment | For a period of 5 (five) years with effect from April 1, 2009. |
| Basic Salary: | ₹ 30,000 per month with an authority to the Board to increase the same from time to time in accordance with the limits specified in part II of Schedule XIII of the Companies Act, 1956, as amended from time to time. |
| Commission | Payment of commission of such amount for each corporate financial year as may be decided by Remuneration Committee of the Directors and Board of Directors for each financial year. |
| Perquisites | <p>Medical Benefits: Reimbursement of medical expenses incurred by the appointee on self, spouse and dependent children will be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.</p> <p>Leave Travel Concession: For self and family once a year in accordance with the rules of the Company.</p> <p>Club Fees: Fees for admission and life membership of two clubs.</p> <p>Personal Accident Insurance: Personal accident insurance cover shall be payable as per rules of the Company.</p> <p>Contribution to Provident Fund, Superannuation and Annuity Fund: Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</p> <p>Gratuity: Gratuity at the rate of half month's salary for each completed year of service.</p> <p>Leave: Leave with full pay or encashment thereof as per the Rules of the Company.</p> <p>Housing: The expenditure to the Company on hiring furnished accommodation shall not exceed 60% of the salary. In case the Whole-time Director is provided accommodations owned by the Company, he will pay 10% of his salary towards house rent.</p> <p>Gas, Electricity, Water and Furnishings Expenses: The expenditure on gas, electricity, water, and furnishing will be borne by the Company and its monetary value shall be valued as per Income Tax Rules, 1962.</p> <p>Other perquisites: Subject to overall ceiling on remuneration mentioned hereinabove, Mr. Virendra Singh may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.</p> |
| Amenities | <p>Conveyance facilities: Whole-time Director will be provided with a car with driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for</p> |

official use and telephone at residence will not be considered as perquisite.

Communication facilities:

Company shall provide telephone at the residence of Mr. Virendra Singh but personal long distance calls will be billed to the Whole-time Director.

Minimum Remuneration:

Where in any financial year during the currency of the tenure of Mr. Virendra Singh, Whole-time Director of the Company, the Company has no profits or the profits are inadequate it may pay remuneration to the Whole-time Director by way of salary, dearness allowances, perquisites and other allowances as detailed above.

Explanation :

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

(ii) **Independent Directors:** Our Independent Directors are entitled to sitting fees for attending meetings of the Board, or of any committee of the Board. Currently, the sitting fees payable by our Company to our Directors is ₹ 2,500/- for every meeting of the Board attended by them and ₹ 2,500/- for every meeting of the committee of the Board attended by them.

Shareholding of Our Directors

As per our Articles, our Directors are not required to hold any Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of the Red Herring Prospectus.

| Sr. No. | Name of the Directors | Number of Equity Shares | % of pre issue equity share capital |
|---------|-----------------------|-------------------------|-------------------------------------|
| 1. | Mr. Nagji K. Rita | 42,01,490 | 30.01 |
| 2. | Mr. Virendra Singh | 10,65,000 | 7.61 |
| 3. | Mr. Vinod K. Shah | 7,20,000 | 5.14 |
| 4. | Mr. Pravin N. Gala | 11,20,000 | 8.00 |
| 5. | Mr. Kanji B. Rita | 7,41,112 | 5.29 |

None of our Directors or Key Managerial Personnel are “relatives” within the meaning of Section 6 of the Companies Act.

None of our Directors are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of remuneration payable to them for their services as executive directors of our Company and reimbursement of expenses payable to them under our Articles of Association. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, save and except as stated otherwise on page 107 under the heading titled ‘*Property*’ in the chapter titled ‘*Our Business*’ beginning on page 93 of the Red Herring Prospectus, page 149 under the heading titled ‘*Shareholding of our Directors*’ in the chapter titled ‘*Our Management*’ beginning on page 140 of the Red Herring Prospectus, in the Annexure XVIII titled ‘*Related Party Transactions*’ beginning on page 232 in the chapter titled ‘*Financial Information*’ beginning on page 165 of the Red Herring Prospectus, and under the heading titled ‘*Interest of our Promoters*’ on page 158 in the chapter titled ‘*Our Promoters and their Background*’ beginning on page 157 of the Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of filing of the Red Herring Prospectus with SEBI.

Our Directors are not interested in the appointment of, or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in our Board of Directors during the last three years

The following are the changes in our Board of Directors during the last three years:

| Name and Designation of the Director | Date of Appointment | Date of Resignation | Reasons |
|--|----------------------------|----------------------------|--|
| Mr. Arun N. Joshi, <i>Independent Director</i> | July 29, 2008 | | Appointment |
| Mr. Harshawardhan M. Gajbhiye, <i>Independent Director</i> | July 29, 2008 | | Appointment |
| Mr. Srinivasaiyer Jambunathan, <i>Independent Director</i> | July 29, 2008 | | Appointment |
| Mr. Nagji K. Rita, <i>Chairman and Managing Director</i> | April 01, 2009 | | Re-appointment |
| Mr. Virendra Singh, <i>Whole-time Director</i> | April 01, 2009 | | Re-appointment |
| Mr. Arun N. Joshi, <i>Independent Director</i> | | May 20, 2009 | Cessation |
| Mr. Kanji B. Rita, <i>Non executive Director</i> | June 01, 2009 | | Change in Designation from Whole-time Director to Non executive Director |
| Mr. Vinod K. Shah, <i>Non executive Director</i> | September 30, 2009 | | Appointment |
| Mr. Pravin N. Gala, <i>Non executive Director</i> | September 30, 2009 | | Appointment |
| Mr. Arun N. Joshi, <i>Independent Director</i> | December 24, 2009 | | Appointment |
| Mr. Deepak M. Vaishnav, <i>Independent Director</i> | December 24, 2009 | | Appointment |
| Mr. Ajay Khara, <i>Independent Director</i> | December 24, 2009 | | Appointment |

Corporate Governance

The provisions of the Listing Agreement / SEBI (ICDR) Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. We are in compliance with these provisions relating to setting up necessary committees. We have constituted the following committees of our Board of Directors in pursuance hereof.

1. Audit Committee
2. Remuneration / Compensation Committee
3. Shareholders' / Investors' Grievance Committee
4. IPO Committee

1. Audit Committee

The Audit Committee was constituted *vide* a resolution passed by the Board at its meeting held on August 07, 2008. The Committee was reconstituted on March 6, 2009. The terms of reference of the audit committee covers the matters specified under Section 292A of the Companies Act. The committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures.

The current terms of reference of the Audit Committee are in compliance with the requirements of clause 49 of the Listing Agreement as well as Section 292 A of the Companies Act. These broadly include approval of internal audit programme, review of financial reporting systems, internal control systems, ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of statutory auditors etc.

The audit committee consists of the following Directors:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|-------------------------------|-------------------------------------|--------------------------------|
| Mr. Harshawardhan M. Gajbhiye | Chairman | Independent Director |
| Mr. Srinivasaiyer Jambunathan | Member | Independent Director |
| Mr. Nagji K. Rita | Member | Chairman and Managing Director |

Powers of the Audit Committee

- 1) To investigate any activity within its terms of reference;
- 2) To seek information from any employee;
- 3) To obtain outside legal or other professional advice; and
- 4) To secure attendance of outsiders with reasonable expertise, if considered necessary.

Role of the Audit Committee

- 1) Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Appointment, removal and terms of remuneration of internal auditors.
- 5) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to the financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report.
- 6) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- 7) Monitoring the use of the proceeds of the proposed initial public offering of our Company.
- 8) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 9) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- 10) Discussions with internal auditors on any significant findings and follow up thereon.
- 11) Reviewing internal audit reports and adequacy of the internal control systems.
- 12) Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
- 13) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 14) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 15) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- 16) To review the functioning of the whistle blower mechanism, when the same is adopted by our Company and is existing.
- 17) Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

2. Remuneration / Compensation Committee

Our Company has constituted a Remuneration / Compensation Committee pursuant to the requirement of Schedule XIII of the Companies Act for approving remuneration to the executive Directors. This Remuneration / Compensation Committee, while approving minimum remuneration under Schedule XIII, takes into account

the financial position of our Company, trends in industries, Director's qualifications, experience, past performance, past remuneration etc. The remuneration committee was constituted *vide* a resolution passed by the Board at its meeting held on March 06, 2009.

The Remuneration / Compensation Committee consists of the following Directors:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|-------------------------------|-------------------------------------|-------------------------------|
| Mr. Srinivasaiyer Jambunathan | Chairman | Independent Director |
| Mr. Harshawardhan M. Gajbhiye | Member | Independent Director |
| Mr. Vinod K. Shah | Member | Non Executive Director |

The terms of reference of the Remuneration / Compensation Committee of our Company include:

- 1) To recommend to the Board, the remuneration packages of our Company's Managing / Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (*i.e.* salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees *etc.*);
- 2) To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing / Joint Managing / Deputy Managing / Wholetime / Executive Directors, including pension rights and any compensation payment;
- 3) To implement, supervise and administer any share or stock option scheme of our Company.

3. *Shareholders' / Investors' Grievance Committee*

Our Company has formed a Shareholders' / Investors' Grievance Committee pursuant to clause 49 of the listing agreement for looking into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet etc. The Shareholders' / Investors' Grievance Committee was constituted *vide* a resolution passed by the Board at its meeting held on December 24, 2009.

The Shareholders' / Investors' Grievance Committee' consists of the following Directors:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|-----------------------------|-------------------------------------|--------------------------------|
| Mr. Ajay Khara | Chairman | Independent Director |
| Mr. Arun N. Joshi | Member | Independent Director |
| Mr. Nagji K Rita | Member | Chairman and Managing Director |

The Shareholders' / Investors' Grievance Committee was constituted specifically to look into the redressal of shareholders and investors' complaints like:

- 1) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- 2) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends *etc.*;
- 3) Issue of duplicate / split / consolidated share certificates;
- 4) Allotment and listing of shares;
- 5) Reference to statutory and regulatory authorities regarding investor grievances; and
- 6) Ensure proper and timely attendance and redressal of investor queries and grievances.

4. *IPO Committee*

The IPO Committee was re-constituted *vide* a resolution passed by the Board at its meeting held on February 8, 2010. It was constituted to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation *etc.* for the information of the Stock Exchanges and Investors and shall keep the information up dated through our Company's website.

The IPO committee consists of the following Directors:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|-----------------------------|-------------------------------------|--------------------------------|
| Mr. Nagji K. Rita | Chairman | Chairman and Managing Director |
| Mr. Arun N. Joshi | Member | Independent Director |
| Mr. Deepak M. Vaishnav | Member | Independent Director |

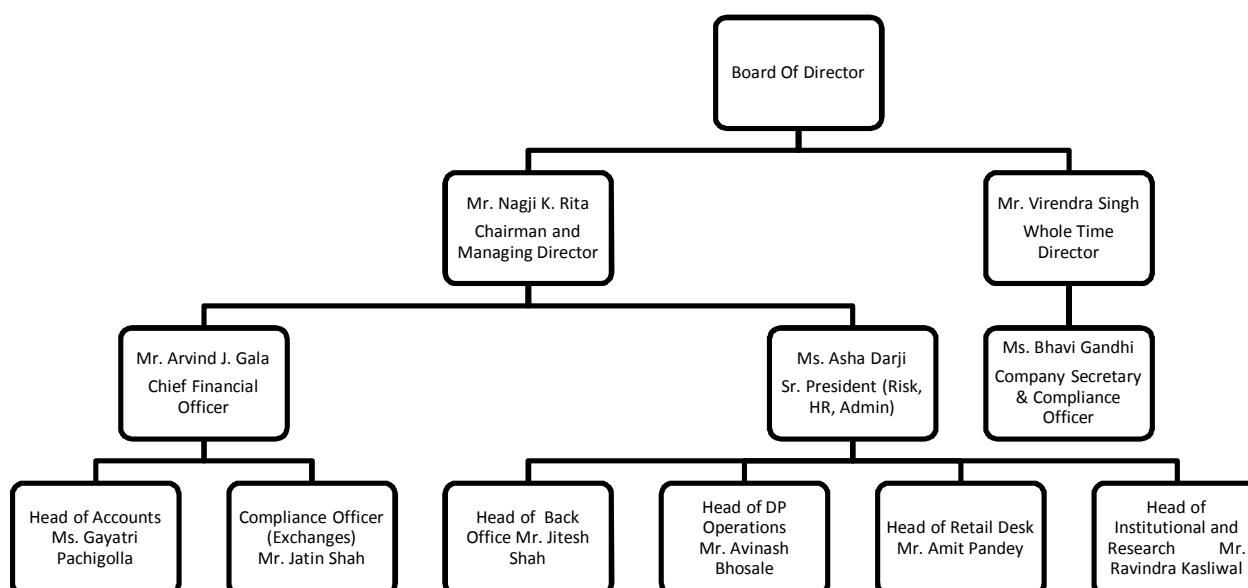
The terms of reference of the IPO Committee of our Company includes:

- 1) to decide on the actual size of the Issue, including any reservation for shareholders of promoting companies or shareholders of group companies and/or any other reservations or firm allotments as may be permitted, timing, pricing and all the terms and conditions of the Issue of the shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- 2) to appoint and enter into arrangements with the Book Running Lead Manager, Co-Managers to the Issue, Underwriters to the Issue, Syndicate Members to the Issue, Advisors to the Issue, Stabilizing Agent, Brokers to the Issue, Escrow Collection Bankers to the Issue, Registrars, Legal Advisors to the Issue, Legal Advisors to our Company, Legal Advisors as to Indian and overseas jurisdictions, advertising and/or promotion or public relations agencies and any other agencies or persons;
- 3) to finalize and settle and to execute and deliver or arrange the delivery of the offering documents (the Red Herring Prospectus, the Red Herring Prospectus, Final Prospectus (including the draft international wrap and final international wrap, if required, for marketing of the Issue in jurisdictions outside India), syndicate agreement, underwriting agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the issue of shares or the Issue by our Company;
- 4) to open one or more separate current account(s) in such name and style as may be decided, with a scheduled bank to receive applications along with application monies in respect of the Issue of the shares of our Company;
- 5) to open one or more bank account of our Company in such name and style as may be decided for the handling of refunds for the Issue;
- 6) to make any applications to the RBI, FIPB and such other authorities, as may be required, for the purpose of Issue of shares by our Company to non-resident investors including but not limited to NRIs, FIIs, FVCI's and other non-residents;
- 7) to make applications for listing of the equity shares of our Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
- 8) to settle all questions, difficulties or doubts that may arise in regard to the Issue or allotment of shares as it may, in its absolute discretion deem fit; and
- 9) to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates in accordance with the relevant rules.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. BSE and NSE, Ms. Bhavi Gandhi Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

MANAGEMENT ORGANISATION STRUCTURE



OUR KEY MANAGERIAL PERSONNEL

Our Company is managed by its Board of Directors, assisted by qualified professionals, who are permanent employees of our Company; with vast experience in the field of finance, compliance and marketing.

Mr. Arvind J. Gala, aged 35years, is the Chief Financial Officer of our Company. He holds a Bachelors Degree in Commerce from the University of Mumbai. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India since September, 1998. He has obtained a certificate of Insurance from the Institute of India in Life Insurance. Mr. Gala also holds various certification in Capital Markets like NSE Certification in Financial Market, Capital Market (Dealers) Module, NSE Certification in Financial Market, FIMMDA-NSE Debt Market (Basic) Module, NSE Certification in Financial Markets, Derivative Market (Dealer) Module, ISE Training & Research Centre on Compliance Requirements for Brokers & Sub-Brokers, Certificate of Basic Programme on Derivatives by BSE Training Institute, BSE Certification on Currency Futures, NISM, Currency Derivatives Certification Exam by National Institute of Securities Market. He has been awarded the 'NSE Certificate Market Professional (NCPM) Level 1 certification from NSE. He is also a MCX Certified Commodity Professional (MCCP). He has 19years of experience in compliance, fianance and taxation and capital markets. Prior to joining our Company Mr. Gala has worked with Hiren D Shah & Co., Chartered Accountants as Tax and Audit Manager. He joined our Company in January 1, 1999 as Compliance Officer of CDSL-DP and has held various positions including Compliance Officer-Stock Broking and Principal Officer for SEBI. He was appointed as our Chief Financial Officer in July 2008 and was paid a remuneration of ₹ 4.34 lakhs for financial year 2010-2011.

Mr. Avinash Bhosale, aged 37 years, is the Head Compliance officer -DP Operations of our Company. He holds a Bachelors Degree in Commerce from the University of Mumbai. He joined our Company on May 1, 1996 and has held various positions in the back office operations and depository related activities of our Company. In the last fiscal he was paid a remuneration of ₹ 5.31 lakhs.

Mr. RavindarKasliwal, aged 37 years, is the Head – Institutional Broking of our Company. He holds a Bachelors Degree in Commerce from Ajmer University, Rajasthan. He is a qualified Chartered Accountant from Institute of Chartered Accountants. Prior to joining our Company, Mr. Kasliwal has worked with Biyani Securities Private Limited as President – Institutional Sales. He has been associated with our Company since September 1, 2000. He has over 15 years of experience in institutional, research and sales. In the last fiscal he was paid a remuneration of ₹ 2.07 lakhs.

Mr. Amit Pandey, aged 28 years, is the Head Retail Broking of our Company. He holds a Bachelors Degree in Commerce from the University of Mumbai and also holds MCCP certification in Commodity Derivatives. He has over seven years of experience in financial services and business development. His tenure includes working

with MCX as Assistant Manager – Relations and with India Infoline Limited as Associate Vice President-Area Office Navi Mumbai. He has been associated with our Company since February 9, 2009. In the last fiscal he was paid a remuneration of ₹ 7.91 lakhs.

Ms. Gayatri Pachigolla, aged 31 years, is the Accounts Manager of our Company. She holds a Bachelors Degree in Commerce from Andhra University. She is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. She has completed her Diploma in Commercial and Computer Practice from the Board of Technical Education. She has nine years of experience in Finance, Accounts, Auditing and Tax / Statutory Compliance. She started her career with Chowdary & Rao, Chartered Accountants as Manager – Taxation, Auditing & Accounts. She has been associated with our Company since February 16, 2009. In the last financial year she was paid a remuneration of ₹ 2.57 lakhs.

Mr. Jitesh Shah, aged 32 years, is the Head-Risk Management of our Company. He has completed his higher secondary education from Pune Board in March 1994. He has 10 years of experience in back office, dealing and other activities relating to stock markets. His tenure includes working at Suresh N. Shah Securities Private Limited, Emkay Shares and Stock Broking Limited and Zodiac Broking Private Limited. He has been associated with our Company since November 11, 2007. In the last fiscal he was paid a remuneration of ₹ 4.30 lakhs.

Mr. Jatin Shah, aged 28 years, is the Stock Exchange-Compliance Officer of our Company. He has completed his Masters of Commerce from the University of Mumbai. He has seven years of experience in administration and compliance. His tenure includes working at Anugrah Stock Broking as Bolt Operator. He has been associated with our Company since March 1, 2007. In the last fiscal he was paid a remuneration of ₹ 3.85 lakhs.

Ms. Asha Darji, aged 35 years, is the Senior President – Risk, Human Resources and Administration of our Company. She has completed Bachelor of Commerce and Master of Commerce from the University of Mumbai. She has approximately 10 years of experience and, prior to joining our Company, was associated with Inventure Commodities Limited. She has been associated with our Company since June 1, 2010. She is currently responsible for work pertaining to administration and human resources of our Company. In the last fiscal she was paid a remuneration of ₹ 6.12 lakhs.

Ms. Bhavi Gandhi, aged 28 years, is the Company Secretary and Compliance Officer of our Company. She has completed Bachelor of Commerce from the University of Mumbai. She is a member of Institute of Company Secretary of India. She has approximately 2 years of experience secretarial work and, prior to joining our Company, was associated with Shree Renuka Sugars Limited. She is currently responsible for secretarial work of our Company. She has been associated with our Company since April 25, 2011. As she was appointed in financial year 2011-2012, no remuneration was paid to her by our Company in the last fiscal.

We confirm that other than as mentioned above, the Promoters / Directors of our Company do not have any relationship whatsoever with our Key Managerial Personnel. All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.

Shareholding of our Key Managerial Personnel

Our key managerial personnel do not hold any Equity Shares in our Company as on date of the Red Herring Prospectus.

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no bonus or profit sharing plan for our key managerial employees.

Changes in the Key Managerial Personnel during last three years

| Name and Designation | Date of Joining | Date of Leaving | Reason for change |
|---|------------------------|------------------------|--------------------------|
| Shyamsunder P. Vyas, Compliance Officer | October 1, 2009 | January 31, 2011 | Resignation |
| Vinodchandra A. Vakharia, Company Secretary | April 28, 2008 | March 31, 2011 | Resignation |
| Amit Pandey, Retail Desk | February 9, 2009 | N.A. | Appointment |

| Name and Designation | | | Date of Joining | Date of Leaving | Reason for change |
|--------------------------------------|--|--|-------------------|--------------------|-------------------|
| Gayatri Pachigolla, Accounts Manager | | | February 16, 2009 | N.A. | Appointment |
| Chetan Shah, Administration Head | | | January 1, 2008 | September 20, 2010 | Resignation |
| Asha Darji | | | June 1, 2010 | N.A. | Appointment |
| Bhavi Gandhi, Company Secretary | | | April 25, 2011 | N.A. | Appointment |

Employees

ESOP/ESPS

Presently, we do not have ESOP / ESPS scheme for our employees.

Payment or benefits to officers of our Company

As part of their total compensation, the key managerial employees are offered a comprehensive and competitive benefit package which includes the following:

- (a) House lease/House Rent allowance;
- (b) Conveyance Allowance;
- (c) Education Allowance;
- (d) Special allowance;
- (e) Leave travel allowance;
- (f) Medical reimbursement;
- (g) Superannuation;
- (h) Gratuity and provident fund in accordance with the Payment of Gratuity Act, 1972 and Employees Provident Fund and Miscellaneous Provisions Act, 1952; and
- (i) Medical Insurance Hospitalization Scheme.

Loans given to our Key Managerial Personnel

Our Company had advanced loans in the past to certain Key Managerial Personnel. However, there are no such loans pending as on date of filing of the Red Herring Prospectus.

Interests of our key managerial personnel

None of our key managerial employees have any interest in our Company except as disclosed above and except to the extent of their remuneration and benefits.

Payment of Benefits to Officers of our Company

Except for the payment of salaries and perquisites, lease rent and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated under the Annexure XVIII on page 232 in the section titled 'Financial Information' on page 165 and the heading titled 'Property' on page 107 in the chapter titled 'Our Business' beginning on page 93 of the Red Herring Prospectus, we have not paid /given any benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of filing the Red Herring Prospectus with SEBI.

OUR PROMOTERS AND THEIR BACKGROUND

Our Company has been promoted by Mr. Nagji K. Rita and Ms. Jayshree N. Rita.

Details of our Promoters are as under:



Mr. Nagji K. Rita, 58 years, is the Executive Chairman and Managing Director of our Company.

Mr. Nagji K. Rita was one of the subscribers to the Memorandum of Association of our Company. He is a Bachelor of Commerce from the University of Mumbai. He started his career by managing a grocery store, his family business. It is during this period that he became a member of the Retail Grains Dealers Federation and was elected as the Honorary Secretary in the year 1980. He went on to become the President of the Retail Grains Dealers Federation in the year 1981. He has rendered his services to the Public Distribution Services of the Government of Maharashtra and he further went on to become a member of the Vigilance Committee – Rationing Department, Mumbai. He was appointed as special executive magistrate by the Government of Maharashtra in the year 1980 and was re-appointed in the years 1988 and 1996. His vast experience also includes running and managing a departmental store of custom notified consumer durable goods by the name Oswal Consumer Co-operative Society for the period 1982 to 1990.

In the year 1991 he joined Mr. Arvind M. Shah, a member of BSE, as a sub-broker and trader. Capitalising on his experience and knowledge gained as a sub-broker he incorporated our Company in the year 1995. Under his guidance our Company has expanded from being a BSE broker to a full service brokerage house. He has been involved in the capital markets for approximately twenty years and has also held the post of director of the Governing Board of the Bombay Stock Exchange Limited for the period 2004 to 2006. He plays an active role in developing the corporate relationships of our Company. He further plays a vital role in various operations and working of our Company.

He has been:

- Awarded the 'Stock Market Award' on behalf of the Company by Bruhad Mumbai Gujarati Samaj for his exceptional achievement in the field of Stock Market in the year 2009;
- Felicitated by Commissioner of Police for supporting the Mumbai Police in maintaining peace, order, communal harmony and unity in the year 2008;
- Awarded 'Sanman Patra' by Sanskar Sarjan Education Trust in the year 2004;
- Awarded 'Best Corporate Services Award' by Kutch Shakti in the year 2004 for his exceptional achievements in the field of Corporate Services;
- Awarded Gujarat's Gaurav Award by Divya Bhaskar in the year 2010; and
- Awarded 'Swarnim Maharashtra Award – 2011' by Bruhad Mumbai Gujarat Samaj in the year 2011.

Mr. Rita is also involved with several non-governmental organizations for the promotion of social and humanitarian activities.

Mr. Rita currently resides at Room no. 11, 3rd floor, Anand Kunj, Daftary Road, Malad (East), Mumbai – 400 097, Maharashtra

Driving License No.: 5/2968.
Voter ID No.: MT/04/024/258872.

Ms. Jayshree N. Rita, 58 years, is a Promoter of our Company.



Ms. Jayshree N. Rita is the wife of Mr. Nagji K. Rita. She is a non matriculate and is involved in various social activities. She does not have experience in our Company's current line of business.

Ms. Rita currently resides at Room no. 11, 3rd floor, Anand Kunj, Daftary Road, Malad (East), Mumbai – 400 097, Maharastra

Driving License No.: Not applied for
Voter ID No.: ITD2384964

We confirm that the Permanent Account Number, bank account number and passport number of our Promoters has been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

For details pertaining to other ventures of our Promoters please refer to chapter titled “*Our Promoter Group and Group Entities*” beginning on page 160 of the Red Herring Prospectus.

Relationship of Promoters with each other and with our Directors

Ms. Jayshree N. Rita is the wife of Mr. Nagji K. Rita.

Common Pursuits

There are no common pursuits between our Company and our group companies / promoter companies.

Interest of Promoters

Our Promoters do not have any interest:

- (i) Other than in the promotion of our Company, save and except the rent received from our Company for using the following properties:

- 1. No. 5, Anand Kunj, Daftary Road, Malad (E), Mumbai – 400 097.

- (ii) in any property acquired by our Company for a period of two years before filing the Red Herring Prospectus with SEBI or proposed to be acquired by our Company as on the date of filing the Red Herring Prospectus with SEBI.

Further, save and except as stated otherwise on page 107 under the heading titled ‘*Property*’ in the chapter titled ‘*Our Business*’ beginning on page 93 of the Red Herring Prospectus, pages 149 and 149 under the heading titled ‘*Shareholding of our Directors*’ and ‘*Interest of Directors*’ in the chapter titled ‘*Our Management*’ beginning on page 140 of the Red Herring Prospectus, in the Annexure XVIII titled ‘*Related Party Transactions*’ beginning on page 232 in the chapter titled ‘*Financial Information*’ beginning on page 165 of the Red Herring Prospectus, our Promoters do not have any other interests in our Company as on the date of filing of the Red Herring Prospectus with SEBI.

Payment or Benefit to our Promoters

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Red Herring Prospectus except as mentioned / referred to on page 107 under the heading titled '*Property*' in the chapter titled '*Our Business*' beginning on page 93 of the Red Herring Prospectus, pages 149 and 149 under the heading titled '*Shareholding of our Directors*' and '*Interest of Directors*' in the chapter titled '*Our Management*' beginning on page 140 of the Red Herring Prospectus, in the Annexure XVIII titled '*Related Party Transactions*' beginning on page 232 in the chapter titled '*Financial Information*' beginning on page 165 of the Red Herring Prospectus, and under the heading titled '*Interest of our Promoters*' on page 158 in the chapter titled "*Our Promoters and their Background*" beginning on page 157 of the Red Herring Prospectus,

There is no bonus or profit sharing plan for our Promoters.

Related Party Transactions

For details on our related party transactions please refer to the Annexure XVIII on page 232 under the section titled '*Financial Information*' beginning on page 165, respectively, of the Red Herring Prospectus.

OUR PROMOTER GROUP AND GROUP ENTITIES

Our Promoters and Promoter Group in terms of Regulation 2(1)(za) and 2(1)(zb) includes the following:

A. Individuals related to our Promoters:

| Relationship with our Promoters | Mr. Nagji K. Rita | Ms. Jayshree N. Rita |
|---------------------------------|---|---|
| Father | Late Mr. Keshavji M. Rita | Late Mr. Malshi N. Gada |
| Mother | Ms. Khimai K. Rita | Late Ms. Laxmi M. Gada |
| Spouse | Ms. Jayshree N. Rita | Mr. Nagji K. Rita |
| Brother | Mr. Chandrakant K. Rita Mr. Anil K. Shah Mr. Premji K. Rita | Mr. Ravji M. Gada Mr. Manilal M. Gada Mr. Thakarshi M. Gada Mr. Velji M. Gada Mr. Bhagwanji M. Gada Mr. Pravin M. Gada |
| Sister | Ms. Shanti V. Gala | Ms. Jhaver S. Gala Ms. Prabha M. Gada |
| Children | Mr. Vaibhav N. Rita | Mr. Vaibhav N. Rita |

B. Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Promoters:

| Nature of Relationship | Entity |
|---|--|
| Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member | 1. Ratnasagar Diamond Mall Private Limited; 2. M/s. Shah & Rita Builders and Developers; 3. Nagji K. Rita HUF; 4. Shree Vallabh Darshan AoP; and 5. Keshavji Rita HUF. |
| Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital | Nil |
| Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10% | Nil |

C. All persons whose shareholding is aggregated for the purpose of disclosing under the heading 'shareholding of the promoter group':

1. Mr. Kanji B. Rita;
2. Mr. Pravin N. Gala;
3. Mr. Virendra Singh;
4. Mr. Vinod K. Shah; and
5. Kanji Rita HUF.

Our Group Entities

1. Ratnasagar Diamond Mall Private Limited ("RDMPL")

RDMPL was incorporated on May 11, 2004 having CIN U36911MH2004 PTC146209. The registered office of RDMPL is at CTS No. 350/351, Gaushala Chawl No. 1, 1st floor, Corner of Gaushala Lane & Daftary Road, Malad (East), Mumbai – 400 097. RDMPL is authorised to carry on the business activity of investment in properties, development of buildings and other properties.

1. Board of Directors:

As on date of the Red Herring Prospectus, RDMPL has four directors, as detailed herein below:

| Name | Designation |
|-------------------|-------------|
| Lakhamshi B. Shah | Director |

| Name | Designation |
|---------------|-------------|
| Nagji K. Rita | Director |
| Kanji B. Rita | Director |
| Damji R. Shah | Director |

Shareholding Pattern:

The shareholding pattern of RDMPL as on March 31, 2010 is as follows:

| Name of Shareholders | Number of shares | Percentage of share capital [%] |
|----------------------|------------------|---------------------------------|
| Lakhamshi B. Shah | 1,50,000 | 30 |
| Damji R. Shah | 1,50,000 | 30 |
| Nagji K. Rita | 1,50,000 | 30 |
| Kanji B. Rita | 50,000 | 10 |
| Total | 5,00,000 | 100 |

Financial Performance:

| Particulars | For the Financial Year ended March 31 (₹ In lakhs) (Audited) | | |
|--|---|-------|-------|
| | 2010 | 2009 | 2008 |
| Sales and other Income | 14.14 | 10.41 | 4.83 |
| Profit / Loss after tax | 5.72 | 3.20 | 1.86 |
| Equity Capital | 50.00 | 50.00 | 50.00 |
| Reserves and Surplus | 13.32 | 7.60 | 4.40 |
| Earnings per share in Rupees (of ₹10 each) | 1.14 | 0.64 | 0.37 |
| Book value per share in Rupees (of ₹10 each) | 12.66 | 11.52 | 10.88 |

The equity shares of RDMPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three (3) years. RDMPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

2. M/s. Shah & Rita Builders and Developers

M/s. Shah & Rita Builders and Developers is a partnership firm formed vide partnership deed dated March 6, 2007 and situated at A – wing, 1st floor, Shah Arcade, Rani Sati Marg, near W.E. Highway, Malad (East), Mumbai – 400 097. The firm is currently inter alia engaged in the business of builders and developers, construction contractors and property developers.

Partners of M/s. Shah & Rita Builders and Developers:

As on March 31, 2010, the firm has two partners in the following profit sharing ratio:

| Particulars | % Stake |
|-------------------------|------------|
| Mr. Mansukh H. Shah | 50 |
| Mr. Nagji Keshavji Rita | 50 |
| Total | 100 |

Financial Performance:

| Particulars | For the period ended March 31, | | |
|-------------------------|--------------------------------|------|---------|
| | 2010 | 2009 | 2008* |
| Income/Sales | NIL | NIL | NIL |
| Profit (Loss) after Tax | NIL | 0.99 | (29.45) |
| Partners Capital | 0.50 | 0.50 | 0.50 |

*for the period from March 7, 2007 till March 31, 2008

3. Nagji K. Rita HUF (“NKRHUF”)

Mr. Nagji K. Rita is the Karta of NKRHUF.

Nature and Interest of the Promoters in HUF

Promoter and Promoter Group who are members of the HUF are:

- (i) Mr. Nagji K. Rita;
- (ii) Ms. Jayshree N. Rita; and
- (iii) Mr. Vaibhav N. Rita.

Financial Performance

The financial results of the HUF for the last three financial years are as follows:

| Particulars | For the Financial Year ended March 31 (₹ in lakhs) (Audited) | | |
|--------------|--|-------|-------|
| | 2010 | 2009 | 2008 |
| Total Income | 7.32 | 6.06 | 3.66 |
| Capital | 89.41 | 76.70 | 66.32 |

4. Shree Vallabh Darshan (Association of Persons) (“VDAOP”)

The VDAOP comprises of Nalin Vallabhbhai Patel and Nagji Keshavji Rita. The VDAOP was formed vide agreement dated July 6, 2007 for the purpose of constructing and redeveloping the property situated at Malad (East), Bombay suburban district near Malad Railway station bearing survey number 496 (part and survey number 234 part, C.T.S. of Malad (East) together with structures there on and admeasuring 10793.50 square metres.

Capital and Profit and Loss sharing ratios:

The 52%:48% by Mr. Nalin Vallabhbhai Patel and Mr. Nagji Keshavji Rita respectively.

Financial Performance:

| Particulars | For the Financial Year ended March 31 (₹ in lakhs) | | |
|--------------|--|--------|--------|
| | 2010 | 2009 | 2008 |
| Total Income | NIL | NIL | NIL |
| Capital | 250.00 | 250.00 | 250.00 |

5. Keshavji Rita HUF (“KRHUF”)

Mr. Nagji K. Rita is the Karta of KRHUF.

Promoter and Promoter Group who are members of the HUF are:

- (i) Mr. Nagji K. Rita;
- (ii) Ms. Jayshree N. Rita;
- (iii) Mr. Vaibhav N. Rita;
- (iv) Mr. Chandrakant K. Rita;
- (v) Mr. Anil K. Shah;
- (vi) Mr. Premji K. Rita;
- (vii) Ms. Shanti V. Gala; and
- (viii) Ms. Khimai K. Rita.

Financial Performance

The financial results of the HUF for the last three financial years are as follows:

| Particulars | For the Financial Year ended March 31 (₹ in lakhs) | | |
|--------------|--|------|------|
| | 2010 | 2009 | 2008 |
| Total Income | 4.21 | 4.21 | 9.22 |

| Particulars | For the Financial Year ended March 31 (₹ in lakhs) | | |
|-------------|--|-------|-------|
| | 2010 | 2009 | 2008 |
| Capital | 51.82 | 45.64 | 42.24 |

Losses incurred by our Group Entities

None of the Group Companies have incurred losses in the immediately preceding year.

Details of Companies / Firms from which our Promoters have Dis-associated

During the last three years, our Promoters have not disassociated themselves from any companies / partnership firms.

Details of Group Companies whose names have been struck off from record of the Registrar of Companies

Inventure Builders Private Limited (“IBPL”) had made an application to the Registrar of Companies, vide e – form 61, dated March 6, 2009, followed by e – form 67 supported by an indemnity bond, both dated February 25, 2009, for the purpose of getting itself declared as a defunct company. The grounds for such a declaration were as under: (i) the company has not been carrying on any business; and (2) the company has no intention to do any business or commercial activity as laid down in its Memorandum of Association.

IBPL received a notice under section 560(3), bearing number MCA/RoC – Mumbai/sec560/2009/00030/3, dated May 25, 2009, informing them that the company would be struck off from the register and that the company would stand dissolved at the expiration of a period of three months.

As on the date of the Red Herring Prospectus, IBPL is in the process of being mentioned in the official gazette for the purpose of informing the public at large.

As on the date of the Red Herring Prospectus, apart from IBPL, none of our Group Entities have been struck off from the record of Registrar of Companies as “defunct companies”.

Group Entities referred to BIFR

None of our Group Companies fall under the definition of sick companies and no applications have been made in this regard.

Common Pursuits/Conflict of Interest

There are no common pursuits between our Company and our Group Companies / Promoter companies.

Details of Public Issue / Rights Issue of Capital in the last three years

In the fiscal 2008, our Company had undertaken two rights issue comprising of 11,00,850 Equity Shares of the Face Value of ₹ 10/- each at par aggregating to ₹ 1,10,08,500/-. The dates of completion of allotment of share to the member were as on November 10, 2007 and January 31, 2008. The objects of the issue were not for the purpose of financing any project but included funding of capital expenditure, investment in, a subsidiary and financing the acquisition of Inventure Finance Private Limited, formerly known as Mahajay Investment Private Limited.

Changes in Accounting Policies in the last three years

There have been no changes in the accounting policies of our Company in the last three years.

Sales and purchases between our Company and Group Entities

Our Company has not acquired in the past two years before the date of the Red Herring Prospectus nor does it propose to acquire any properties from its Group Entities. For details of related party transactions entered into by our Company with our Group Entities and/ or Promoter Group entities, please refer to Annexure XVIII on page 193 under chapter titled ‘Financial Information’ beginning on page 165 of the Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders at the annual general meeting, who have the right to decrease but not to increase the amount of the dividend recommended by the Board of Directors, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

The dividend (including Interim Dividends) paid by the Company in the last five fiscals is as provided herein:

| Particulars | Fiscal 2007 | Fiscal 2008 | Fiscal 2009 | Fiscal 2010 | Fiscal 2011 |
|--|-------------|-------------|-------------|-------------|-------------|
| Face Value Per share | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Dividend (₹ Lakhs)* | 168.00** | 181.04 | 70.00 | 140.00 | 140.00 |
| Dividend per equity share (₹) | 3.00 | 3.00 | 1.00 | 1.00 | 1.00 |
| Dividend rate (% to paid up capital)(Pre Bonus) | 30% | 30% | 10% | 10% | 10% |
| Dividend rate (% to paid up capital)(Post Bonus) | 15% | 15% | 5% | 10% | 10% |

* Excluding Corporate Dividend Tax

** Interim Dividend paid

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION AUDITORS' REPORT ON STANDALONE FINANCIAL INFORMATION OF INVENTURE GROWTH & SECURITIES LIMITED

To
The Board of Directors
Inventure Growth & Securities Limited
201, Viraj Towers
Near Andheri flyover, Western Express Highway
Andheri (East)
Mumbai - 400 069.

Dear Sirs,

1. We have examined the attached financial information of **Inventure Growth & Securities Limited** ('the Company') as approved by the Board of Directors of the Company, which has been prepared by the management of the company in accordance with requirements of Paragraph B of Part - II of Schedule II to the Companies Act, 1956, (the Act') and amendments thereof; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and related clarifications and the amendments made thereto from time to time (the SEBI Regulations'), the Guidance Note on the Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ("ICAI"); and in terms of our engagement agreed upon with you in accordance with our engagement letter. The financial information is proposed to be included in the offer document of the Company in connection with the proposed Initial Public Offer of Equity shares of the Company.
2. The financial information have been prepared by the Company's Management from the audited financial statements for the financial years ended on March 31, 2007, 2008, 2009 and 2010 which have been approved by the Board of Directors and adopted by the Members of the Company at the respective Annual General Meetings and for the financial year ended March 31, 2011 which has been approved by the Board of Directors. Audit of the financial statements of the company for the financial years ended March 31, 2007 and 2008, were conducted by previous Auditors M/s P. D. Desai & Associates. Audit of the financial statements of the company for the financial years ended March 31, 2009, and 2010 were conducted by previous Auditors M/s D. V. Vakharia & Co. Audit of the financial statements of the company for the financial year ended March 31, 2011 has been conducted by us. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2007, 2008, 2009 and 2010 is based on the audited financial statements of the Company which were audited by the previous Auditors M/s P. D. Desai & Associates and M/s D. V. Vakharia & Co. for the said years.
3. The financial information for the above periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with Standards on Quality Control and Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform the audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement. We have reported on the financial information on the basis of information and explanations provided by the management, books and records produced before us and such other tests and procedures, which in our opinion, were necessary for our reporting. These procedures included comparison of the attached financial information of the Company with the respective audited financial statements.
4. In accordance with the requirements of Paragraph B part II of Schedule II of the Act, the SEBI Regulations and the engagement letter, we further report that:
 - a) The Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2007, 2008, 2009, 2010 and 2011 examined by us, as set out in Annexure I to this report are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant accounting policies, Notes on adjustments and Notes to accounts set out in Annexure IV.
 - b) The Restated Summary Statement of Profit or Loss of the Company for the years ended on

March 31, 2007, 2008, 2009, 2010 and 2011 examined by us, as set out in Annexure II to this report are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant accounting policies, Notes on adjustments and Notes to accounts set out in Annexure IV.

- c) The Restated Statement of Cash Flows for the years ended on March 31, 2007, 2008, 2009, 2010 and 2011 examined by us, as set out in Annexure III to this report are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant accounting policies, Notes on adjustments and Notes to accounts set out in Annexure IV.
 - d) Based on the above, we are of the opinion that the Restated Financial Information has been made after incorporating:
 - i) Adjustments if any for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting years.
 - ii) Adjustments for material amounts in the respective financial years to which they relate.
 - iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts or Auditor's qualification requiring adjustments.
5. In accordance with the terms of engagement letter, we have also examined the following other restated financial information relating to the company for the years ended 31 March, 2007, 2008, 2009, 2010 and 2011 set out in the following annexures prepared by the management and approved by the Board of Directors for the purpose of inclusion in the offer document in connection with the proposed Initial Public Offer of equity shares of the Company.
- a. Statement of Accounting Ratios set out in Annexure V.
 - b. Capitalization Statement as at 31st March 2011 set out in Annexure VI.
 - c. Statement of Reserves and Surplus set out in Annexure VII.
 - d. Statement of Dividends paid/proposed set out in Annexure VIII
 - e. Statement of Income from operations set out in Annexure IX.
 - f. Statement of Other Income set out in Annexure X.
 - g. Statement of Secured Loans set out in Annexure XI.
 - h. Statement of Unsecured Loans set out in Annexure XII.
 - i. Statement of Investments set out in Annexure XIII.
 - j. Statement of Sundry Debtors set out in Annexure XIV.
 - k. Statement of Loans and Advances set out in Annexure XV.
 - l. Statement of Current Liabilities and Provisions set out in Annexure XVI.
 - m. Statement of Contingent Liabilities set out in Annexure XVII.
 - n. Statement of Details of Related Party Transactions set out in Annexure XVIII.
 - o. Statement of Tax Shelters set out in Annexure XIX.

6. In our opinion the above financial information contained in Annexure I to XIX of this report has been prepared in accordance with Part II of Schedule II of the Act , the SEBI Guidelines and the Guidance Note on the Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") . Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the audited financial statements for the relevant financial year.
7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
8. This report should neither in anyway be construed as a re-issuance or redrafting of any of the previous Audit Report issued by other firms of Chartered Accountants nor to be construed as new opinion on any financial statements referred to herein.
9. This report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed Initial Public Offer of the Company. Our report should not be used for any other purpose except with our consent in writing.

For PHD& ASSOCIATES.
Chartered Accountants
Firm Registration No.111236W

(DHIREN VAKHARIA)
Partner
(Membership No. 46115)

Place : Mumbai
Dated: 6 July 2011

Inventure Growth & Securities Limited (Standalone)

Statement of assets and liabilities, as restated

Annexure - I
(₹ in Lakhs)

| Particulars | As at 31 st March | | | | |
|---|------------------------------|------------------|------------------|------------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| A Fixed assets | | | | | |
| Gross block | 2,022.24 | 1,950.17 | 1,792.46 | 1,604.21 | 511.20 |
| Less: accumulated depreciation | 665.29 | 543.34 | 429.99 | 327.21 | 266.62 |
| Net block | 1,356.95 | 1,406.83 | 1,362.47 | 1,277.00 | 244.58 |
| Capital work-in-progress | - | - | - | 54.99 | - |
| Total | 1,356.95 | 1,406.83 | 1,362.47 | 1,331.99 | 244.58 |
| B Investments | 2,782.32 | 782.32 | 789.07 | 229.02 | 15.67 |
| C Current assets, loans and advances | | | | | |
| Stock-in-trade | 2.08 | 0.96 | 3.17 | 4.45 | 3.15 |
| Sundry debtors | 6,319.89 | 4,602.97 | 4,669.45 | 3,583.31 | 934.58 |
| Cash and bank balances | 5,366.27 | 5,910.04 | 3,320.64 | 5,209.20 | 4,750.59 |
| Loans and advances | 891.20 | 2,819.06 | 2,308.44 | 1,449.40 | 442.56 |
| Total | 12,579.44 | 13,333.03 | 10,301.70 | 10,246.36 | 6,130.88 |
| D Total Assets (A+B+C) | 16,718.71 | 15,522.18 | 12,453.24 | 11,807.37 | 6,391.13 |
| E Liabilities and provisions | | | | | |
| Share application money pending allotment | - | - | - | 311.63 | - |
| <u>Loan funds</u> | | | | | |
| Secured loans | 903.92 | 990.35 | 916.19 | 812.65 | - |
| Unsecured loans | 24.00 | 175.00 | 21.00 | - | - |
| Deferred tax liability (net) | 110.20 | 112.84 | 97.17 | 70.44 | 42.75 |
| <u>Current liabilities and provisions</u> | | | | | |
| Current liabilities | 8,323.90 | 7,283.78 | 5,387.67 | 4,662.96 | 2,187.46 |
| Provisions | 188.33 | 183.03 | 102.47 | 223.54 | 8.92 |
| Total | 9,550.35 | 8,745.00 | 6,524.50 | 6,081.22 | 2,239.13 |
| F Net worth (D-E) | 7,168.36 | 6,777.18 | 5,928.74 | 5,726.15 | 4,152.00 |
| Represented by: | | | | | |
| <u>Shareholders' funds</u> | | | | | |
| Share capital | | | | | |
| - Equity Share Capital | 1,400.00 | 1,400.00 | 700.00 | 700.00 | 560.00 |
| Forfeited Shares Account | - | - | - | - | 14.96 |
| Reserves and surplus | 5,768.36 | 5,377.18 | 5,228.74 | 5,026.15 | 3,577.04 |
| Total Networth | 7,168.36 | 6,777.18 | 5,928.74 | 5,726.15 | 4,152.00 |

Note: The above statement should be read with significant accounting policies, notes on adjustments and notes to accounts, as restated as per Annexure IV.

Inventure Growth & Securities Limited (Standalone)
Statement of profit and loss, as restated

Annexure - II
(₹ in Lakhs)

| Particulars | For the year ended 31st March | | | | |
|--|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Income | | | | | |
| Income from operations | 2,429.20 | 3,263.95 | 2,012.57 | 3,807.44 | 2,732.76 |
| Other income | 1,066.67 | 705.85 | 422.64 | 884.24 | 293.29 |
| Total income | 3,495.87 | 3,969.80 | 2,435.21 | 4,691.68 | 3,026.05 |
| Expenditure | | | | | |
| Personnel expenses | 661.23 | 475.80 | 435.23 | 542.11 | 292.81 |
| Operating and other expenses | 1,537.67 | 1,551.30 | 1,269.78 | 1,629.75 | 998.51 |
| Interest & other financial expenses | 358.76 | 304.35 | 191.18 | 162.41 | 76.84 |
| Depreciation | 121.95 | 114.35 | 102.76 | 61.16 | 48.41 |
| Total expenditure | 2,679.61 | 2,445.80 | 1,998.95 | 2,395.43 | 1,416.57 |
| Net profit before tax and extraordinary items | 816.26 | 1,524.00 | 436.26 | 2,296.25 | 1,609.48 |
| Provision for taxation | | | | | |
| - Income tax | 265.00 | 498.00 | 120.00 | 618.00 | 495.00 |
| - Deferred tax adjustments | (2.63) | 15.65 | 26.76 | 27.68 | 6.26 |
| - Fringe benefit tax | - | - | 5.00 | 4.60 | 3.00 |
| Net profit after tax & before extraordinary items | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |
| Extraordinary items | - | - | - | - | - |
| Net profit after extraordinary items | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |
| Balance in profit & loss account brought forward | 183.71 | 235.28 | 132.68 | 198.53 | 284.87 |
| Balance available for appropriations | 737.60 | 1,245.63 | 417.18 | 1,844.50 | 1,390.09 |
| Appropriations | | | | | |
| Interim dividend | - | - | - | - | 168.00 |
| Proposed dividend on equity shares | 140.00 | 140.00 | 70.00 | 181.05 | - |
| Dividend distribution tax on equity dividend | 22.71 | 21.92 | 11.90 | 30.77 | 23.56 |
| Transfer to general reserve | 300.00 | 900.00 | 100.00 | 1,500.00 | 1,000.00 |
| Balance in profit and loss account | 274.89 | 183.71 | 235.28 | 132.68 | 198.53 |
| Total | 737.60 | 1,245.63 | 417.18 | 1,844.50 | 1,390.09 |

Note : The above statement should be read with significant accounting policies, notes on adjustments and notes to accounts, as restated as per Annexure IV.

Inventure Growth & Securities Limited (Standalone)

Cash flow statement, as restated

Annexure - III

(₹ in Lakhs)

| Particulars | Year ended on 31st March | | | | |
|---|--------------------------|-------------------|-----------------|-------------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Cash flow from operating activities | | | | | |
| A Profit before taxation | 816.26 | 1,524.00 | 436.26 | 2,296.25 | 1,609.48 |
| Adjustments for | | | | | |
| Depreciation | 121.95 | 114.35 | 102.76 | 61.16 | 48.41 |
| Provision for defined employees benefit | 4.51 | 0.54 | 8.84 | 2.80 | 2.75 |
| Profit on sale of investments | - | (6.31) | (5.05) | (373.36) | (2.66) |
| Loss on Sale of Fixed Assets | - | 0.27 | - | - | - |
| Dividend on current investments | (14.82) | (8.50) | (7.95) | (8.07) | (24.13) |
| Interest and other financial charges | 358.76 | 304.35 | 191.18 | 162.41 | 76.84 |
| Interest received | (478.44) | (385.99) | (213.45) | (351.35) | (222.77) |
| Operating cash flow before working capital changes | 808.22 | 1,542.71 | 512.60 | 1,789.85 | 1,487.92 |
| Adjustments for : | | | | | |
| Stock in trade | (1.12) | 2.23 | 1.26 | (1.29) | 2.53 |
| Trade & other receivables | (1,670.27) | 403.26 | (1,467.49) | (2,707.30) | (618.70) |
| Income taxes paid | (262.37) | (512.24) | (127.01) | (699.62) | (578.68) |
| Trade payables | (397.98) | 2,277.33 | 431.91 | 2,557.87 | (313.24) |
| Net cash from operating activities - A | (1,523.52) | 3,713.29 | (648.73) | 939.51 | (20.17) |
| Cash flow from investing activities | | | | | |
| B | | | | | |
| Purchase of fixed assets | (72.07) | (162.74) | (308.11) | (918.47) | (67.13) |
| Disposal of fixed assets | - | 4.00 | - | - | - |
| Capital work in progress | - | - | - | (54.99) | - |
| Investments in subsidiaries | (2,000.00) | - | (622.01) | (220.29) | - |
| Purchase of investments-others | - | - | - | (6.69) | (12.27) |
| Disposal of investment in subsidiary | - | - | 60.00 | - | - |
| Disposal of investments-others | - | 13.06 | 7.01 | 386.99 | 38.13 |
| Interest received | 421.58 | 236.64 | 178.68 | 341.11 | 222.77 |
| Dividend received | 14.82 | 8.50 | 7.95 | 8.07 | 24.13 |
| Advances to subsidiaries | 1,963.44 | (683.83) | (440.92) | (861.00) | - |
| Term deposits with banks (net) | (207.50) | (2,036.98) | 1,211.12 | (3.18) | (881.51) |
| Net cash from investing activities - B | 120.27 | (2,621.35) | 93.72 | (1,328.45) | (675.88) |
| Cash flow from financing activities | | | | | |
| C | | | | | |
| Proceeds from issue of equity shares | - | - | - | 140.00 | 10.59 |
| Equity share application money received/(returned) | - | - | (311.63) | 311.63 | - |
| Redemption of preference share capital | - | - | - | - | (50.00) |
| Dividend paid | (140.00) | (70.00) | (181.05) | - | (255.41) |
| Dividend distribution tax paid | (21.92) | (11.90) | (30.77) | - | (35.82) |
| Loans from banks | 25.00 | 150.00 | 140.00 | 816.63 | - |

| | | | | | |
|---|-----------------|-----------------|-----------------|---------------|-----------------|
| Loans from banks - repaid | (111.43) | (75.84) | (36.46) | (3.98) | (60.05) |
| Loans from others | 114.00 | 299.00 | 21.00 | - | - |
| Loans from others - repaid | (265.00) | (145.00) | - | - | - |
| Bank overdraft (net) | 1,410.09 | (381.45) | 467.65 | (257.47) | 512.43 |
| Interest & other financial charges | (358.76) | (304.35) | (191.18) | (162.41) | (76.84) |
| Net cash from financing activities - C | 651.98 | (539.54) | (122.45) | 844.39 | 44.89 |
| Net increase in cash and cash equivalents (A+B+C) | (751.27) | 552.40 | (677.46) | 455.45 | (651.16) |
| Cash & cash equivalent as at the beginning of the year | 822.28 | 269.88 | 947.34 | 491.89 | 1,143.05 |
| Cash & cash equivalent as at the end of the year | 71.01 | 822.28 | 269.88 | 947.34 | 491.89 |

Notes :

- The above statement should be read with significant accounting policies, notes on adjustments and notes to accounts, as restated as per Annexure IV.**

2 Computation of Cash and Cash Equivalents.

| Particulars | Year ended on 31 st March | | | | |
|---|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Cash and Bank balance as per restated financial statement | 5,366.27 | 5,910.04 | 3,320.64 | 5,209.20 | 4,750.59 |
| Less: Balance with bank in fixed deposit | 5,295.26 | 5,087.76 | 3,050.76 | 4,261.86 | 4,258.70 |
| Cash and Cash Equivalent | 71.01 | 822.28 | 269.88 | 947.34 | 491.89 |
| Represented by: | | | | | |
| Cash in hand | 5.02 | 1.26 | 1.95 | 1.53 | 0.31 |
| In current accounts | 65.99 | 821.02 | 267.93 | 945.81 | 491.58 |
| TOTAL | 71.01 | 822.28 | 269.88 | 947.34 | 491.89 |

Inventure Growth & Securities Limited (Standalone)

Annexure - IV

SIGNIFICANT ACCOUNTING POLICIES, NOTES ON ADJUSTMENTS & NOTES TO ACCOUNTS, AS RESTATED

(I) SIGNIFICANT ACCOUNTING POLICIES

1 System of Accounting

The financial statements have been prepared on a going concern and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act 1956, to the extent applicable.

2 Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets, liabilities, revenues & expenses and disclosure of contingent assets & liabilities. The estimates & assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may differ from the estimates & assumptions used in preparing the accompanying Financial Statements. Any differences of actual results to such estimates are recognised in the period in which the results are known / materialised.

3 Revenue recognition

- (a) Income from brokerage activities is recognized as income on the trade date of the transaction.
- (b) Income from arbitrage operations is stated net of commission expenses, if any, incurred against it and without deduction of Securities Transaction Tax.
- (c) Profit / Loss on sale of investment is recognized on the trade date of the transaction and is stated net of Securities Transaction Tax incurred.

4 Fixed Assets

Fixed assets are stated at cost less depreciation/amortization. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

5 Depreciation / Amortization

Tangible fixed assets are depreciated on straight line basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956.

Intangible assets are amortized on a straight line basis over a period having regard to their useful economic life and estimated residual value in accordance with Accounting Standard (AS) 26 "Intangible Assets".

Computer Softwares are amortized over a period of 4 years.

Bombay Stock Exchange Membership is amortized over a period of 15 years, having regard to the nature and long term economic life of the asset.

6 Stock - in - trade

Shares and Securities acquired for sale in the ordinary course of business are considered as stock - in - trade, and are valued at lower of cost or market value as at the year/period end.

7 Investments

Investments of long term nature are valued at cost. Provision is made to recognize a decline, other than temporary, in the value of such investments. Current Investments are valued at cost or market value, whichever is lower.

8 Securities Transaction Tax

- (a) Securities Transaction Tax related to the company's own transactions in shares & securities are charged to Profit & Loss account in the concerned financial year/period.
- (b) Securities Transaction Tax related to transactions other than investments (to the extent available for rebate against income tax liability) is treated as tax payment upto the financial year 2007-2008.

9 Borrowing costs

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue.

10 Keyman Insurance

Keyman Insurance premium paid during the financial year is written off as expenditure in the profit and loss account.

11 Employees Retirement Benefits

(a) Provident Fund

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the profit and loss account.

(b) Gratuity

The employees of the Company are eligible for Gratuity in accordance with the Payment of Gratuity Act, and are a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts.

The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the profit and loss account.

(c) Compensated Leave

Unutilized leave of staff lapses as at the year end and is not encashable. Accordingly, no provision is made for compensated absences.

12 Equity Index/Stock – Futures :

Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or Current liabilities, respectively, in the “Mark-to-Market Margin – Equity Index/Stock Futures Account”, represents the net amount paid or received on the basis of movement in the prices of Index/Stock Futures till the balance sheet date.

As on the Balance Sheet date, the profit/ loss on open position in Index/Stock futures are accounted for as follows:

- a. Credit balance in the “Mark-to-Market Margin-Equity Index/Stock Futures Account”, being anticipated profit, is ignored and no credit is taken in the profit & loss account.
- b. Debit balance in the “Mark-to-Market Margin-Equity Index/Stock Futures Account”, being anticipated loss, is recognized in the profit & loss account.

On final settlement or squaring up of contracts for equity index/stock futures, the profit or loss is calculated as difference between settlement/squaring up price and contract price. Accordingly, debit or credit balance pertaining to the settlement/squared up contract in “Mark-to-Market Margin Equity Index/Stock Futures Account” is recognized in the profit & loss account upon expiry of the contracts.

“Initial Margin – Equity Index/Stock Futures Account”, representing initial margin paid, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, is disclosed as under Loans and advances.

13 Equity Index/Stock – Options :

“Equity Index/Stock Option Premium Account” represents premium paid or received for buying or selling the options, respectively.

14 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period) and fringe benefit tax.

Deferred taxation

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

Fringe benefit tax

Provision for Fringe Benefit Tax (FBT) is made on the basis of applicable FBT on the taxable value of chargeable expenditure of the Company as prescribed under the Income Tax Act, 1961.

15 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generated unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

16 Provisions, contingent Liabilities & Contingent Assets

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying

economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

(II) NOTES ON ADJUSTMENTS

- a) Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profits of the Company is as under:

| (₹ in Lakhs) | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
| Profit after tax as per audited financial statements | 553.89 | 1,010.35 | 273.56 | 1,633.53 | 1,093.20 |
| Increase/(Decrease) in accumulated profits as a result of adjustments for: | | | | | |
| (a) Tax Adjustments -refer note b(i)(a) | - | - | 4.73 | (6.82) | 12.02 |
| (b) Disallowance of Expenses in Income Tax Assessments: | | | | | |
| - Securities Transaction Tax (reallocated to the respective years) | - | - | 6.21 | 19.26 | - |
| Adjusted/Restated profit | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |

Reconciliation of Profit and Loss account as at April 1, 2006

| (₹ in Lakhs) | |
|--|---------|
| Particulars | Amount |
| Profit and Loss account balance as at April 1, 2006, as per audited financial statements | 307.83 |
| Increase/(Decrease) in accumulated profit as at April 1, 2006 as a result of following adjustments : | |
| - Tax Adjustments -refer note b(i)(a) | (16.75) |
| - Disallowance of Expenses in Income Tax | |
| Securities Transaction Tax | (6.21) |
| Profit and Loss account balance as at April 1, 2006, as restated | 284.87 |

- b) Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years.

(i) **Adjustments having impact on Profit**

a) **Tax Adjustments**

The Profit and Loss Account of some years include amount paid / provided for or refunded / written back in respect of shortfall / excess income tax arising out of assessments, etc. which has now been adjusted in the respective years.

(ii) **Adjustments having no impact on Profit**

- a) Appropriate adjustments have been made in the Restated Statements of Assets and Liabilities, Profits and Losses and Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for the year ended 31st March, 2011 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.

b) Material Regrouping

- i) Income from brokerage activities has been accounted for on gross basis for the year ended 31st March, 2011, 2010 & 2009 in the Audited accounts of the respective year. The same has been accounted for on net basis (net of sub-brokerage) in the Audited accounts of the prior years. Appropriate adjustments have been made in the restated statement of Profit & Loss account to present them on gross basis.
- ii) In the Audited Financial Statements, "Interest on Fixed Deposits" and "Bank Interest on Overdraft" secured against the above fixed deposits have been shown separately as income and expenses respectively. Since, the interest expense is compensatory against the said income with direct nexus, for the appropriate presentation of the financial data, the interest income has been stated net of the corresponding expenses.

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Interest on fixed deposits | 597.28 | 456.91 | 293.84 | 379.32 | 241.30 |
| Less: Bank Interest on Overdraft (secured against above Fixed deposit) | 118.84 | 70.92 | 80.39 | 27.97 | 18.53 |
| Interest on fixed deposits (net) | 478.44 | 385.99 | 213.45 | 351.35 | 222.77 |

(iii) Non Adjustments

- Employees Retirement Benefits-
a) Gratuity

For the years ended March 31, 2007, the Company has accounted for its Gratuity liability on actuarial basis.

The Company has adopted revised AS 15 on Employee Benefits effective 1 April, 2007 and the present value of the obligation under the benefit plans is based on actuarial valuation using the projected unit credit method. No adjustment has been made in the restated financial statements for the prior year, since in the opinion of the Company, the impact of the same is not material.

Inventure Growth & Securities Limited
(Standalone)

(III) NOTES TO ACCOUNTS

- 1) The Restated Financial Statements relate to the Company and have been prepared specifically for inclusion in the document to be filed by the Company in connection with its proposed Initial Public Offering.

The Restated Financial Statements have been prepared to comply in all material respects with the requirements of Schedule II to the Companies Act, 1956 ("The Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations") notified by SEBI on August 26, 2009, as amended from time to time.

The Restated Financial Statements have been prepared in respect of five years-for the Financial year ended 31st March, 2007, 2008, 2009, 2010 & 2011.

Prior year's Figures have been regrouped, rearranged & recast where considered necessary to confirm with the current year's classification.

- 2) **Contingent Liabilities** (₹ in Lakhs)

| Particulars | As At | As At | As At | As At | As At |
|---|------------|------------|------------|------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 | 31.03.2007 |
| | ₹ | ₹ | ₹ | ₹ | ₹ |
| Claims against the Company not acknowledged as debts | Nil | Nil | Nil | Nil | Nil |
| Disputed Income Tax Demands | 58.56 | 58.56 | 73.76 | 73.76 | 74.11 |
| Bank Guarantees given for subsidiary Inventure Commodities Ltd. | 250.00 | 250.00 | 250.00 | - | - |

- 3) **Details of Counter guarantees & fixed Deposits pledged with banks** (₹ in Lakhs)

| Particulars | As At | As At | As At | As At | As At |
|---|------------|------------|------------|------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 | 31.03.2007 |
| Counter guarantees in respect of guarantees given by banks to the Stock Exchanges towards base capital, margin deposits etc | 5,515 | 7,150 | 3,550 | 3,500 | 3,500 |
| Pledged of fixed deposits with the bank against the above bank guarantees. | 3,115 | 3,575 | 1,775 | 1,750 | 1,750 |

- 4) **Details of Directors' Remuneration** (₹ in Lakhs)

| Particulars | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended |
|--------------------------------|------------|------------|------------|------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 | 31.03.2007 |
| Managing Director | | | | | |
| Salaries | 18.00 | 18.00 | 18.00 | 9.00 | 9.00 |
| Contribution to Provident Fund | 1.30 | 1.30 | 1.30 | 0.86 | 0.86 |
| Perquisites | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 |
| Wholetime Directors | | | | | |
| Salaries | 3.60 | 3.60 | 20.85 | 13.50 | 10.60 |

5) **Details of Auditor's Remuneration (Excluding Service Tax)** (₹ in Lakhs)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|----------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Audit Fees | 1.00 | 1.00 | 0.70 | 0.70 | 0.70 |
| Tax Audit Fees | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| Other Services | - | - | - | 0.30 | - |
| Total | 1.20 | 1.20 | 0.90 | 1.20 | 0.90 |

6) **Computation of Earnings Per Share as per AS-20-" Earnings Per Share"**

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a) Restated Net profit after tax attributable to equity shareholders (₹ In Lakhs) | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |
| b) Weighted average number /dilutive number of equity shares outstanding during the year without adjustment for the bonus shares issued | 14,000,000 | 14,000,000 | 7,000,000 | 6,034,973 | 5,561,720 |
| c) Weighted average number /dilutive number of equity shares outstanding during the year after adjustment for the bonus shares issued (refer note below) | 14,000,000 | 14,000,000 | 14,000,000 | 12,069,946 | 11,123,440 |
| Earnings per share (₹) | | | | | |
| - Basic & Diluted- without adjustment for the bonus shares issued (a/b) | 3.96 | 7.22 | 4.06 | 27.27 | 19.87 |
| - Basic & Diluted-after the adjustment for the bonus shares issued (refer note below) (a/c) | 3.96 | 7.22 | 2.03 | 13.64 | 9.94 |

Note:

70,00,000 bonus equity shares were allotted on 24/12/2009 pursuant to shareholders approval in the Extra Ordinary General Meeting held on 21/12/2009 for issue of bonus shares in the proportion of one fully paid up equity share for every equity share held. Accordingly, Earnings Per Share has been restated and presented separately, for the change in the number of equity share on account of Bonus for all the periods presented herein above.

- 7) Pursuant to Accounting Standard "Accounting for Taxes on Income" (AS 22), the Company has accounted for Deferred Tax adjustments representing tax effect of timing differences in respect of the under mentioned items.

The Components of Deferred Tax Liabilities / (Assets) are as follows:

| Particulars | As At 31.03.2011 | As At 31.03.2010 | As At 31.03.2009 | As At 31.03.2008 | As At 31.03.2007 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Depreciation/Amortization of Fixed Assets | 118.51 | 117.04 | 104.16 | 78.83 | 53.56 |
| Provision for Retirement Benefits | (8.31) | (7.18) | (6.99) | (3.98) | (3.03) |
| Provision for Doubtful Debts | - | - | - | (4.40) | (4.40) |
| Others | - | 2.98 | - | - | (3.38) |
| Net Deferred Tax Liabilities / (Assets) | 110.20 | 112.84 | 97.17 | 70.44 | 42.75 |

- 8) In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
- 9) The company's operations predominantly consist of "Broking of shares/securities & other related activities". Hence there are no reportable segments under Accounting Standard -17. During the years/period under report the company was engaged in its business only within India. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.
- 10) During the financial year ended 31st March, 2010, the Company has allotted Bonus Shares in the proportion of 1 equity share for every 1 equity share held. Consequently, the Paid up Equity Share Capital of the Company has risen from ₹ 7 crores to ₹ 14 crores.

11) Retirement Benefit - Gratuity

The employees of the Company are eligible for gratuity in accordance with the Payment of Gratuity Act, and are a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts for accrued gratuity under Projected Unit Credit Method of actuarial valuation.

The following table summarizes the components of the employee benefit expenses recognized in the Profit & Loss account and the amount recognized in the Balance sheet for the gratuity provision made under actuarial method.

Profit and Loss account

Net employee benefit expenses (recognized in employee cost)

(₹ in Lakhs)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Current service cost | 5.58 | 5.05 | 4.87 | 5.03 |
| Interest on defined benefit obligation | 1.69 | 1.99 | 1.33 | 1.12 |
| Net actuarial losses/(gains) recognized in the year | (2.75) | (6.50) | 2.64 | (3.35) |
| Past service cost | - | - | - | - |
| Total included in "employee benefit expenses" | 4.52 | 0.54 | 8.84 | 2.80 |

Balance Sheet

Details of provision for gratuity

(₹ in Lakhs)

| Particulars | Year Ended | Year Ended | Year Ended | Year Ended |
|-------------|------------|------------|------------|------------|
|-------------|------------|------------|------------|------------|

| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|--|--------------|--------------|--------------|--------------|
| Discounted Present value of accrued gratuity liability as at the yearend determined as per Actuarial valuation | 25.63 | 21.10 | 20.56 | 11.72 |
| Amount in balance Sheet | 25.63 | 21.10 | 20.56 | 11.72 |

Changes in the present value of the defined benefit obligation are as follows:

| | (₹ in Lakhs) | | | |
|---|--------------|--------------|--------------|--------------|
| | Year Ended | Year Ended | Year Ended | Year Ended |
| Particulars | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Provision at the beginning of the year | 21.11 | 20.56 | 11.72 | 8.92 |
| Interest cost | 1.69 | 1.99 | 1.33 | 1.12 |
| Current Service Cost | 5.58 | 5.05 | 4.87 | 5.03 |
| Past service cost (non vested benefit) | - | - | - | - |
| Past service cost (vested benefit) | - | - | - | - |
| Benefits paid | - | - | - | - |
| Actuarial (gain)/losses | (2.75) | (6.50) | 2.64 | (3.35) |
| Provision at the end of the year | 25.63 | 21.10 | 20.56 | 11.72 |

Principal actuarial assumptions as at the balance sheet date:

| | Year Ended | Year Ended | Year Ended | Year Ended |
|-------------------------|------------|------------|------------|------------|
| Particulars | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Discount rate | 8.25% | 8.00% | 7.75% | 8% |
| Salary escalation | 5% | 5% | 5% | 8% |
| Employee attrition rate | 2% | 5% | 5% | 5% |

Inventure Growth & Securities Limited (Standalone)

Summary of Accounting Ratios

Annexure - V

| Particulars | As at 31 March | | | | |
|--|----------------|------------|------------|------------|------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| (I) Earnings Per Share | | | | | |
| (a) Restated Net profit after tax attributable to equity shareholders (₹ In Lakhs) | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |
| (b) Weighted average number/dilutive number of equity shares outstanding during the year without adjustment for the bonus shares issued | 14,000,000 | 14,000,000 | 7,000,000 | 6,034,973 | 5,561,720 |
| (c) Weighted average number/dilutive number of equity shares outstanding during the year after adjustment for the bonus shares issued (refer note no. 6 below) | 14,000,000 | 14,000,000 | 14,000,000 | 12,069,945 | 11,123,440 |
| Earnings per share (₹) | | | | | |
| - Basic & Diluted-without adjustment for the bonus shares issued (a/b) | 3.96 | 7.22 | 4.06 | 27.27 | 19.87 |
| - Basic & Diluted-after the adjustment for the bonus shares issued (refer note no.6 below) (a/c) | 3.96 | 7.22 | 2.03 | 13.64 | 9.94 |
| (ii) Return on Networth | | | | | |
| (a) Restated Net profit after tax attributable to equity shareholders (₹ In Lakhs) | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |
| (b) Net worth (₹ In Lakhs) | 7,168.36 | 6,777.18 | 5,928.74 | 5,726.14 | 4,137.04 |
| Return on Networth (a/b *100) | 7.73% | 14.91% | 4.80% | 28.74% | 26.72% |
| (iii) Net Asset Value per equity share | | | | | |
| (a) Net worth (₹ In Lakhs) | 7,168.36 | 6,777.18 | 5,928.74 | 5,726.14 | 4,137.04 |
| (b) Number of equity shares outstanding at the end of the year | 14,000,000 | 14,000,000 | 7,000,000 | 7,000,000 | 5,600,000 |
| Net Asset Value per equity share(Rs) (a/b) | 51.20 | 48.41 | 84.70 | 81.80 | 73.88 |

Formula:

| | | |
|--------------------------------|---|--|
| Earnings per Share (₹) | = | $\frac{\text{Restated Profit after tax attributable to equity shareholders}}{\text{Weighted Average No. of equity shares}}$ |
| Diluted Earnings Per Share | = | $\frac{\text{Restated Profit after tax attributable to equity shareholders}}{\text{Weighted Average dilutive No. of equity shares}}$ |
| Return on Net Worth (%) | = | $\frac{\text{Restated Profit after tax attributable to equity shareholders}}{\text{Net Worth}}$ |
| Net Assets Value per Share (₹) | = | $\frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of the year}}$ |

Notes.

- 1 The Earnings Per Share is calculated in accordance with — Accounting Standard(AS-20) -Earnings Per Share
- 2 Net Worth = Equity Share Capital + Reserves & Surplus - Miscellaneous Expenditure not written off or adjusted
- 3 Restated Net Profit after tax attributable to equity share holders arrived at after deducting preference dividend and dividend distribution tax on preference dividend has been considered for the purpose of computing the above ratios.
- 4 During the financial year ended 31st March, 2007 1,05,850 equity shares were allotted upon reissue of forfeited shares. The equity shares were allotted to the Promoter / Promoter Group.
- 5 During the financial year ended 31st March, 2008 14,00,000 new equity shares were allotted Out of the above, 2,99,150 number of equity shares were allotted upon reissue of forfeited shares (allotment to the Promoter - 1,10,000 number of Equity shares) and 11,00,850 number of Equity shares were allotted on right basis (allotment to the Promoters and Promoters Group - 6,29,000).
- 6 70,00,000 bonus equity shares were allotted on 24/12/2009 pursuant to shareholders approval in the Extra Ordinary General Meeting held on 21/12/2009 for issue of bonus shares in the proportion of one fully paid up equity share for every equity share held. Accordingly, Earnings Per Share has been restated and presented separately, for the change in the number of equity share on account of Bonus for all the periods presented herein above.

Inventure Growth & Securities Limited (Standalone)

Capitalisation Statement

Annexure - VI

| | | (₹ in Lakhs) |
|--|------------------|-------------------|
| Capitalization Statement | Pre-Issue | Post-Issue |
| Debt as at March 31, 2011 | | |
| Short Term Debt | 24.00 | |
| Long Term Debt | 903.92 | |
| Total Debt | 927.92 | |
| Shareholders' Fund at March 31, 2011 | | |
| Share Capital | | |
| - Equity | 1,400.00 | |
| Reserves & Surplus | 5,768.36 | |
| Total Shareholders' Fund | 7,168.36 | |
| Total Debt/ Shareholders' Funds (Ratio) | 0.13:1 | |
| Long Term Debt/ Shareholders' Funds (Ratio) | 0.13:1 | |

Note:

1. The capitalization statement has been calculated on the basis of restated financial statements.
2. Share Capital & Reserves & Surplus post issue can be calculated only on the conclusion of the book building process.

Inventure Growth & Securities Limited (Standalone)

Statement of Reserves and surplus, as restated

Annexure - VII

(₹ in Lakhs)

| Particulars | As at 31 March | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Capital redemption reserve | | | | | |
| Opening balance | - | 50.00 | 50.00 | - | - |
| Add: During the year | - | - | - | 50.00 | - |
| Less : Capitalised for issue of Bonus Shares | - | 50.00 | - | - | - |
| Closing balance | - | - | 50.00 | 50.00 | - |
| Capital reserve | | | | | |
| Opening balance | 20.25 | 20.25 | 20.25 | 5.29 | - |
| Add: During the year | - | - | - | 14.96 | 5.29 |
| Closing balance | 20.25 | 20.25 | 20.25 | 20.25 | 5.29 |
| Securities premium | | | | | |
| Opening balance | - | 23.75 | 23.75 | 23.75 | 23.75 |
| Add: During the year | - | - | - | - | - |
| Less : Capitalised for issue of Bonus Shares | - | 23.75 | - | - | - |
| Closing balance | - | - | 23.75 | 23.75 | 23.75 |
| Taxation reserve | | | | | |
| Opening balance | 125.00 | 125.00 | 125.00 | 125.00 | 125.00 |
| Add: During the year | - | - | - | - | - |
| Closing balance | 125.00 | 125.00 | 125.00 | 125.00 | 125.00 |
| General reserve | | | | | |
| Opening balance | 5,048.22 | 4,774.47 | 4,674.47 | 3,224.47 | 2,224.47 |
| Add: Transferred during the year | 300.00 | 900.00 | 100.00 | 1,500.00 | 1,000.00 |
| Less : Capitalised for issue of Bonus Shares | - | 626.25 | - | - | - |
| Less: Transfer to Capital redemption reserve | - | - | - | 50.00 | - |
| Closing balance | 5,348.22 | 5,048.22 | 4,774.47 | 4,674.47 | 3,224.47 |
| Profit & loss account balance | 274.89 | 183.71 | 235.28 | 132.68 | 198.53 |
| Total | 5,768.36 | 5,377.18 | 5,228.74 | 5,026.15 | 3,577.04 |

Statement of dividends paid

Annexure - VIII

| Particulars | For the year ended 31 st March | | | | |
|---|---|------------|-----------|-----------|-----------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Equity share capital (₹ In Lakhs) | 1,400.00 | 1,400.00 | 700.00 | 700.00 | 560.00 |
| No. of Equity shares outstanding at the year | 14,000,000 | 14,000,000 | 7,000,000 | 7,000,000 | 5,600,000 |
| Rate of Dividend - Equity | | | | | |
| - Interim (%) | - | - | - | - | 30% |
| - Final (%) | 10% | 10% | 10% | 30% | - |
| Amount of Dividend - Equity (₹ In Lakhs) | | | | | |
| - Interim | - | - | - | - | 168.00 |
| - Final | 140.00 | 140.00 | 70.00 | 181.05 | - |
| Dividend distribution tax - Equity (₹ In Lakhs) | 22.71 | 21.92 | 11.90 | 30.77 | 23.56 |

Statement of income from operations, as restated

Annexure - IX

(₹ in Lakhs)

| Particulars | For the year ended 31 st March | | | | |
|--|---|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Brokerage and commission income | 2,331.56 | 2,420.95 | 1,623.23 | 2,776.85 | 1,692.29 |
| Trading and arbitrage income | (10.87) | 760.02 | 308.94 | 920.35 | 974.88 |
| Increase / (Decrease) in stock-in- trade | 1.12 | (2.23) | (1.26) | 0.88 | (2.53) |
| | (9.75) | 757.79 | 307.68 | 921.23 | 972.35 |
| Depository Operations | 107.39 | 85.21 | 81.66 | 109.36 | 68.12 |
| Total | 2,429.20 | 3,263.95 | 2,012.57 | 3,807.44 | 2,732.76 |

Statement of other income, as restated

Annexure - X

(₹ in Lakhs)

| Particulars | For the year ended 31st March | | | | |
|--|-------------------------------|---------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Recurring /Related to Business Activities: | | | | | |
| Dividend income | 14.82 | 8.51 | 7.95 | 8.07 | 24.13 |
| Interest on fixed deposits (net) | 478.44 | 385.99 | 213.45 | 351.35 | 222.77 |
| Delayed Payment Charges | 507.55 | 269.18 | 161.54 | 150.11 | 31.05 |
| Miscellaneous income | 65.86 | 35.86 | 34.65 | 1.35 | 12.68 |
| | 1,066.67 | 699.54 | 417.59 | 510.88 | 290.63 |
| Non-recurring : | | | | | |
| Profit on sale of investments | - | 6.31 | 5.05 | 373.36 | 2.66 |
| | - | 6.31 | 5.05 | 373.36 | 2.66 |
| Total | 1,066.67 | 705.85 | 422.64 | 884.24 | 293.29 |
| Net profit before tax | 816.26 | 1,524.00 | 436.26 | 2,296.24 | 1,609.48 |
| Total other income as % of net profit before tax | 130.68% | 46.32% | 96.88% | 38.51% | 18.22% |
| - Recurring other income as % of net profit before tax | 130.68% | 45.90% | 95.72% | 22.25% | 18.06% |
| - Non-recurring other income as % of net profit before tax | - | 0.41% | 1.16% | 16.26% | 0.16% |

Note:

The classification of "Other Income" as Recurring/ Non Recurring is based on the current operations and business activities of the Company as determined by the management.

Statement of secured loans, as restated

Annexure - XI

(₹ in Lakhs)

| Particulars | As at 31 March | | | | |
|---|----------------|---------------|---------------|---------------|----------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Term Loan from ICICI Bank Ltd. (Secured against the Mortgage of Office Premises) | 755.07 | 821.90 | 873.22 | 750.00 | - |
| Term Loan From ICICI Home Finance Company Ltd (Secured against the Mortgage of Office Premises) | 140.57 | 148.65 | - | - | - |
| Loans from banks : (Secured against Hypothecation of motor car) | | | | | |
| - HDFC Bank Ltd | - | 13.24 | 29.29 | 42.59 | - |
| - Kotak Mahindra Prime Ltd | 8.28 | 6.56 | 13.68 | 20.06 | - |
| Overdraft facilities from Banks (Secured against Pledge of Fixed Deposits with respective Banks) | - | - | - | - | - |
| Total | 903.92 | 990.35 | 916.19 | 812.65 | - |

Principal Terms and conditions of secured loans outstanding as on March 31, 2011.

Principal Terms and conditions of secured loans of the Company outstanding as on March 31, 2011

1) Term Loan from ICICI Bank Ltd.

| | |
|---|--|
| Name of the lender Date of Agreement Key Terms Security Outstanding as on March 31, 2011 | ICICI Bank Limited Facility Agreement dated October 31, 2007 1. Loan amount: ₹ 8,90,00,000/- 2. Rate of interest – Adjustable Rate of Interest 13.25% per annum (i.e. Floating Reference Rate + margin of 0.75%) plus applicable interest tax or other statutory levies; 3. Term: 118 months. EMI is calculated on monthly rest. (Date of commencement of EMI – November 10, 2007) Equitable mortgage of immoveable property situated at office premises number 201 and 202, Viraj Towers, 2 nd Floor, Near Landmark, Western Express Highway, Andheri (E), Mumbai 400069 admeasuring 8,000 square feet carpet area. ₹ 7,55,06,610/- |
|---|--|

2) Term Loan from ICICI Home Finance Company Ltd.

| | |
|---|--|
| Name of the lender Date of Agreement Key Terms Security Outstanding as on March 31, 2011 | ICICI Home Finance Company Ltd. Facility Agreement dated December 31, 2009 1. Loan amount: ₹ 1,50,00,000/- 2. Rate of interest – Adjustable Rate of Interest 13.25% per annum (i.e. Floating Rate) 3. Term: 136 months. EMI is calculated on monthly rest. (Date of commencement of EMI – February, 2010) Equitable mortgage of immoveable property situated at office premises number 201 and 202, Viraj Towers, 2 nd Floor, Near Landmark, Western Express Highway, Andheri(E), Mumbai 400069 admeasuring 8,000 square feet carpet area. ₹ 1,40,56,878/- |
|---|--|

3) Motor Vehicle Loans

| | |
|---|--|
| Name of the lender Date of Agreement Key Terms Security Outstanding as on March 31, 2011 | Kotak Mahindra Prime Ltd Facility Agreement dated April 20, 2010 1. Loan Amount : 18,00,000/- 2. Rate of interest: 8.93% p.a. (Flat Rate) 3. Term: 18 months Hypothecation of Motor Car ₹ 5,96,443/- |
|---|--|

| | |
|---|--|
| Name of the lender | Kotak Mahindra Prime Ltd |
| Date of Agreement | Facility Agreement dated April 20, 2010 |
| Key Terms | 1. Loan Amount : 7,00,000/- 2. Rate of interest: 8.93% p.a. (Flat Rate) 3. Term: 18 months |
| Security | Hypothecation of Motor Car |
| Outstanding as on March 31, 2011 | ₹ 2,31,952/- |

Statement of unsecured loans, as restated

Annexure - XII

(₹ in Lakhs)

| Particulars | As at 31 March | | | | |
|---|----------------|---------------|--------------|----------|----------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Loans from Directors | 20.00 | 10.00 | 21.00 | - | - |
| Loans from Other Companies | 4.00 | 165.00 | - | - | - |
| Total | 24.00 | 175.00 | 21.00 | - | - |
| Out of above, particulars of Loans from | | | | | |
| Promoter /Promoter group: | | | | | |
| - Amount of loans outstanding | 20.00 | 10.00 | 21.00 | - | - |
| - Rate of Interest | 15% | 15% | 15% | - | - |
| - The loans were repayable on demand. | | | | | |

Statement of Investments, as restated

Annexure - XIII

(₹ in Lakhs)

| Particulars | As at 31 March | | | | |
|---|-----------------|---------------|---------------|---------------|--------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Investment- Long Term- At Cost | | | | | |
| Non Trade Investments-Quoted | | | | | |
| Equity Shares : (Fully paid up) | | | | | |
| Aditya Birla Nuvo Ltd. | - | - | - | - | 0.06 |
| Bajaj Auto Finance Co. Ltd. | - | - | - | - | 0.20 |
| Goa Carban Ltd. | - | - | - | 0.80 | 0.80 |
| Hindustan Oil Exploration Ltd. | - | - | 5.67 | 5.75 | 0.13 |
| JMC Projects (India) Ltd. | - | - | - | 0.21 | 0.21 |
| Jaiprakash Hydro Projects Ltd. | - | - | - | - | 3.26 |
| J.S.W. Steel Ltd. | - | - | - | - | 0.02 |
| Priyadarshini Spinning Mills Ltd. | - | - | - | - | 0.02 |
| Reliance Petroleum Ltd. | - | - | - | 0.87 | 0.87 |
| Tata Steel Co. Ltd. | - | - | 0.38 | 0.38 | - |
| Non Trade Investments-unquoted | | | | | |
| Bombay Stock Exchange Ltd. | 0.02 | 0.02 | 0.02 | 0.02 | 0.10 |
| Total- A | 0.02 | 0.02 | 6.07 | 8.03 | 5.67 |
| Trade Investments-Unquoted | | | | | |
| Equity Shares of Subsidiaries | | | | | |
| Inventure Finance Pvt. Ltd. | 2,511.29 | 511.29 | 511.29 | 160.29 | - |
| Inventure Insurance Broking Pvt. Ltd. | - | - | - | 60.00 | - |
| Inventure Commodities Limited | 219.01 | 219.01 | 219.01 | - | - |
| Inventure Wealth Management Limited | 52.00 | 52.00 | 52.00 | - | - |
| Total- B | 2,782.30 | 782.30 | 782.30 | 220.29 | - |
| Units of Mutual Funds (Unquoted) | | | | | |
| Can Bank Mutual Fund - CanMulti Cap Fund | - | - | - | - | 10.00 |
| Total- C | - | - | - | - | 10.00 |
| Preference Shares : (Quoted) | | | | | |
| Tata Steel Co. Ltd. | - | - | 0.70 | 0.70 | - |
| Total- D | - | - | 0.70 | 0.70 | - |
| Net Investments (A+B+C+D) | 2,782.32 | 782.32 | 789.07 | 229.02 | 15.67 |
| Market value of Quoted Investments | - | - | 6.70 | 10.16 | 5.40 |

Statement of sundry debtors, as restated

Annexure - XIV

(₹ in Lakhs)

| Particulars | As at 31 March | | | | |
|--|-----------------|-----------------|-----------------|-----------------|---------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Outstanding for a period exceeding six months | | | | | |
| -Considered good | 662.73 | 208.37 | 942.63 | 136.41 | 102.32 |
| -Considered doubtful | - | - | - | 12.95 | 12.95 |
| | 662.73 | 208.37 | 942.63 | 149.36 | 115.27 |
| Other debts | | | | | |
| -Considered good | 5,657.16 | 4,394.60 | 3,726.82 | 3,446.90 | 832.26 |
| -Considered doubtful | - | - | - | - | - |
| | 6,319.89 | 4,602.97 | 4,669.45 | 3,596.26 | 947.53 |
| Less: Provision for doubtful debts | - | - | - | 12.95 | 12.95 |
| Total | 6,319.89 | 4,602.97 | 4,669.45 | 3,583.31 | 934.58 |
| Due from Promoters/Promoter group/Group companies | - | - | - | - | - |

Notes:

1) The list of persons / entities classified as "Promoters, Promoter Group & Group Companies" has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.

Statement of loans & advances, as restated

Annexure - XV

(₹ in Lakhs)

| Particulars | As at 31 March | | | | |
|---|----------------|-----------------|-----------------|-----------------|---------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Advances recoverable in cash or in kind or for value to be received | 135.92 | 281.13 | 86.29 | 93.15 | 35.61 |
| Advances to subsidiaries | 22.31 | 1,985.75 | 1,301.92 | 861.00 | - |
| Prepaid expenses | 81.18 | 48.68 | 78.86 | 64.06 | 46.55 |
| Deposits | 393.66 | 242.75 | 594.86 | 186.67 | 192.91 |
| Advance & prepaid taxes (net of provision for taxation) | 258.13 | 260.75 | 246.51 | 244.51 | 167.49 |
| Total | 891.20 | 2,819.06 | 2,308.44 | 1,449.40 | 442.56 |
| Due from Promoters/Promoter group/Group companies | - | - | - | - | - |

Notes:

1) The list of persons / entities classified as "Promoters, Promoter Group & Group Companies" has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.

2) The above statement should be read with statement of related party transactions, as restated as per Annexure XVIII.

Statement of current liabilities and provisions, as restated

Annexure - XVI

| Particulars | As at 31 March | | | | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| (₹ in Lakhs) | | | | | |
| Current liabilities | | | | | |
| Bank overdraft accounts | 1,763.79 | 353.70 | 735.15 | 267.50 | 524.97 |
| Sundry creditors | 19.84 | 15.45 | 28.09 | 219.62 | 48.41 |
| Due to clients | 2,089.15 | 1,519.23 | 2,217.09 | 1,539.25 | 439.43 |
| Security deposits | 4,409.45 | 5,342.34 | 2,364.08 | 2,593.21 | 1,105.81 |
| Other liabilities | 41.67 | 53.06 | 43.26 | 43.38 | 68.84 |
| | 8,323.90 | 7,283.78 | 5,387.67 | 4,662.96 | 2,187.46 |
| Provisions | | | | | |
| Proposed dividend | 140.00 | 140.00 | 70.00 | 181.05 | - |
| Corporate dividend tax | 22.71 | 21.92 | 11.90 | 30.77 | - |
| Employees defined benefit (Gratuity) | 25.62 | 21.11 | 20.57 | 11.72 | 8.92 |
| | 188.33 | 183.03 | 102.47 | 223.54 | 8.92 |
| Total | 8,512.23 | 7,466.81 | 5,490.14 | 4,886.50 | 2,196.38 |

Statement of contingent liabilities, as restated

Annexure - XVII

| Particulars | As at 31 March | | | | |
|---|----------------|---------------|---------------|--------------|--------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| (₹ in Lakhs) | | | | | |
| Claims against company not acknowledged as debts | NIL | NIL | NIL | NIL | NIL |
| Bank guarantees given for subsidiary Company - Inventure Commodities Ltd. | 250.00 | 250.00 | 250.00 | - | - |
| Disputed income tax matters | 58.56 | 58.56 | 73.76 | 73.76 | 74.11 |
| Total | 308.56 | 308.56 | 323.76 | 73.76 | 74.11 |

Inventure Growth & Securities Limited (Standalone)

Annexure - XVIII

Statement of related party transactions, as restated

(As per Accounting Standard 18 - "Related Party Disclosures")

| <u>Nature of relationship</u> | <u>Name of the related party</u> |
|---|--|
| Holding Company | Inventure Growth & Securities Limited |
| Subsidiaries | Inventure Finance Pvt. Ltd. Inventure Commodities Ltd. Inventure Wealth Management Ltd. |
| Subsidiary/step down subsidiary | Inventure Insurance Broking Pvt. Ltd. |
| Key Management Personnel | Nagji K. Rita Kanji B. Rita Virendra D. Singh |
| Relatives of Key Management Personnel | Amit P. Rita Amrutben Kanji Shah Anil Keshavji Shah Bhanu Chandrakant Shah Chandrakant K. Shah Dilip Nanji Gala Harshit Vinod Shah Jayshree Nagji Rita Keshavji Maya Rita Khimaben K. Rita Kiran V. Singh Minaxi P. Rita Nishit Vinod Shah Padamshi Kanji Shah Padmaben Shantilal Rita Rajesh Nanji Gala Ratan Vinod Shah Rupal Virendra Singh Sejal N. Shah Shantiben Kanji Rita Shraddha V. Singh Shweta Singh Vaibhav N. Rita Varsha Padamshi Shah Gulavati Singh |
| Enterprises where key management personnel exercise significant influence | Keshvi Developers Chandrakant K. Shah-HUF Keshavji M. Rita HUF Nagji K. Rita HUF Suyojana Impex Pvt. Ltd K R Shoppers Pvt Ltd. |

Inventure Growth & Securities Limited

Inventure Growth & Securities Limited (Standalone)

Details of Related Party Transactions are as follows:

(₹ in Lakhs)

| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | | |
|--|---------------------------------------|---|----------------|------|--------|--------|------|
| | | | 2011 | 2010 | 2009 | 2008 | 2007 |
| Guarantees given (Amount restricted to the maximum commitment) | Inventure Commodities Ltd. | Subsidiary company | - | - | 250.00 | - | - |
| Investment in equity shares | Inventure Finance Pvt. Ltd. | Subsidiary company | 2,000.00 | - | 351.00 | 160.29 | - |
| | Inventure Commodities Ltd. | Subsidiary company | - | - | 219.01 | - | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | - | - | 52.00 | - | - |
| | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | - | - | - | 60.00 | - |
| Interest paid | Amrutben Kanji Shah | Relative of Key Management Personnel | 1.35 | 1.35 | 1.37 | 1.37 | 0.82 |
| | Kiran V. Singh | Relative of Key Management Personnel | 0.37 | 0.40 | 0.76 | - | 2.17 |
| | Virendra D. Singh | Key Management Personnel | 1.99 | 2.29 | 2.88 | - | - |
| | Virendra D. Singh HUF | Enterprises where Key management Personnel exercise significant influence | 2.77 | - | - | - | - |
| | Nagji K. Rita | Key Management Personnel | - | - | - | 0.15 | 2.44 |
| | Bhanu Chandrakant Shah | Relative of Key Management Personnel | - | - | - | 0.32 | 3.03 |
| | Chandrakant K. Shah | Relative of Key Management Personnel | - | - | - | 0.08 | 1.06 |
| | Chandrakant K. Shah-Huf | Enterprises where Key management Personnel exercise significant influence | - | - | - | - | 3.58 |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 0.11 | 1.40 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | - | - | - | 0.59 | 0.51 |
| | Kiran V. Singh | Relative of Key Management Personnel | - | - | - | 1.77 | - |
| | Keshvi Developers | Enterprises where Key management Personnel exercise significant influence | - | - | - | 0.73 | - |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | 0.63 | - |
| | Keshavji M. Rita | Relative of Key Management Personnel | - | - | - | - | - |

Inventure Growth & Securities Limited

| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | | |
|----------------------------------|---------------------------------------|---|----------------|----------|----------|--------|------|
| | | | 2011 | 2010 | 2009 | 2008 | 2007 |
| Interest paid | Anil Keshavji Shah | Relative of Key Management Personnel | - | - | - | - | 0.94 |
| | Bhanu Chandrakant Shah | Relative of Key Management Personnel | - | - | - | - | - |
| | Kanji B. Rita | Key Management Personnel | - | - | - | - | - |
| | Nagji K. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | - | 0.27 |
| | Gulavati Singh | Relative of Key Management Personnel | 0.71 | 0.70 | - | - | - |
| | Shraddha V. Singh | Relative of Key Management Personnel | 0.30 | 0.02 | - | - | - |
| | K R Shoppers Pvt Ltd. | Enterprises where Key management Personnel exercise significant influence | - | 13.40 | - | - | - |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | 0.08 | 4.15 | - | - | - |
| Interest received | Inventure Commodities Ltd. | Subsidiary company | - | - | 22.51 | - | - |
| | Inventure Wealth Mgmt. Ltd. | Subsidiary company | 1.27 | 1.83 | - | - | - |
| | Inventure Finance Pvt. Ltd. | Subsidiary company | 192.27 | 115.33 | - | - | - |
| Loans & advances given | Inventure Finance Pvt. Ltd. | Subsidiary company | 8,696.80 | 5,621.50 | 1,376.00 | 965.01 | - |
| | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | - | - | 55.00 | - | - |
| | Inventure Commodities Ltd. | Subsidiary company | - | 537.93 | 1,449.85 | - | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | 32.85 | 21.00 | 10.25 | - | - |
| | Inventure Finance Pvt. Ltd. | Subsidiary company | 10,662.55 | 4,953.00 | 938.75 | 105.01 | - |
| Loans & advances received back | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | - | - | 56.00 | - | - |
| | Inventure Commodities Ltd. | Subsidiary company | - | 537.93 | 1,472.49 | - | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | 29.30 | 5.50 | 5.75 | - | - |
| | Inventure Finance Pvt. Ltd. | Subsidiary company | 0.27 | 0.27 | - | - | - |
| Adminstrative Expenses incurred | Inventure Commodities Ltd. | Subsidiary company | 0.20 | 2.14 | - | - | - |
| | Inventure Finance Pvt. Ltd. | Subsidiary company | 0.27 | 0.27 | - | - | - |
| Adminstrative Expenses Recovered | Inventure Finance Pvt. Ltd. | Subsidiary company | 0.27 | 0.27 | - | - | - |
| | Inventure Commodities Ltd. | Subsidiary company | 0.20 | 2.14 | - | - | - |

Inventure Growth & Securities Limited

| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | | |
|---------------------------|-------------------------|---|----------------|--------|-------|-------|--------|
| | | | 2011 | 2010 | 2009 | 2008 | 2007 |
| Loans received | Virendra D. Singh | Key Management Personnel | 10.00 | 4.00 | 21.00 | - | - |
| | Nagji K. Rita | Key Management Personnel | 100.00 | - | - | 9.00 | 94.95 |
| | Kanji B. Rita | Key Management Personnel | - | - | - | - | - |
| | K R Shoppers Pvt Ltd. | Enterprises where Key management Personnel exercise significant influence | - | 200.00 | - | - | - |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | - | 150.00 | - | - | - |
| Loans repaid | Virendra D. Singh | Key Management Personnel | - | 15.00 | - | - | - |
| | Nagji K. Rita | Key Management Personnel | 100.00 | - | - | 9.00 | 155.00 |
| | Kanji B. Rita | Key Management Personnel | - | - | - | - | - |
| | K R Shoppers Pvt Ltd. | Enterprises where Key management Personnel exercise significant influence | - | 200.00 | - | - | - |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | 50.00 | 100.00 | - | - | - |
| Security deposit received | Kiran V. Singh | Relative of Key Management Personnel | - | 4.00 | 5.00 | - | 15.00 |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 5.40 | 2.25 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | - | - | - | 9.40 | 1.60 |
| | Keshvi Developers | Enterprises where Key management Personnel exercise significant influence | - | - | - | 50.00 | - |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | 10.60 | 0.10 |
| | Keshavji M. Rita | Relative of Key Management Personnel | - | - | - | - | - |
| | Nagji K. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | - | - |
| | Chandrakant K. Shah-Huf | Enterprises where Key management Personnel exercise significant influence | - | - | - | - | 10.00 |
| | Virendra D. Singh HUF | Enterprises where Key management Personnel exercise significant influence | 30.00 | - | - | - | - |
| | Anil Keshavji Shah | Relative of Key Management Personnel | - | - | - | - | - |
| | Bhanu Chandrakant Shah | Relative of Key Management Personnel | - | - | - | - | - |
| | Gulavati Singh | Relative of Key Management Personnel | - | 10.00 | - | - | - |
| | Shraddha V. Singh | Relative of Key Management Personnel | - | 2.00 | - | - | - |

Inventure Growth & Securities Limited

| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | | |
|---------------------------|-------------------------|---|----------------|-------|-------|-------|-------|
| | | | 2011 | 2010 | 2009 | 2008 | 2007 |
| Security deposit paid | Bhanu Chandrakant Shah | Relative of Key Management Personnel | - | - | - | 20.00 | - |
| | Chandrakant K. Shah | Relative of Key Management Personnel | - | - | - | 7.00 | - |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 5.40 | 37.00 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | - | - | - | 9.40 | 13.50 |
| | Kiran V. Singh | Relative of Key Management Personnel | 3.00 | 11.00 | - | 10.00 | - |
| | Keshvi Developers | Enterprises where Key management Personnel exercise significant influence | - | - | - | 50.00 | - |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | 10.60 | 0.10 |
| | Keshavji M. Rita | Relative of Key Management Personnel | - | - | - | - | - |
| | Nagji K. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | - | 7.00 |
| | Gulavati Singh | Relative of Key Management Personnel | 10.00 | - | - | - | - |
| | Anil Keshavji Shah | Relative of Key Management Personnel | - | - | - | - | 10.00 |
| Remuneration paid | Kanji B. Rita | Key Management Personnel | - | - | 17.25 | 9.90 | 7.20 |
| | Virendra D. Singh | Key Management Personnel | 3.60 | 3.60 | 3.60 | 3.60 | 3.40 |
| | Nagji K. Rita | Key Management Personnel | 18.00 | 18.00 | 18.00 | 9.00 | 9.00 |
| | Shraddha V. Singh | Relative of Key Management Personnel | 2.40 | 2.40 | 0.80 | - | - |
| | Sejal N. Shah | Relative of Key Management Personnel | 4.00 | 4.80 | 4.80 | 1.20 | - |
| | Kiran V. Singh | Relative of Key Management Personnel | - | - | 1.60 | 2.40 | 2.60 |
| | Ratan Vinod Shah | Relative of Key Management Personnel | 4.00 | 4.80 | 4.80 | 1.20 | - |
| | Padmaben Shantilal Rita | Relative of Key Management Personnel | - | 4.20 | 4.20 | - | 1.80 |
| | Amit P. Rita | Relative of Key Management Personnel | - | - | 3.15 | - | - |
| | Minaxi P. Rita | Relative of Key Management Personnel | - | - | 2.80 | - | - |
| | Nishit Vinod Shah | Relative of Key Management Personnel | - | - | - | 0.90 | - |
| | Padamshi Kanji Shah | Relative of Key Management Personnel | - | - | - | 1.05 | - |
| | Varsha Padamshi Shah | Relative of Key Management Personnel | 4.50 | 5.40 | 5.40 | 1.20 | - |
| | Shweta Singh | Relative of Key Management Personnel | 6.50 | 19.00 | 7.90 | 14.46 | 7.00 |
| | Rupal Virendra Singh | Relative of Key Management Personnel | - | - | - | - | - |
| | Harshit Vinod Shah | Relative of Key Management Personnel | - | - | - | - | - |
| | Keshavji Maya Rita | Relative of Key Management Personnel | - | - | - | - | 0.64 |

Inventure Growth & Securities Limited

| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | | |
|-----------------------------------|---------------------------------------|---|----------------|------|------|-------|------|
| | | | 2011 | 2010 | 2009 | 2008 | 2007 |
| Rent paid | Jayshree Nagji Rita | Relative of Key Management Personnel | 7.80 | 6.00 | 6.00 | 6.00 | 3.60 |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | 7.80 | 6.00 | 6.00 | 6.00 | 3.60 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | 7.80 | 6.00 | 6.00 | 6.00 | 3.60 |
| | Nagji K. Rita HUF | Enterprises where Key management Personnel exercise significant influence | 7.80 | 8.40 | 6.00 | 6.00 | 4.40 |
| | Vaibhav N. Rita | Relative of Key Management Personnel | 4.75 | - | - | - | - |
| Rent Received | Inventure Finance Pvt. Ltd. | Subsidiary company | 0.60 | 0.60 | - | - | - |
| | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | 0.60 | 0.60 | - | - | - |
| | Inventure Commodities Ltd. | Subsidiary company | 0.60 | 0.60 | - | - | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | 0.60 | 0.60 | - | - | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | 6.41 | - | - | - | - |
| Commission Paid | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | - | - | - | 4.59 | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | - | - | 1.81 | - | - |
| Incorporation expenses paid | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | - | - | - | 3.59 | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | - | - | 1.81 | - | - |
| Incorporation expenses reimbursed | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | - | - | - | 3.59 | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | - | - | 1.81 | - | - |
| Share capital subscribed | Kanji B. Rita | Key Management Personnel | - | - | - | 39.40 | - |
| | Dilip Nanji Gala | Relative of Key Management Personnel | - | - | - | 7.00 | - |
| | Harshit Vinod Shah | Relative of Key Management Personnel | - | - | - | 2.50 | - |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 11.00 | - |
| | Kiran V. Singh | Relative of Key Management Personnel | - | - | - | 10.00 | - |
| | Nishit Vinod Shah | Relative of Key Management Personnel | - | - | - | 5.00 | - |
| | Ratan Vinod Shah | Relative of Key Management Personnel | - | - | - | 2.50 | - |
| | Rajesh Naji Gala | Relative of Key Management Personnel | - | - | - | 7.00 | - |
| | Shantiben Kanji Rita | Relative of Key Management Personnel | - | - | - | 7.10 | - |

Inventure Growth & Securities Limited

Outstanding balance as at the end of the year

(₹ in Lakhs)

| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | | |
|---------------------------|---------------------------------------|---|----------------|----------|----------|--------|-------|
| | | | 2011 | 2010 | 2009 | 2008 | 2007 |
| Receivables | Inventure Finance Pvt. Ltd. | Subsidiary company | - | 1,965.75 | 1,808.54 | 860.00 | - |
| | Inventure Wealth Management Ltd. | Subsidiary company | 23.58 | 20.00 | 56.50 | - | - |
| | Inventure Insurance Broking Pvt. Ltd. | Subsidiary/step down subsidiary company | - | - | - | 1.00 | - |
| Payables | Virendra D. Singh | Key Management Personnel | 20.00 | 10.00 | 21.00 | - | - |
| | Virendra D. Singh HUF | Enterprises where Key management Personnel exercise significant influence | 30.00 | - | - | - | - |
| | Amrutben Kanji Shah | Relative of Key Management Personnel | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| | Chandrakant Shah | Relative of Key Management Personnel | - | - | - | - | 7.00 |
| | Chandrakant Shah-HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | - | 24.00 |
| | Kiran V. Singh | Relative of Key Management Personnel | - | 3.00 | 10.00 | 5.00 | 15.00 |
| | Bhanu C. Shah | Relative of Key Management Personnel | - | - | - | - | 20.00 |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | - | 50.00 | - | - | - |
| | Gulavati Singh | Relative of Key Management Personnel | - | 10.00 | - | - | - |
| | Shraddha V. Singh | Relative of Key Management Personnel | 2.00 | 2.00 | - | - | - |
| | | | | | | | |

Inventure Growth & Securities Limited (Standalone)

Statement of Tax Shelters

Annexure – XIX

| Particulars | For the year Ended 31 st March | | | | |
|--|---|--------------------|--------------------|--------------------|--------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| | ₹ | ₹ | ₹ | ₹ | ₹ |
| Profit before tax but after exceptional items as per audited accounts | 81,625,123 | 152,398,907 | 43,006,108 | 227,698,618 | 160,946,674 |
| Less: Capital gains considered separately | - | (631,365) | (498,305) | (37,335,642) | (265,516) |
| Less: Capital gains considered separately | | | | | |
| - Long Term Capital Gains | | (631,365) | (498,305) | (37,335,642) | (265,516) |
| - Short Term Capital Gains | | - | - | - | - |
| Profit before tax after exceptional items but excluding Capital Gains | 81,625,123 | 151,767,542 | 42,507,803 | 190,362,976 | 160,681,158 |
| Normal Tax Rate (%) | 33.22% | 33.99% | 33.99% | 33.99% | 33.66% |
| Notional Tax Expense at Regular rates on profit before tax excluding capital gains | 27,113,825 | 51,585,787 | 14,448,402 | 64,704,376 | 54,085,278 |
| Notional Tax Expense for Short Term / Long Term capital gains | - | - | 169,374 | 12,690,385 | 89,373 |
| Total Notional Tax Expense | 27,113,825 | 51,585,787 | 14,617,776 | 77,394,761 | 54,174,651 |
| Adjustments | | | | | |
| Permanent Differences: | | | | | |
| Donations | 789,501 | 46,903 | 913,502 | 93,001 | 52,500 |
| Dividend Income exempt U/s 10 | (1,481,758) | (850,111) | (794,555) | (806,830) | (412,872) |
| Expenses Disallowed U/s 14A | 100,000 | 100,000 | 100,000 | 40,342 | 100,000 |
| Securities Transaction Tax | - | - | 621,485 | 1,925,635 | 36,518 |
| Other Permanent Differences | - | 27,318 | - | (57,444) | (1,102,630) |
| Total (A) | (592,257) | (675,890) | 840,432 | 1,194,704 | (1,326,484) |
| Timing Differences: | | | | | |
| Depreciation | | | | | |
| Excess of Tax Depreciation over Book Depreciation | (2,102,256) | (3,806,491) | (7,422,809) | (8,312,647) | (98,729) |
| Provision for doubtful debts | | | | | |
| Provision for doubtful debts disallowed /(allowed) U/s 36(1)(vii) | - | - | (1,294,796) | - | - |
| Belated payment Tax Deducted at Source | | | | | |
| disallowed/(allowed) | - | - | - | (993,733) | (2,231,777) |
| Other timing differences | 451,086 | 54,400 | 884,261 | 280,014 | 275,491 |
| Total (B) | (1,651,170) | (3,752,091) | (7,833,344) | (9,026,366) | (2,055,015) |
| Deductions under chapter VI A | | | | | |
| Deductions u/s 80G | (381,000) | (6,501) | (438,000) | (25,500) | (25,500) |
| Total Deductions (C) | (381,000) | (6,501) | (438,000) | (25,500) | (25,500) |
| Net Adjustments (A)+ (B) + (C) | (2,624,427) | (4,434,482) | (7,430,912) | (7,857,163) | (3,406,999) |
| Tax Expense/(Savings) on above | (871,769) | (1,507,280) | (2,525,767) | (2,670,650) | (1,146,796) |
| Tax Savings on capital gains | - | - | (169,374) | (9,735,967) | (89,373) |
| Total Tax (without interest) | 26,242,056 | 50,078,507 | 11,922,635 | 64,988,144 | 52,938,482 |
| Add: - Interest U/S 234 A/B/C | - | 418,716 | - | - | - |
| Less: - Tax rebate U/S 88E | - | - | - | (28,218,881) | (31,814,873) |
| Total Tax as per return of income | 26,242,056 | 50,497,223 | 11,922,635 | 36,769,263 | 21,123,609 |

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Tax payable (As per Return of Income) | 26,242,056 | 50,497,223 | 11,922,635 | 36,769,263 | 21,123,609 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|

Note : The above tax adjustments have been considered based on the information from income tax computations of the Company filed with the tax authorities for the previous years 2006-07, 2007-08, 2008-09 & 2009-10. Information pertaining to the previous year 2010-11 is as per draft tax computation prepared, as return of income is to be filed by due date.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL INFORMATION OF INVENTURE GROWTH & SECURITIES LIMITED

To
The Board of Directors
Inventure Growth & Securities Limited
201, Viraj Towers
Near Andheri flyover, Western Express Highway
Andheri (East)
Mumbai - 400 069.

Dear Sirs,

1. We have examined the attached financial information of **Inventure Growth & Securities Limited** ('the Company') and its subsidiaries (collectively referred as "the Group") as approved by the Board of Directors of the Company, which has been prepared by the management of the company in accordance with requirements of Paragraph B of Part - II of Schedule II to the Companies Act, 1956, ('the Act') and amendments thereof; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and related clarifications and the amendments made thereto from time to time ('the SEBI Regulations'), the Guidance Note on the Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ("ICAI"); and in terms of our engagement agreed upon with you in accordance with our engagement letter. The financial information is proposed to be included in the offer document of the Company in connection with the proposed Initial Public Offer of Equity shares of the Company.
2. The consolidated financial information have been prepared by the Company's Management from the audited financial statements for the financial years ended on March 31, 2008, 2009, 2010 and 2011. Audit of the financial statements of the "Group" for the financial year ended March 31, 2008 was conducted by previous Auditors M/s P. D. Desai & Associates. Audit of the financial statements of the "Group" for the financial years ended March 31, 2009 and 2010, were conducted by previous Auditors M/s D. V. Vakharia & Co. Audit of the financial statements of the "Group" for the financial year 2011 has been conducted by us. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2008, 2009 and 2010 is based on the audited financial statements of the "Group" which were audited by the previous Auditors M/s P. D. Desai & Associates and M/s D. V. Vakharia & Co. for the said years.
3. The consolidated financial information for the above years was examined to the extent practicable, for the purpose of audit of financial information in accordance with Standards on Quality Control and Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform the audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement. We have reported on the consolidated financial information on the basis of information and explanations provided by the management, books and records produced to us and such other tests and procedures, which in our opinion, were necessary for our reporting. These procedures included comparison of the attached financial information of the Group with the respective audited financial statements.
4. In accordance with the requirements of Paragraph B part II of Schedule II of the Act, the SEBI Guidelines and the engagement letter, we further report that:
 - a) The Consolidated Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2008, 2009, 2010 and 2011 examined by us as set out in Annexure I to this report are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant accounting policies, Notes on adjustments and Notes to accounts set out in Annexure IV.
 - b) The Consolidated Restated Summary Statement of Profit or Loss of the Company for the years ended on March 31, 2008, 2009, 2010 and 2011 examined by us as set out in Annexure II to this report are after making such adjustments and regrouping as in our opinion are appropriate and more fully described in Significant accounting policies, Notes on adjustments and Notes to accounts set out in Annexure IV.
 - c) The Consolidated Restated Statement of Cash Flows for the years ended on March 31, 2008,

2009,2010 and 2011 examined by us as set out in Annexure III to this report are after making such adjustments and regrouping as in our opinion are appropriate and more fully described in Significant accounting policies, Notes on adjustments and Notes to accounts set out in Annexure IV.

- d) Based on the above, we are of the opinion that the Consolidated Restated Financial Information has been made after incorporating:
 - i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
 - ii) Adjustments for material amounts in the respective financial years to which they relate.
 - iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts or Auditor's qualification requiring adjustments.
5. In accordance with the terms of engagement letter, we have also examined the following other restated consolidated financial information relating to the company for the years ended March 31, 2008, 2009, 2010 and 2011 set out in the following annexures prepared by the management and approved by the Board of Directors for the purpose of inclusion in the offer document in connection with the proposed Initial Public Offer of equity shares of the Company.
 - a. Statement of Accounting Ratios set out in Annexure V.
 - b. Capitalization Statement as at 31st March 2011 set out in Annexure VI.
 - c. Statement of Reserves and Surplus set out in Annexure VII.
 - d. Statement of Dividends paid/proposed set out in Annexure VIII
 - e. Statement of Income from operations set out in Annexure IX.
 - f. Statement of Other Income set out in Annexure X.
 - g. Statement of Secured Loans set out in Annexure XI.
 - h. Statement of Unsecured Loans set out in Annexure XII.
 - i. Statement of Investments set out in Annexure XIII.
 - j. Statement of Sundry Debtors set out in Annexure XIV.
 - k. Statement of Loans and Advances set out in Annexure XV.
 - l. Statement of Current Liabilities and Provisions set out in Annexure XVI.
 - m. Statement of Contingent Liabilities set out in Annexure XVII.
 - n. Statement of Details of Related Party Transactions set out in Annexure XVIII.
6. In our opinion the above consolidated financial information contained in Annexure I to XVIII of this report has been prepared in accordance with Part II of Schedule II of the Act, the SEBI Guidelines and the Guidance Note on the Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") . Consequently the consolidated financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
7. We have no responsibility to update our report for events and circumstances occurring after the date of the

report.

8. This report should neither in anyway be construed as a re-issuance or redrafting of any of the previous Audit Report issued by other firms of Chartered Accountants nor to be construed as new opinion on any financial statements referred to herein.
9. This report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed Initial Public Offer of the Company. Our report should not be used for any other purpose except with our consent in writing.

**For PHD& ASSOCIATES.
Chartered Accountants
Firm Registration No.111236W**

**(DHIREN VAKHARIA)
Partner
(Membership No. 46115)**

**Place : Mumbai
Dated: 6 July 2011**

Inventure Growth & Securities Limited (Consolidated)

Statement of assets and liabilities, as restated

Annexure - I

(₹ in Lakhs)

| Particulars | As at 31st March | | | |
|--|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2009 | 2008 |
| A. Fixed assets | | | | |
| Gross block | 2,042.12 | 1,961.29 | 1,803.25 | 1,605.33 |
| Less: accumulated depreciation | 676.02 | 551.50 | 436.80 | 328.33 |
| Net block | 1,366.10 | 1,409.79 | 1,366.45 | 1,277.00 |
| Capital work-in-progress | - | - | - | 54.99 |
| Total | 1,366.10 | 1,409.79 | 1,366.45 | 1,331.99 |
| B. Goodwill on consolidation | 150.08 | 150.08 | 150.08 | 23.81 |
| C. Investments | 1,588.83 | 1,143.93 | 1,450.25 | 1,108.54 |
| D. Current assets, loans and advances | | | | |
| Stock-in-trade | 14.93 | 0.96 | 3.20 | 4.44 |
| Sundry debtors | 6,444.93 | 4,703.42 | 4,787.68 | 3,583.31 |
| Cash and bank balances | 6,662.45 | 6,651.84 | 3,525.50 | 5,276.82 |
| Loans and advances | 5,112.09 | 3,322.80 | 1,930.53 | 580.26 |
| Total | 18,234.40 | 14,679.02 | 10,246.91 | 9,444.83 |
| E. Total Assets (A+B+C+D) | 21,339.41 | 17,382.82 | 13,213.69 | 11,909.17 |
| F. Liabilities and provisions | | | | |
| Share application money pending allotment | - | - | - | 311.62 |
| Minority interest | 6.19 | 8.53 | 10.42 | - |
| <u>Loan funds</u> | | | | |
| Secured loans | 4,315.56 | 1,886.35 | 916.19 | 812.65 |
| Unsecured loans | 149.00 | 175.00 | 21.00 | 109.00 |
| Deferred tax liability (net) | 116.65 | 119.42 | 102.51 | 74.46 |
| <u>Current liabilities and provisions</u> | | | | |
| Current liabilities | 8,507.99 | 7,422.14 | 5,782.08 | 4,663.36 |
| Provisions | 198.47 | 184.36 | 102.47 | 223.54 |
| Total | 13,293.86 | 9,795.80 | 6,934.67 | 6,194.63 |
| G. Net worth (E-F) | 8,045.55 | 7,587.02 | 6,279.02 | 5,714.54 |
| Represented by: | | | | |
| <u>Shareholders' funds</u> | | | | |
| Share capital | 1,400.00 | 1,400.00 | 700.00 | 700.00 |
| Reserves and surplus | 6,645.55 | 6,187.02 | 5,579.02 | 5,014.54 |
| Total Networth | 8,045.55 | 7,587.02 | 6,279.02 | 5,714.54 |

Note: The above statement should be read with significant accounting policies, notes on adjustments and notes to accounts to the consolidated financial statements, as restated as per Annexure IV.

Inventure Growth & Securities Limited (Consolidated)

Statement of profit and loss, as restated

Annexure - II

(₹ in Lakhs)

| For the year ended 31st March | |
|-------------------------------|--|
|-------------------------------|--|

| Particulars | 2011 | 2010 | 2009 | 2008 |
|--|-----------------|-----------------|-----------------|-----------------|
| Income | | | | |
| Income from operations | 3,116.43 | 3,925.50 | 2,422.48 | 3,803.40 |
| Other income | 1,018.63 | 701.21 | 413.42 | 918.10 |
| Total income | 4,135.06 | 4,626.71 | 2,835.90 | 4,721.50 |
| Expenditure | | | | |
| Personnel expenses | 733.43 | 553.44 | 472.82 | 544.26 |
| Operating and other expenses | 1,634.82 | 1,562.50 | 1,306.01 | 1,657.43 |
| Interest & other financial expenses | 705.88 | 361.93 | 194.69 | 162.41 |
| Depreciation | 124.52 | 115.68 | 103.76 | 61.16 |
| Total expenditure | 3,198.65 | 2,593.55 | 2,077.28 | 2,425.26 |
| Net profit before tax and extraordinary items | 936.41 | 2,033.16 | 758.62 | 2,296.24 |
| Provision for taxation | | | | |
| - Income tax | 320.30 | 546.87 | 176.25 | 613.36 |
| - Deferred tax adjustments | (2.78) | 16.91 | 26.62 | 31.69 |
| - Fringe benefit tax | - | - | 5.04 | 4.60 |
| Net profit after tax & before extraordinary items | 618.89 | 1,469.38 | 550.71 | 1,646.59 |
| Extraordinary items | - | - | - | - |
| Net profit after extraordinary items and before minority interest | 618.89 | 1,469.38 | 550.71 | 1,646.59 |
| Less: Share of minority interest for the year | (2.34) | (1.89) | (2.64) | - |
| Net profit after minority interest | 621.23 | 1,471.27 | 553.35 | 1,646.59 |
| Balance in profit & loss account brought forward | 747.60 | 479.59 | 98.22 | 186.30 |
| Add: adjustment arising on consolidation | - | - | 11.92 | - |
| Adjusted balance brought forward | 747.60 | 479.59 | 110.14 | 186.30 |
| (after adjustment arising on consolidation) | | | | |
| Balance available for appropriations | 1,368.83 | 1,950.86 | 663.49 | 1,832.89 |
| Appropriations | | | | |
| Proposed dividend on equity shares | 140.00 | 140.00 | 70.00 | 181.05 |
| Dividend distribution tax on equity dividend | 22.71 | 23.26 | 11.90 | 30.77 |
| Transfer to general reserve | 300.00 | 1,000.00 | 100.00 | 1,500.00 |
| Transfer to Statutory Reserve : | | | | |
| - In respect of current year's profit | 5.50 | 40.00 | 2.00 | 15.00 |
| - In respect of earlier years profits | - | - | - | 7.85 |
| Balance in profit and loss account, as restated | 900.62 | 747.60 | 479.59 | 98.22 |
| Total | 1,368.83 | 1,950.86 | 663.49 | 1,832.89 |

Note: The above statement should be read with significant accounting policies, notes on adjustments and notes to accounts to the consolidated financial statements, as restated as per Annexure IV.

Inventure Growth & Securities Limited (Consolidated)

Cash flow statement, as restated

Annexure - III
(₹ in Lakhs)

| Particulars | Year ended on 31st March | | | |
|--|--------------------------|-----------------|---------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| A | | | | |
| . Cash flow from operating activities | | | | |
| Profit before taxation | 936.41 | 2,033.16 | 758.62 | 2,296.24 |
| Adjustments for | | | | |

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| (Profit)/loss on sale of investments | (116.97) | (97.96) | 4.13 | (386.48) |
| Dividend income | (12.65) | (10.26) | (16.37) | (8.07) |
| Interest received | (301.61) | (283.23) | (200.04) | (351.36) |
| Depreciation | 124.52 | 115.68 | 108.47 | 61.71 |
| (Profit)/loss on fixed assets | - | 0.27 | - | - |
| Interest and other financial charges | 705.88 | 361.93 | 194.69 | 162.41 |
| Contingent Provisions against Standard Assets | 10.14 | | | |
| Provision for defined employees benefit | 4.51 | 0.54 | 8.84 | 2.80 |
| Provision for deferred tax adjustments | - | - | 1.44 | - |
| Operating cash flow before working capital changes | 1,350.21 | 2,120.13 | 859.78 | 1,777.26 |
| Adjustments for : | | | | |
| Stock in trade | (13.98) | 2.23 | 1.26 | (1.29) |
| Trade & other receivables | (3,427.42) | (1,215.70) | (2,538.70) | (2,719.33) |
| Trade payables | (322.55) | 2,021.37 | 649.34 | 2,733.37 |
| Income taxes paid | (363.54) | (594.92) | (197.22) | (697.29) |
| Net cash from operating activities - A | (2,777.26) | 2,333.11 | (1,225.54) | 1,092.72 |
| B | | | | |
| • Cash flow from investing activities | | | | |
| Purchase of fixed assets | (80.83) | (163.29) | (142.94) | (1,094.13) |
| Disposal of fixed assets | - | 4.00 | - | - |
| Capital work in progress | - | - | - | (54.99) |
| Goodwill on acquisition | - | - | (129.77) | (23.81) |
| Purchase of investments | (564.11) | - | (409.85) | (1,106.50) |
| Disposal of investments | 236.17 | 404.29 | 64.01 | 400.11 |
| Interest received | 241.48 | 238.97 | 200.04 | 351.36 |
| Dividend income | 12.65 | 10.26 | 16.37 | 8.07 |
| Term deposits with banks (net) | (868.00) | (2,077.24) | 1,070.38 | (3.18) |
| Net cash from investing activities - B | (1,022.64) | (1,583.01) | 668.24 | (1,523.07) |
| C | | | | |
| • Cash flow from financing activities | | | | |
| Proceeds from issue of equity shares | - | - | - | 140.00 |
| Share premium received | - | - | 96.53 | - |
| Equity share application money received/(returned) | - | - | (311.63) | 311.63 |
| Issue of capital by subsidiary | - | - | 13.06 | - |
| Dividend paid | (140.00) | (70.00) | (181.05) | - |
| Dividend distribution tax paid | (23.25) | (11.90) | (30.77) | - |
| Loans from banks | 10,806.14 | 2,786.00 | 140.00 | 812.65 |
| Loans from banks - repaid | (8,376.92) | (1,815.84) | (36.46) | - |
| Loans from others | 339.00 | 349.00 | 21.00 | 109.00 |
| Loans from others - repaid | (365.00) | (195.00) | (109.00) | - |
| Interest & other financial charges | (705.88) | (361.93) | (194.69) | (162.41) |
| Bank overdraft (net) | 1,408.41 | (381.32) | 469.37 | (257.47) |
| Net cash from financing activities - C | 2,942.50 | 299.01 | (123.64) | 953.39 |
| Net increase in cash and cash equivalents (A+B+C) | (857.40) | 1,049.11 | (680.94) | 523.04 |
| Cash & cash equivalent as at the beginning of the year | 1,383.08 | 333.97 | 1,014.91 | 491.87 |
| Cash & cash equivalent as at the end of the year | 525.68 | 1,383.08 | 333.97 | 1,014.91 |

Notes :

- 1) The above statement should be read with significant accounting policies, notes on adjustments and notes to accounts to the consolidated financial statements, as restated as per Annexure IV.

- 2) **Cash and Cash Equivalents are as under:**

| Particulars | Year ended on 31st March | | | |
|---|--------------------------|-----------------|---------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Cash and Bank balance as per restated financial statement | 6,662.45 | 6,651.84 | 3,525.50 | 5,276.82 |
| Less: Balance with bank in fixed deposits | 6,136.77 | 5,268.76 | 3,191.53 | 4,261.91 |
| Cash and Cash Equivalents | 525.68 | 1,383.08 | 333.97 | 1,014.91 |
| Represented by: | | | | |
| Cash in hand | 5.42 | 1.75 | 2.39 | 1.53 |
| In current accounts | 520.26 | 1,381.33 | 331.58 | 1,013.38 |
| TOTAL | 525.68 | 1,383.08 | 333.97 | 1,014.91 |

Inventure Growth & Securities Limited (Consolidated)

SIGNIFICANT ACCOUNTING POLICIES , NOTES ON ADJUSTMENTS & NOTES TO ACCOUNTS, AS RESTATED

Annexure - IV

(I) SIGNIFICANT ACCOUNTING POLICIES

1 System of Accounting

The financial statements as restated are prepared under the historical cost convention and on accrual basis of accounting. The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2 Principles of consolidation

The consolidated financial statements relate to Inventure Growth & Securities Limited (the "company") and its subsidiaries (together "the group"). The consolidated financial statements have been prepared on the following basis:

- a. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - 'Consolidated Financial Statements'.
- b. The Consolidated Financial Statements are based on the audited financial statements of the company & its subsidiary companies financial year ended march 31, 2011, 2010, 2009 and 2008.
- c. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the holding company's financial statements.
- d. The Financial Statement of the holding company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. On consolidation all intra company balances and transactions have been eliminated as far as possible.
- e. The excess of cost over the company's investments in the subsidiary company is recognized in the consolidated financial statements as goodwill. The excess of company's share in equity and reserves of the subsidiary company over the cost of acquisition is treated as capital reserve.
- f. Minority interest in the net income and net assets of the Subsidiary Companies is computed and disclosed separately.

3 Use of Estimates

The preparation of the Financial Statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets, liabilities, revenues & expenses and discloser of contingent assets & liabilities. The estimates & assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may defer from the estimates & assumptions used in preparing the accompanying Financial Statements. Any differences of actual results to such estimates are recognised in the period in which the results are known / materialised.

4 Revenue recognition

- (a) Income from brokerage activities is recognized as income on the trade date of the transaction.
- (b) Income from arbitrage operations is stated net of commission expenses, if any, incurred against it and without deduction of Securities Transaction Tax.
- (c) Profit / Loss on sale of investments is recognized on the trade date of the transaction and is stated net of Securities Transaction Tax incurred.
- (d) Transactions in Shares and Securities are accounted on Trade Dates.

5 Fixed Assets

Fixed assets are stated at cost less depreciation/amortization. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

6 Depreciation / Amortization

Tangible fixed assets are depreciated on straight line basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956.

Intangible assets are amortized on a straight line basis over a period having regard to their useful economic life and estimated residual value in accordance with Accounting Standard (AS) 26 "Intangible Assets".

Computer Softwares are amortized over a period of 4 years.

Bombay Stock Exchange Membership is amortized over a period of 15 years, having regard to the nature and long term economic life of the asset.

7 Stock - in - trade

Shares and Securities acquired for sale in the ordinary course of business are considered as stock-in-trade, and are valued at lower of cost or market value as at the year end.

8 Investments

(a) Investments of long term nature are valued at cost. Provision is made to recognize a decline, other than temporary, in the value of such investments. Current Investments are valued at cost or market value, whichever is lower.

(b) Investments are accounted at cost inclusive of brokerage, stamp duty and incidental expenses but excluding Securities Transaction Tax, which are written off as expenses. Long Term Investments are valued at cost. Provision is made for diminution in the value of investments where the diminution is other than temporary.

9 Securities Transaction Tax

(a) Securities Transaction Tax related to the group's own transactions in shares & securities are charged to Profit & Loss account in the financial year.

(b) Securities Transaction Tax related to transactions other than investments (to the extent available for rebate against income tax liability) is treated as tax payment upto the financial year 2007-2008.

10 Borrowing costs

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue.

11 Keyman Insurance

Keyman Insurance premium paid during the financial year is written off as expenditure in the profit and loss account.

12 Employees Retirement Benefits

(a) Provident Fund

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the profit and loss account.

(b) Gratuity

The employees of the Company are eligible for Gratuity in accordance with the Payment of Gratuity Act, and are a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts.

The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to built up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the profit and loss account.

(c) Compensated Leave

Unutilized leave of staff lapses as at the year end and is not encashable. Accordingly, no provision is made for compensated absences.

13 Equity Index/Stock – Futures:

Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or Current liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Index/Stock Futures till the balance sheet date.

As on the Balance Sheet date, the profit/ loss on open position in Index/Stock futures are accounted for as follows:

- a. Credit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the profit & loss account.
- b. Debit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated loss, is recognized in the profit & loss account.

On final settlement or squaring up of contracts for equity index/stock futures, the profit or loss is calculated as difference between settlement/squaring up price and contract price. Accordingly, debit or credit balance pertaining to the settlement/squared up contract in "Mark-to-Market Margin Equity Index/Stock Futures Account" is recognized in the profit & loss account upon expiry of the contracts.

"Initial Margin – Equity Index/Stock Futures Account", representing initial margin paid, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, is disclosed as under Loans and advances.

14 Equity Index/Stock – Options :

"Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.

15 Commodity Stock – Futures:

Commodity Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or Current liabilities, respectively, in the "Mark-to-Market Margin – Commodities Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Stock Futures till the balance sheet date.

As on the Balance Sheet date, the profit/ loss on open position in Commodity futures are accounted for as follows:

- a. Credit balance in the "Mark-to-Market Margin- Commodities Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the profit & loss account.
- b. Debit balance in the "Mark-to-Market Margin- Commodities Stock Futures Account", being anticipated loss, is recognized in the profit & loss account.

On final settlement or squaring up of contracts for commodities stock futures, the profit or loss is calculated as difference between settlement/squaring up price and contract price. Accordingly, debit or credit balance pertaining to the settlement/squared up contract in "Mark-to-Market Margin Commodities Stock Futures Account" is recognized in the profit & loss account upon expiry of the contracts.

16 **Provisions, contingent Liabilities & Contingent Assets**

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

17 **Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generated unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

18 **Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period) and fringe benefit tax.

Deferred taxation

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

Fringe benefit tax

Provision for Fringe Benefit Tax (FBT) is made on the basis of applicable FBT on the taxable value of chargeable expenditure of the Company as prescribed under the Income Tax Act, 1961.

(II) **NOTES ON ADJUSTMENTS**

- a) **Summary of results of restatements made in the audited financial statements of the Group for the respective years and its impact on the profits of the Group is as under:**

| (₹ in Lakhs) | | | | |
|--|-----------------------------|--------------------------|--------------------------|--------------------------|
| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
| Profit after tax as per audited financial statements | 621.23 | 1,471.27 | 542.68 | 1,634.09 |
| Increase/(Decrease) in accumulated profits as a result of adjustments for: | | | | |
| (a) Tax adjustments - refer note b(i)(a) | - | - | 4.46 | (6.76) |
| (b) Disallowance of expenses in Income Tax Assessments: | | | | |
| - Securities Transaction Tax (adjusted in the opening bal of profit & loss account as on 01-04-2007) | - | - | 6.21 | 19.26 |

| | | | | |
|---------------------------------|---------------|-----------------|---------------|-----------------|
| Adjusted/Restated profit | 621.23 | 1,471.27 | 553.35 | 1,646.59 |
|---------------------------------|---------------|-----------------|---------------|-----------------|

Reconciliation of Profit and Loss account as at April 1, 2007

| | | (₹ in Lakhs) |
|--|--|---------------|
| Particulars | | Amount |
| Profit and Loss account balance as at April 1, 2007 as per audited financial statements | | 209.46 |
| Increase/(Decrease) in accumulated profit as at April 1, 2007 as a result of following adjustments : | | |
| - (a) Tax Adjustments (refer note b(i)(a)) | | 2.31 |
| - (b) Disallowance of Expenses in assessments: | | |
| - Securities Transaction Tax | | (25.47) |
| Profit and Loss account balance as at April 1, 2007 as restated | | 186.30 |

b) Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years.

(i) Adjustments having impact on Profit

a) Tax Adjustments

The Profit and Loss Account of some years include amount paid / provided for or refunded/written back in respect of shortfall / excess income tax arising out of assessments, etc. which has now been adjusted in the opening balance of profit & loss account as on 01-04-2007.

(ii) Adjustments having no impact on Profit

a) Appropriate adjustments have been made in the Restated Statements of Assets and Liabilities, Profits and Losses and Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Group for the Year ended March 31, 2011 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.

b) Material Regrouping

i) Income from brokerage activities of Inventure Growth & Securities Limited has been accounted for on gross basis for the year ended 31st March, 2011, 31st March, 2010 & 31st March, 2009 in the consolidated audited accounts of the respective year. The same has been accounted for on net basis (net of sub-brokerage) in the audited accounts for the year ended 31st March, 2008. Appropriate adjustments have been made in the restated statement of Profit & Loss account to present them on gross basis.

ii) In the Audited Financial Statements, "Interest on Fixed Deposits" and "Bank Interest on Overdraft" secured against the above fixed deposits have been shown separately as income and expenses respectively. Since, the interest expense is compensatory against the said income with direct nexus, for the appropriate presentation of the financial data, the interest income has been stated net of the corresponding expenses.

| | | | | | (₹ In Lakhs) |
|--|-------------------|-------------------|-------------------|-------------------|--------------|
| Particulars | Year Ended | Year Ended | Year Ended | Year Ended | |
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 | |
| Interest on fixed deposits | 424.19 | 355.25 | 283.84 | 379.33 | |
| Less: Bank Interest on Overdraft (secured against above Fixed deposit) | 122.58 | 72.02 | 83.80 | 27.97 | |
| Interest on fixed deposits (net) | 301.61 | 283.23 | 200.04 | 351.36 | |

Inventure Growth & Securities Limited (Consolidated)

(III) NOTES TO ACCOUNTS

- 1) The restated financial statements relate to the Group and have been prepared specifically for inclusion in the document to be filed by the Company in connection with its proposed Initial Public Offering.

The Restated Financial Statements have been prepared to comply in all material respects with the requirements of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("the SEBI Regulations") notified by SEBI on August 26, 2009, as amended from time to time.

Restated Financial Statements have been prepared in respect of four years for the accounting years ended March 31, 2008, 2009, 2010 & 2011.

Prior years figures have been regrouped, rearranged & recast where considered necessary to confirm with the current periods classification.

- 2) The subsidiaries considered in the preparation of these financial statements are as follows:

Financial Year - 2007-2008

| Particulars | Inventure Finance Private Limited | Inventure Insurance Broking Private Limited |
|--|-----------------------------------|---|
| Country of Incorporation | India | India |
| % of ownership interest as at 31st March, 2008 | 100% | 99.99% |
| Period included in consolidation | 07/12/2007 to 31/03/2008 | 08/01/2008 to 31/03/2008 |

Financial Year - 2008-2009

| Particulars | Inventure Commodities Limited | Inventure Wealth Management Limited | Inventure Finance Private Limited | Inventure Insurance Broking Private Limited * |
|--|-------------------------------|-------------------------------------|-----------------------------------|---|
| (a) Country of Incorporation | India | India | India | India |
| (b) % of ownership interest as at 31st March, 2009 | 99.97% | 80.00% | 100% | 80.00% |
| * (c) Period included in consolidation | 19/08/2008 to 31/03/2009 | 12/06/2008 to 31/03/2009 | 01/04/2008 to 31/03/2009 | 01/04/2008 to 31/03/2009 |

Inventure Growth & Securities Limited (The Company) held 6,00,000 shares (99.99 %) in Inventure Insurance Broking Private Ltd. upto 05/03/2009, when the entire stake was sold to another subsidiary of the company "Inventure Wealth Management Ltd".

Financial Year - 2009-2010

| Particulars | Inventure Commodities Limited | Inventure Wealth Management Limited * | Inventure Finance Private Limited | Inventure Insurance Broking Private Limited * |
|--|-------------------------------|---------------------------------------|-----------------------------------|---|
| (a) Country of Incorporation | India | India | India | India |
| (b) % of ownership interest as at 31st March, 2010 | 99.97% | 80.00% | 100% | 80.00% |
| * (c) Period included in consolidation | 01/04/2009 to 31/03/2010 | 01/04/2009 to 31/03/2010 | 01/04/2009 to 31/03/2010 | 01/04/2009 to 31/03/2010 |

During the year, Inventure Wealth Management Limited has acquired beneficial ownership of the 20 equity shares of Inventure Insurance Broking Private Limited and consequently Inventure Insurance Broking Private Limited has become its wholly owned subsidiary company.

Financial Year - 2010-2011

| Particulars | Inventure Commodities Limited | Inventure Wealth Management Limited | Inventure Finance Private Limited | Inventure Insurance Broking Private Limited |
|--|-------------------------------------|--|---|---|
| (a) Country of Incorporation | India | India | India | India |
| (b) % of ownership interest as at 31st March, 2010 | 99.97% | 80.00% | 100% | 80.00% |
| (c) Period included in consolidation | 01/04/2010 to 31/03/2011 | 01/04/2010 to 31/03/2011 | 01/04/2010 to 31/03/2011 | 01/04/2010 to 31/03/2011 |

| | | | | |
|--|------------------------|------------|------------|--------------|
| 3) | Contingent Liabilities | | | (₹ in Lakhs) |
| | As At | As At | As At | As At |
| Particulars | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Claims against the Group not acknowledged as debts | Nil | Nil | Nil | Nil |
| Disputed Income Tax Matters | 58.56 | 58.56 | 73.76 | 73.76 |
| Bank Guarantees given | 250.00 | 250.00 | 250.00 | Nil |

| | | | | | |
|--|---|------------|------------|------------|--------------|
| 4) | Details of Counter guarantees & fixed Deposits pledged with banks | | | | (₹ in Lakhs) |
| | As At | As At | As At | As At | |
| Particulars | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 | |
| Counter guarantees in respect of guarantees given by banks to the Stock Exchanges towards base capital, margin deposits etc. | 5,515.00 | 7,150.00 | 3,550.00 | 3,500.00 | |
| Pledged of fixed deposits with the bank against the above bank guarantees. | 3,115.00 | 3,575.00 | 1,775.00 | 1,750.00 | |

5) Details of Directors' Remuneration

(₹ in Lakhs)

| Particulars | Year Ended | Year Ended | Year Ended | Year Ended |
|--------------------------------|------------|------------|------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Managing Director | | | | |
| Salaries | 18.00 | 18.00 | 18.00 | 9.00 |
| Contribution to Provident Fund | 1.30 | 1.30 | 1.30 | 0.86 |
| Perquisites | 0.14 | 0.14 | 0.14 | 0.14 |
| Wholetime Director(s) | | | | |
| Salaries | 11.10 | 12.60 | 29.85 | 13.50 |

6)

| Details of Auditor's Remuneration (Excluding Service Tax) | | | | (₹ in Lakhs) |
|---|-------------|-------------|-------------|--------------|
| Particulars | Year Ended | Year Ended | Year Ended | Year Ended |
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| | ₹ | ₹ | ₹ | ₹ |
| Audit Fees | 1.57 | 1.50 | 1.10 | 0.95 |
| Tax Audit Fees | 0.33 | 0.33 | 0.33 | 0.25 |
| Other Services | - | 0.07 | 0.07 | 0.30 |
| Total | 1.90 | 1.90 | 1.50 | 1.50 |

7) **Computation of Earnings Per Share**

| Particulars | Year Ended | Year Ended | Year Ended | Year Ended |
|--|------------|------------|------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| a) Restated Net profit after tax attributable to equity shareholders (₹ In Lakhs) | 621.23 | 1,471.27 | 553.35 | 1,646.59 |
| b) Weighted average number /dilutive number of equity shares outstanding during the year without adjustment for the bonus shares issued | 14,000,000 | 14,000,000 | 7,000,000 | 6,034,973 |
| c) Weighted average number /dilutive number of equity shares outstanding during the year after adjustment for the bonus shares issued (refer note below) | 14,000,000 | 14,000,000 | 14,000,000 | 12,069,946 |
| d) Earnings per share (₹) | | | | |
| - Basic & Diluted-without adjustment for the bonus shares issued (a / b) | 4.44 | 10.51 | 7.91 | 27.28 |
| - Basic & Diluted-after the adjustment for the bonus shares issued (refer note below) (a/ c) | 4.44 | 10.51 | 3.95 | 13.64 |

Note:

70,00,000 bonus equity shares were allotted on 24/12/2009 pursuant to shareholders approval in the Extra Ordinary General Meeting held on 21/12/2009 for issue of bonus shares in the proportion of one fully paid up equity share for every equity share held. Accordingly, Earnings Per Share has been restated and presented separately, for the change in the number of equity share on account of Bonus for all the periods presented herein above.

- 3) Pursuant to Accounting Standard "Accounting for Taxes on Income" (AS 22), the Group has accounted for Deferred Tax adjustments representing tax effect of timing differences in respect of the under mentioned items.

The Components of Deferred Tax Liabilities / (Assets) are as follows:

| Particulars | (₹ in Lakhs) | | | |
|--|---------------|---------------|---------------|--------------|
| | As At | As At | As At | As At |
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Depreciation/Amortization of Fixed Assets | 119.00 | 117.79 | 105.30 | 78.83 |
| Provision for Retirement Benefits | (8.31) | (7.18) | (6.99) | (3.98) |
| Provision for Doubtful Debts | - | - | - | (4.40) |
| Profit on sale of Investments | 5.95 | 5.83 | 4.20 | 4.02 |
| Others | - | 2.98 | - | - |
| Net Deferred Tax Liabilities / (Assets) | 116.65 | 119.42 | 102.51 | 74.46 |

- 9) In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

- 10) Segment Information

| (₹ in lakhs) | |
|--------------|------------|
| Particulars | Year ended |

| 31-3-2011 | |
|--|-----------------|
| 1 Segment Revenue | |
| (a) Equity/Commodity Broking & other related activities | 3,754.87 |
| (b) Finance and other activities | 713.18 |
| (c) Unallocated | - |
| Total | 4,468.05 |
| Less: Inter Segment Revenue | 210.43 |
| Income From Operations, Other Operating Income and Other Income | 4,257.62 |
| 2 Segment Results Profit/(Loss) before tax & Interest from Each segment | |
| (a) Equity/Commodity Broking & other related activities | 1,292.80 |
| (b) Finance and other activities | 139.37 |
| (c) Unallocated | - |
| Total | 1,432.17 |
| Less: Interest | 487.77 |
| Profit/Loss from Ordinary Activities before tax | 944.40 |
| 3 Capital Employed | |
| (Segment assets - Segment Liabilities) | |
| (a) Equity/Commodity Broking & other related activities | 6,732.49 |
| (b) Finance and other activities | 1,365.91 |
| (c) Unallocated | - |
| Total | 8,098.40 |

The above segment information is presented on the basis of the audited consolidated financial statements. The group's operations predominantly relate to equity/commodity broking and related activities & financing. In accordance with Accounting Standard -17/Company(Accounting Standard)Rules, 2006 on segment Reporting, the Company has equity/commodity broking and related activities, financing as reportable segments.

11) Retirement Benefit - Gratuity

The employees of the Company are eligible for gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts for accrued gratuity under Projected Unit Credit Method of actuarial valuation.

The following table summaries the components of the employee benefit expenses recognized in the Profit & Loss account and the amount recognized in the Consolidated Balance sheet for the gratuity provision made under actuarial method.

Profit and Loss account

Net employee benefit expenses (recognized in employee cost)

(₹ in Lakhs)

| Particulars | Year ended | Year ended | Year ended | Year ended |
|--|-------------|-------------|-------------|-------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Current service cost | 5.57 | 5.05 | 4.87 | 5.03 |
| Interest on defined benefit obligation | 1.69 | 1.99 | 1.33 | 1.12 |
| Net actuarial losses/(gains) recognized in the year | (2.75) | (6.50) | 2.64 | (3.35) |
| Past service cost | - | - | - | - |
| Total included in "employee benefit expenses" | 4.51 | 0.54 | 8.84 | 2.80 |

Balance Sheet

Details of provision for gratuity

(₹ in Lakhs)

| Particulars | As At | As At | As At | As At |
|--|------------|------------|------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Discounted Present value of accrued gratuity | 25.62 | 21.11 | 20.56 | 11.72 |

| | | | | |
|---|--------------|--------------|--------------|--------------|
| liability as at the yearend determined as per Actuarial valuation | | | | |
| Amount in balance Sheet | 25.62 | 21.11 | 20.56 | 11.72 |

Changes in the present value of the defined benefit obligation are as follows:

(₹ in Lakhs)

| | Year ended | Year ended | Year ended | Year ended |
|---|--------------|--------------|--------------|--------------|
| Particulars | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Provision at the beginning of the year | 21.11 | 20.57 | 11.72 | 8.92 |
| Interest cost | 1.69 | 1.99 | 1.33 | 1.12 |
| Current Service Cost | 5.57 | 5.05 | 4.87 | 5.03 |
| Past service cost (non vested benefit) | - | - | - | - |
| Past service cost (vested benefit) | - | - | - | - |
| Benefits paid | - | - | - | - |
| Actuarial (gain)/losses | (2.75) | (6.50) | 2.64 | (3.35) |
| Provision at the end of the year | 25.62 | 21.11 | 20.56 | 11.72 |

Principal actuarial assumptions as at the balance sheet date:

| | Year ended | Year ended | Year ended | Year ended |
|-------------------------|------------|------------|------------|------------|
| Particulars | 31.03.2011 | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Discount rate | 8.25% | 8.00% | 7.75% | 8% |
| Salary escalation | 5% | 5% | 5% | 8% |
| Employee attrition rate | 2% | 5% | 5% | 5% |

Inventure Growth & Securities Limited (Consolidated)

Summary of Accounting Ratios

Annexure - V

| | As at 31 March | | | |
|---|----------------|------------|------------|------------|
| Particulars | 2011 | 2010 | 2009 | 2008 |
| (I) Earnings Per Share | | | | |
| (a) Restated Net profit after tax attributable to equity shareholders (₹ In Lakhs) | 621.23 | 1,471.27 | 553.35 | 1,646.59 |
| (b) Weighted average number /dilutive number of equity shares outstanding during the year without adjustment for the bonus shares issued | 14,000,000 | 14,000,000 | 7,000,000 | 6,034,973 |
| (c) Weighted average number /dilutive number of equity shares outstanding during the year after adjustment for the bonus shares issued (refer note no. 5 below) | 14,000,000 | 14,000,000 | 14,000,000 | 12,069,946 |
| Earnings per share (₹) | | | | |
| - Basic & Diluted-without adjustment for the bonus shares issued (a / b) | 4.44 | 10.51 | 7.91 | 27.28 |
| - Basic & Diluted-after the adjustment for the bonus shares issued (refer note no. 6 below) (a / c) | 4.44 | 10.51 | 3.95 | 13.64 |
| (ii) Return on Networth | | | | |

| | | | | |
|--|------------|------------|-----------|-----------|
| (a) Restated Net profit after tax attributable to equity shareholders (₹ In Lakhs) | 621.23 | 1,471.27 | 553.35 | 1,646.59 |
| (b) Net worth (₹ In Lakhs) | 8,045.55 | 7,587.02 | 6,279.02 | 5,714.54 |
| Return on Networth (a/b *100) | 7.72% | 19.39% | 8.81% | 28.81% |
| (iii) Net Asset Value per equity share | | | | |
| (a) Net worth (₹ In Lakhs) | 8,045.55 | 7,587.02 | 6,279.02 | 5,714.54 |
| (b) Number of equity shares outstanding at the end of the year | 14,000,000 | 14,000,000 | 7,000,000 | 7,000,000 |
| Net Asset Value per equity share (Rs) (a/b) | 57.47 | 54.19 | 89.70 | 81.64 |

Formula:

| | | |
|--------------------------------|---|--|
| Earnings per Share (₹) | = | $\frac{\text{Restated Profit after tax attributable to equity shareholders}}{\text{Weighted Average No. of equity shares}}$ |
| Diluted Earnings Per Share | = | $\frac{\text{Restated Profit after tax attributable to equity shareholders}}{\text{Weighted Average dilutive No. of equity shares}}$ |
| Return on Net Worth (%) | = | $\frac{\text{Restated Profit after tax attributable to equity shareholders}}{\text{Net Worth}}$ |
| Net Assets Value per Share (₹) | = | $\frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of the year}}$ |

Notes.

1. The Earnings Per Share is calculated in accordance with — Accounting Standard(AS-20) -Earnings Per Share
2. Net Worth = Equity Share Capital + Reserves & Surplus - Miscellaneous Expenditure not written off or adjusted
3. Net Profit, as restated & as appearing in the statement of profit and losses, of the company has been considered for the purpose of computing the above ratios.
4. During the financial year ended 31st March, 2008 14,00,000 new equity shares were allotted by Inventure Growth & Securities Limited. Out of the above, 2,99,150 number of equity shares were allotted upon reissue of forfeited shares (allotment to the Promoter - 1,10,000 number of Equity shares) and 11,00,850 number of Equity shares were allotted on right basis (allotment to the Promoters and Promoters Group - 6,29,000).
5. 70,00,000 bonus equity shares were allotted by Inventure Growth & Securities Limited on 24/12/2009 pursuant to shareholders approval in the Extra Ordinary General Meeting held on 21/12/2009 for issue of bonus shares in the proportion of one fully paid up equity share for every equity share held. Accordingly, Earnings Per Share has been restated and presented separately, for the change in the number of equity share on account of bonus for all the periods presented herein above.

Capitalisation Statement

Annexure - VI

| | | | (₹ in Lakhs) |
|--|-----------------|------------|--------------|
| Capitalization Statement | Pre-Issue | Post-Issue | |
| Debt as at March 31, 2011 | | | |
| Short Term Debt | 149.00 | | [●] |
| Long Term Debt | 4,315.56 | | [●] |
| Total Debt | 4,464.56 | | [●] |
| Shareholders' Fund at March 31, 2011 | | | |
| Share Capital | | | |
| - Equity | 1,400.00 | | [●] |
| Reserves & Surplus | 6,645.55 | | [●] |
| Total Shareholders' Fund | 8,045.55 | | [●] |
| Total Debt/ Shareholders' Funds (Ratio) | 0.55:1 | | [●] |
| Long Term Debt/ Shareholders' Funds (Ratio) | 0.54:1 | | [●] |

Note:

1. The capitalisation statement has been calculated on the basis of restated consolidated financial statements.
2. Share Capital & Reserves & Surplus post issue can be calculated only on the conclusion of the book building process.

Inventure Growth & Securities Limited (Consolidated)

Statement of Reserves and surplus, as restated

**Annexure -
VII
(₹ in Lakhs)**

| Particulars | As at 31 March | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Capital redemption reserve | | | | |
| Opening balance | - | 50.00 | 50.00 | - |
| Add: During the year | - | - | - | 50.00 |
| Less : Capitalised for issue of Bonus Shares | - | 50.00 | - | - |
| Closing balance | - | - | 50.00 | 50.00 |
| Capital reserve | | | | |
| Opening balance | 20.25 | 20.25 | 20.25 | 5.29 |
| Add: During the year | - | - | - | 14.96 |
| Closing balance | 20.25 | 20.25 | 20.25 | 20.25 |
| Securities premium | | | | |
| Opening balance | 96.53 | 120.28 | 23.75 | 23.75 |
| Add: During the year | - | - | 96.53 | - |
| Less : Capitalised for issue of Bonus Shares | - | 23.75 | - | - |
| Closing balance | 96.53 | 96.53 | 120.28 | 23.75 |
| Taxation reserve | | | | |
| Opening balance | 125.00 | 125.00 | 125.00 | 125.00 |
| Add: During the year | - | - | - | - |
| Closing balance | 125.00 | 125.00 | 125.00 | 125.00 |
| General reserve | | | | |
| Opening balance | 5,148.22 | 4,774.47 | 4,674.47 | 3,234.62 |
| Add: Transferred during the year | 300.00 | - | 100.00 | 1,500.00 |
| Less: Transfer to Capital redemption reserve | - | - | - | 50.00 |
| Less : Transfer to Statutory Reserve | - | - | - | 10.15 |
| Add : Transfer During The Year | | 1,000.00 | | |
| Less : Capitalised for issue of Bonus Shares | | 626.25 | | |
| Closing balance | 5,448.22 | 5,148.22 | 4,774.47 | 4,674.47 |
| Statutory Reserve | | | | |
| Opening balance | 49.43 | 9.43 | 22.85 | - |
| Add : Transfer from General Reserve | - | - | - | 10.15 |
| Less: adjustment arising on consolidation | - | - | 15.42 | 10.15 |
| Add : Transfer from Profit & Loss Account | 5.50 | 40.00 | 2.00 | 22.85 |
| Closing balance | 54.93 | 49.43 | 9.43 | 22.85 |
| Profit & loss account balance | 900.62 | 747.60 | 479.59 | 98.22 |
| Total | 6,645.55 | 6,187.02 | 5,579.02 | 5,014.54 |

Statement of dividends paid

Annexure - VIII

| Particulars | For the year ended 31 st March | | | |
|--|---|------------|-----------|-----------|
| | 2011 | 2010 | 2009 | 2008 |
| Equity share capital (₹ In Lakhs) | 1,400.00 | 1,400.00 | 700.00 | 700.00 |
| No. of Equity shares outstanding at the year end | 14,000,000 | 14,000,000 | 7,000,000 | 7,000,000 |
| Rate of Dividend - Equity | 10% | 10% | 10% | 30% |
| Amount of Dividend - Equity (₹ In Lakhs) | 140.00 | 140.00 | 70.00 | 181.05 |
| Dividend distribution tax - Equity (₹ In Lakhs) | 22.71 | 23.26 | 11.90 | 30.77 |

Statement of income from operations, as restated

Annexure - IX

(₹ in Lakhs)

| Particulars | For the year ended 31 st March | | | |
|--|---|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Brokerage and commission income | 2,458.48 | 2,459.04 | 1,648.19 | 2,776.85 |
| Trading and arbitrage income | (238.01) | 1,105.16 | 325.06 | 916.31 |
| Increase / (Decrease) in stock-in- trade | 1.12 | (2.23) | (1.26) | 0.88 |
| | (236.89) | 1,102.93 | 323.80 | 917.19 |
| Depository Operations | 107.30 | 84.30 | 81.66 | 109.36 |
| Interest Income | 710.21 | 234.62 | 89.11 | - |
| Profit from commodities trading | 58.13 | 44.61 | 205.76 | - |
| Profit from securities trading | - | - | 73.96 | - |
| Income from Govt. Securities | 16.23 | - | - | - |
| Loan Processing Fee | 2.97 | - | - | - |
| Total | 3,116.43 | 3,925.50 | 2,422.48 | 3,803.40 |

Note : Interest income and profit from commodities trading shown above represents income from operations of the subsidiary companies included in the consolidation.

Statement of other income, as restated

Annexure - X

(₹ in Lakhs)

| Particulars | For the year ended 31 st March | | | |
|--|---|---------------|---------------|---------------|
| | 2011 | 2010 | 2009 | 2008 |
| Recurring /Related to Business Activities: | | | | |
| Dividend income | 12.65 | 10.26 | 16.37 | 8.07 |
| Interest on fixed deposits (net) | 301.61 | 283.23 | 200.04 | 351.36 |
| Delayed Payment Charges | 507.55 | 269.18 | 161.54 | 150.11 |
| Miscellaneous income | 79.85 | 40.57 | 39.60 | 22.08 |
| | 901.66 | 603.24 | 417.55 | 531.62 |
| Non-recurring : | | | | |
| Profit on sale of investments | 116.97 | 97.97 | (4.13) | 386.48 |
| | 116.97 | 97.97 | (4.13) | 386.48 |
| Total | 1,018.63 | 701.21 | 413.42 | 918.10 |
| Net profit before tax as restated | 936.42 | 2,033.16 | 758.62 | 2,296.24 |
| Total Other income as % of net profit before tax | 108.78% | 34.49% | 54.50% | 39.98% |
| - Recurring other income as % of net profit before tax | 96.29% | 29.67% | 55.04% | 23.15% |
| - Non-recurring other income as % of net profit before tax | 12.49% | 4.82% | -0.54% | 16.83% |

Note:

The classification of "Other Income" as Recurring/ Non Recurring is based on the current operations and business activities of the Company as determined by the management.

Statement of secured loans, as restated

Annexure - XI

(₹ in Lakhs)

| Particulars | As at 31 March | | | |
|---|-----------------|-----------------|---------------|---------------|
| | 2011 | 2010 | 2009 | 2008 |
| (Secured against the Mortgage of Office Premises) | | | | |
| Term Loans from | | | | |
| - ICICI Bank Ltd. | 755.07 | 821.90 | 873.22 | 750.00 |
| - ICICI Home Finance Ltd. | 140.57 | 148.65 | - | - |
| Loans from banks : | | | | |
| (Secured against Hypothecation of motor cars) | | | | |
| - HDFC Bank Ltd | - | 13.24 | 29.29 | 42.59 |
| - Kotak Mahindra Prime Ltd | 8.28 | 6.56 | 13.68 | 20.06 |
| (Secured, pursuant to an agreement with the lender against collateral securities of the client held by the company- Inventure Finance Pvt. Ltd., as pledgee.) | | | | |
| - Kotak Mahindra Prime Ltd | 808.65 | 40.00 | - | - |
| - ECL Finance Ltd | 610.99 | 856.00 | - | - |
| - Aditya Birla Finance Ltd. | 606.00 | - | - | - |
| - Investmart Financial Services Ltd. | 1,056.00 | - | - | - |
| - Morgan Stanley India Capital Pvt. Ltd. | 330.00 | - | - | - |
| Total | 4,315.56 | 1,886.35 | 916.19 | 812.65 |

Terms and conditions of secured loans outstanding as on March 31, 2011:

1) Term Loan from ICICI Bank Ltd.

| | |
|---|---|
| Name of the lender | ICICI Bank Limited |
| Date of Agreement | Facility Agreement dated October 31, 2007 |
| Key Terms | <ol style="list-style-type: none"> Loan amount: ₹ 8,90,00,000; Rate of interest – Adjustable Rate of Interest 13.25% per annum (i.e. Floating Reference Rate + margin of 0.75%) plus applicable interest tax or other statutory levies; Term: 118 months. EMI is calculated on monthly rest. (Date of commencement of EMI – November 10, 2007) |
| Security | Equitable mortgage of immovable property situated at office premises number 201 and 202, Viraj Towers, 2 nd Floor, Near Landmark, Western Express Highway, Andheri(E), Mumbai 400069 admeasuring 8,000 square feet carpet area. |
| Outstanding as on March 31, 2011 | ₹ 7,55,06,610/- |

2) Term Loan from ICICI Home Finance Company Ltd.

| | |
|---------------------------|---|
| Name of the lender | ICICI Home Finance Company Ltd. |
| Date of Agreement | Facility Agreement dated December 31, 2009 |
| Key Terms | <ol style="list-style-type: none"> Loan amount: ₹ 1,50,00,000; |

| | |
|---|--|
| Security | <p>2. Rate of interest – Adjustable Rate of Interest 13.25% per annum (i.e. Floating Rate)</p> <p>3. Term: 136 months. EMI is calculated on monthly rest. (Date of commencement of EMI – February, 2010)</p> <p>Equitable mortgage of immoveable property situated at office premises number 201 and 202, Viraj Towers, 2nd Floor, Near Landmark, Western Express Highway, Andheri(E), Mumbai 400069 admeasuring 8,000 square feet carpet area.</p> |
| Outstanding as on March 31, 2011 | ₹ 1,40,56,878/- |

3) Motor Vehicle Loans

| | |
|---|--|
| Name of the lender | Kotak Mahindra Prime Ltd |
| Date of Agreement | Facility Agreement dated 20th April, 2010 |
| Key Terms | <p>1. Loan Amount : ₹ 18,00,000/-</p> <p>2. Rate of interest: 8.93% flat</p> <p>3. Term: 18 months</p> <p>Hypothecation of Motor Car</p> |
| Outstanding as on March 31, 2011 | ₹ 5,96,443/- |

| | |
|---|---|
| Name of the lender | Kotak Mahindra Prime Ltd |
| Date of Agreement | Facility Agreement dated 20th April, 2010 |
| Key Terms | <p>1. Loan Amount : ₹ 7,00,000/-</p> <p>2. Rate of interest: 8.93% flat</p> <p>3. Term: 18 months</p> <p>Hypothecation of Motor Car</p> |
| Security | Hypothecation of Motor Car |
| Outstanding as on March 31, 2011 | ₹ 2,31,952/- |

4) Loan from Kotak Mahindra Prime Ltd.(Loan Against Shares)

| | |
|---------------------------|--|
| Name of the lender | Kotak Mahindra Prime Ltd. |
| Date of Agreement | Loan against Shares facility Agreement dated July 23, 2009 |
| Key Terms | <p>1. Amount sanctioned: ₹ 15,00,00,000/-</p> <p>2. Rate of interest: 12% p.a.</p> <p>3. Term: 12 months</p> <p>(In case of any request for extension of tenor, the Borrower required to place a request for extension of limit at least 2</p> |

| | |
|---|---|
| | months before the expiry of the above tenor). |
| Security | Secured, pursuant to an agreement with the lender against collateral securities of the client held by the group as pledgee. |
| Outstanding as on March 31, 2011 | ₹ 8,08,65,000/- |

5) Loan from ECL Finance Ltd.(Loan Against Shares)

| | |
|---|--|
| Name of the lender | ECL Finance Ltd. |
| Date of Agreement | Loan against Shares Facility Agreement dated Feb 22, 2010 |
| Key Terms | 1. Loan sanctioned: ₹ 20,00,00,000/- 2. Rate of interest: 13.50% p.a. 3. Term: 12 months (In case of any request for extension of tenor, the Borrower required to place a request for extension of limit at least 2 months before the expiry of the above tenor). |
| Security | Secured, pursuant to an agreement with the lender against collateral securities of the client held by the group as pledgee. |
| Outstanding as on March 31, 2011 | ₹ 6,10,98,937/- |

6) Loan from Aditya Birla Finance Ltd. (Loan Against Shares)

| | |
|---|---|
| Name of the lender | Aditya Birla Finance Ltd. |
| Date of Agreement | Loan against Shares Facility Agreement dated Nov 30, 2009 |
| Key Terms | 1. Loan sanctioned: ₹ 15,00,00,000/- 2. Rate of interest: 13% p.a. 3. Term: 12 months (In case of any request for extension of tenor, the Borrower required to place a request for extension of limit at least 2 months before the expiry of the above tenor). |
| Security | Secured, pursuant to an agreement with the lender against collateral securities of the client held by the group as pledgee. |
| Outstanding as on March 31, 2011 | ₹ 6,06,00,000/- |

7) Loan from Investmart Financial Services Ltd. (Loan Against Shares)

| | |
|---------------------------|--|
| Name of the lender | Investmart Financial Services Ltd. |
| Date of Agreement | Loan against Shares Facility Agreement dated 08th June, 2010 |
| Key Terms | 1. Loan sanctioned: ₹ 10,00,00,000/- 2. Rate of interest: 9.25% p.a. (Fixed) 3. Term: 12 months Loan against Shares Facility Agreement dated 20th July, 2010 4. Loan sanctioned: ₹ 8,00,00,000/- 5. Rate of interest: 12.25% p.a. (LOC) 6. Term: 12 months |

| | |
|---|---|
| Security | (In case of any request for extension of tenor, the Borrower required to place a request for extension of limit at least 2 months before the expiry of the above tenor). Secured, pursuant to an agreement with the lender against collateral securities of the client held by the group as pledgee. |
| Outstanding as on March 31, 2011 | ₹ 10,56,00,000/- |

8) Loan from Morgan Stanley India Capital Pvt. Ltd.(Loan Against Shares)

| | |
|---|--|
| Name of the lender | Morgan Stanley India Capital Pvt. Ltd. |
| Date of Agreement | Loan against Shares Facility Agreement dated 21st March, 2011 |
| Key Terms | 1. Loan sanctioned: ₹ 26,75,00,000/- 2. Rate of interest: MIBOR +500Bps 3. Term: 12 months (In case of any request for extension of tenor, the Borrower required to place a request for extension of limit at least 2 months before the expiry of the above tenor). |
| Security | Secured, pursuant to an agreement with the lender against collateral securities of the client held by the group as pledgee. |
| Outstanding as on March 31, 2011 | ₹ 3,30,00,000/- |

Statement of unsecured loans, as restated

Annexure - XII

(₹ in Lakhs)

| Particulars | As at 31 March | | | |
|---|----------------|---------------|--------------|---------------|
| | 2011 | 2010 | 2009 | 2008 |
| Loans from Directors & their relatives | 20.00 | 10.00 | 21.00 | 109.00 |
| Loans from Other Companies | 129.00 | 165.00 | - | - |
| Total | 149.00 | 175.00 | 21.00 | 109.00 |
| Out of above, particulars of Loans from Promoter /Promoter group: | | | | |
| - Amount of loans outstanding | 20.00 | 10.00 | 21.00 | 50.00 |
| - Rate of Interest | 15% | 15% | 15% | 9% |
| - The loans were repayable on demand. | | | | |

Statement of Investments, as restated

Annexure - XIII

(₹ in Lakhs)

| Particulars | As at 31 March | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Investment- Long Term- At Cost | | | | |
| Non Trade Investments-Quoted | | | | |
| Equity Shares : (Fully paid up) | | | | |
| Goa Carban Ltd. | - | - | - | 0.80 |
| Hindustan Oil Exploration Ltd. | - | - | 5.67 | 5.75 |
| JMC Projects (India) Ltd. | - | - | - | 0.21 |
| Reliance Petroleum Ltd. | - | - | - | 0.87 |
| Tata Steel Co. Ltd. | - | - | 0.38 | 0.38 |
| Euro Ceramics Limited | 1,334.43 | 927.67 | 996.90 | 994.81 |
| Sejal Architectural Glass Ltd | 97.04 | 177.42 | 255.81 | - |
| Sundaram Multipap Limited | 157.34 | - | 116.95 | - |
| Non Trade Investments-Unquoted | | | | |
| Bombay Stock Exchange Ltd. | 0.02 | 0.02 | 0.02 | 0.02 |
| Total- A | 1,588.83 | 1,105.11 | 1,375.73 | 1,002.84 |
| Units of Mutual Funds (Unquoted) | | | | |
| LIC Mutual Fund | - | 38.82 | 38.82 | 105.00 |
| ICICI Prudential Income Plan Dividend Investment | - | - | 35.00 | - |
| Total- B | - | 38.82 | 73.82 | 105.00 |
| Preference Shares : (Quoted) | | | | |
| Tata Steel Co. Ltd. | - | - | 0.70 | 0.70 |
| Total- C | - | - | 0.70 | 0.70 |
| Net Investments (A+B+C) | 1,588.83 | 1,143.93 | 1,450.25 | 1,108.54 |
| Market value of Quoted Investments | 584.62 | 542.14 | 345.94 | 1,462.80 |

Statement of sundry debtors, as restated

Annexure - XIV

(₹ in Lakhs)

| Particulars | As at 31 March | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Outstanding for a period exceeding six months | | | | |
| -Considered good | 740.96 | 281.61 | 977.11 | 136.41 |
| -Considered doubtful | - | - | - | 12.95 |
| | 740.96 | 281.61 | 977.11 | 149.36 |
| Other debts | | | | |
| -Considered good | 5,703.97 | 4,421.81 | 3,810.57 | 3,446.90 |
| -Considered doubtful | - | - | - | - |
| | 6,444.93 | 4,703.42 | 4,787.68 | 3,596.26 |
| Less: Provision for doubtful debts | | - | - | 12.95 |
| Total | 6,444.93 | 4,703.42 | 4,787.68 | 3,583.31 |
| Due from Promoters/Promoter group/Group companies | - | - | - | - |

Notes:

1) The list of persons / entities classified as "Promoters, Promoter Group & Group Companies" has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.

Statement of loans & advances, as restated

Annexure - XV

(₹ in Lakhs)

| Particulars | As at 31 March | | | |
|---|-----------------|-----------------|-----------------|---------------|
| | 2011 | 2010 | 2009 | 2008 |
| Advances recoverable in cash or in kind or for value to be received | 162.17 | 74.09 | 210.30 | 94.94 |
| Advances to Staff | - | - | 6.28 | - |
| Advances to others | 4,057.07 | 2,531.70 | 706.29 | - |
| Deposits | 468.23 | 317.32 | 689.42 | 186.67 |
| Prepaid expenses | 82.81 | 101.12 | 67.71 | 64.06 |
| Advance & prepaid taxes (net of provision for taxation) | 341.81 | 298.57 | 250.53 | 234.59 |
| Total | 5,112.09 | 3,322.80 | 1,930.53 | 580.26 |
| Due from Promoters/Promoter group/Group companies | - | - | - | - |

Notes:

1) The list of persons / entities classified as "Promoters, Promoter Group & Group Companies" has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.

Statement of current liabilities and provisions, as restated

Annexure - XVI

(₹ in Lakhs)

| Particulars | As at 31 March | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 |
| Current liabilities | | | | |
| Bank overdraft accounts | 1,763.97 | 355.56 | 736.88 | 267.50 |
| Sundry creditors | 19.84 | 15.50 | 30.54 | 219.67 |
| Due to clients | 2,185.05 | 1,561.86 | 2,396.03 | 1,539.25 |
| Security deposits | 4,455.43 | 5,415.02 | 2,569.64 | 2,593.21 |
| Other liabilities | 83.70 | 74.20 | 48.99 | 43.73 |
| | 8,507.99 | 7,422.14 | 5,782.08 | 4,663.36 |
| Provisions | | | | |
| Proposed dividend | 140.00 | 140.00 | 70.00 | 181.05 |
| Corporate dividend tax | 22.71 | 23.25 | 11.90 | 30.77 |
| Contingent Provisions against Standard Assets | 10.14 | | | |
| Employees defined benefit (Gratuity) | 25.62 | 21.11 | 20.57 | 11.72 |
| | 198.47 | 184.36 | 102.47 | 223.54 |
| Total | 8,706.46 | 7,606.50 | 5,884.55 | 4,886.90 |

Statement of contingent liabilities, as restated

Annexure - XVII

(₹ in Lakhs)

| Particulars | As at 31 March | | | |
|--|----------------|---------------|---------------|--------------|
| | 2011 | 2010 | 2009 | 2008 |
| Claims against company not acknowledged as debts | NIL | NIL | NIL | NIL |
| | - | - | - | - |
| Bank guarantees given for subsidiary Company | | | | |
| Inventure Commodities Ltd. | 250.00 | 250.00 | 250.00 | - |
| Disputed income tax matters | 58.56 | 58.56 | 73.76 | 73.76 |
| Total | 308.56 | 308.56 | 323.76 | 73.76 |

Inventure Growth & Securities Limited (Consolidated)

Statement of related party transactions, as restated

Annexure - XVIII

(As per Accounting Standard 18 - "Related Party Disclosures")

| <u>Nature of relationship</u> | <u>Name of the related party</u> |
|---|--|
| Key Management Personnel | Nagji K. Rita Kanji B. Rita Virendra D. Singh Arvind Patel Asha Nikodawala Manish Darji Nishit Vinod Shah Pravin Gala |
| Relatives of Key Management Personnel | Amit P. Rita Amrutben Kanji Shah Anil Keshavji Shah Shanti Kanji Rita Bhanu Chandrakant Shah Chandrakant K. Shah Dilip Nanji Gala Harshit Vinod Shah Jayshree Nagji Rita Keshavji Maya Rita Khimaiben K. Rita Kiran V. Singh Minaxi P. Rita Padamshi Kanji Shah Padmaben Shantilal Rita Rajesh Nanji Gala Ratan Vinod Shah Rupal Virendra Singh Sejal N. Shah Shraddha V. Singh Shweta Singh Varsha Padamshi Shah Motilalbhai Darji Leelaben A Darji Madhuben Darji Gulavati Singh Vaibhav N. Rita |
| Enterprises where key management personnel exercise significant influence | Amrutbai N Darji HUF Keshvi Developers Chandrakant K. Shah-HUF Keshavji M. Rita HUF Nagji K. Rita HUF Suyojana Impex Pvt. Ltd K R Shoppers Pvt Ltd. Virendra D. Singh HUF |

Inventure Growth & Securities Limited (Consolidated)

Details of Related Party Transactions are as follows:

| | | | (₹ In Lakhs) | | | |
|---------------------------|-------------------------|---|----------------|-------|------|-------|
| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | |
| | | | 2011 | 2010 | 2009 | 2008 |
| Interest paid | Amrutben Kanji Shah | Relative of Key Management Personnel | 1.35 | 1.35 | 1.37 | 1.37 |
| | Kiran V. Singh | Relative of Key Management Personnel | 0.37 | - | 0.76 | - |
| | Virendra D. Singh | Key Management Personnel | 1.99 | 2.29 | 2.88 | - |
| | Nagji K. Rita | Key Management Personnel | - | - | - | 0.15 |
| | Bhanu Chandrakant Shah | Relative of Key Management Personnel | - | - | - | 0.32 |
| | Chandrakant K. Shah | Relative of Key Management Personnel | - | - | - | 0.08 |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 0.11 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | - | - | - | 0.59 |
| | Arvind Patel | Key Management Personnel | - | - | 0.56 | - |
| | Kiran V. Singh | Relative of Key Management Personnel | - | 0.40 | - | 1.77 |
| | Virendra D. Singh HUF | Relative of Key Management Personnel | 2.77 | - | - | - |
| | Manish Darji | Key Management Personnel | - | - | 0.04 | - |
| | Amrutbai N Darji HUF | Enterprises where Key management Personnel exercise significant influence | - | - | 0.03 | - |
| | Leelaben A Darji | Relative of Key Management Personnel | - | - | 0.04 | - |
| | Madhuben Darji | Relative of Key Management Personnel | - | - | 0.63 | - |
| | Motilalbhai Darji | Relative of Key Management Personnel | - | - | 0.63 | - |
| | Keshvi Developers | Enterprises where Key management Personnel exercise significant influence | - | - | - | 0.73 |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | 0.63 |
| | Gulavati Singh | Relative of Key Management Personnel | 0.71 | 0.70 | - | - |
| | Shraddha V. Singh | Relative of Key Management Personnel | 0.30 | 0.02 | - | - |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | 0.08 | 4.15 | - | - |
| | K R Shoppers Pvt Ltd. | Enterprises where Key management Personnel exercise significant influence | | 13.40 | - | - |
| | Shanti Kanji Rita | Relative of Key Management Personnel | | 1.27 | - | - |
| Security deposit received | Kiran V. Singh | Relative of Key Management Personnel | - | - | 5.00 | - |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 5.40 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | - | - | 9.20 | 18.40 |
| | Keshvi Developers | Enterprises where Key management Personnel | - | - | - | 50.00 |

| | | | | | | |
|--|-------------------------|---|--------|--------|-------|-------|
| | | exercise significant influence | | | | |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | 10.60 |
| | Virendra D. Singh HUF | Enterprises where Key management Personnel exercise significant influence | 30.00 | - | - | - |
| | Shanti Kanji Rita | Relative of Key Management Personnel | - | - | - | 50.00 |
| | Gulavati Singh | Relative of Key Management Personnel | - | 10.00 | - | - |
| | Shraddha V. Singh | Relative of Key Management Personnel | - | 2.00 | - | - |
| | Kiran V. Singh | Relative of Key Management Personnel | - | 4.00 | - | - |
| | Bhanu Chandrakant Shah | Relative of Key Management Personnel | - | - | - | 20.00 |
| | Chandrakant K. Shah | Relative of Key Management Personnel | - | - | - | 7.00 |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 5.40 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | - | - | 18.20 | 9.40 |
| | Gulavati Singh | Relative of Key Management Personnel | 10.00 | - | - | - |
| | Kiran V. Singh | Relative of Key Management Personnel | 3.00 | 11.00 | - | 10.00 |
| | Keshvi Developers | Enterprises where Key management Personnel exercise significant influence | - | - | - | 50.00 |
| | Arvind Patel | Key Management Personnel | - | - | 9.02 | - |
| | Leelaben A Darji | Relative of Key Management Personnel | - | - | 1.00 | - |
| | Amrutbai N Darji HUF | Enterprises where Key management Personnel exercise significant influence | - | - | 0.70 | - |
| | Manish Darji | Key Management Personnel | - | - | 1.00 | - |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | - | - | - | 10.60 |
| | Virendra D. Singh | Key Management Personnel | 10.00 | 4.00 | 21.00 | - |
| | Nagji K. Rita | Key Management Personnel | 100.00 | - | - | 9.00 |
| | Shanti Kanji Rita | Relative of Key Management Personnel | | 50.00 | - | - |
| | Kanji B. Rita | Key Management Personnel | - | - | - | 50.00 |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | - | 150.00 | - | - |
| | K R Shoppers Pvt Ltd. | Enterprises where Key management Personnel exercise significant influence | - | 200.00 | - | - |
| | Nagji K. Rita | Key Management Personnel | 100.00 | - | - | 9.00 |
| | Virendra D. Singh | Key Management Personnel | | 15.00 | - | - |
| | Kanji B. Rita | Key Management Personnel | - | - | 50.00 | - |
| | Shanti Kanji Rita | Relative of Key Management Personnel | - | 50.00 | 50.00 | - |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | 50.00 | 100.00 | - | - |
| | K R Shoppers Pvt Ltd. | Enterprises where Key management Personnel | - | 200.00 | - | - |

| | | | | | | |
|--------------------------|-------------------------|---|-------|-------|-------|-------|
| | | exercise significant influence | | | | |
| Remuneration paid | Kanji B. Rita | Key Management Personnel | - | - | 17.25 | 9.90 |
| | Virendra D. Singh | Key Management Personnel | 3.60 | 3.60 | 3.60 | 3.60 |
| | Nagji K. Rita | Key Management Personnel | 18.00 | 18.00 | 18.00 | 9.00 |
| | Asha Nikodawala | Key Management Personnel | - | - | 0.50 | - |
| | Shraddha V. Singh | Relative of Key Management Personnel | 2.40 | 2.40 | 0.80 | - |
| | Sejal N. Shah | Relative of Key Management Personnel | 4.00 | 4.80 | 4.80 | 1.20 |
| | Kiran V. Singh | Relative of Key Management Personnel | - | - | 1.60 | 2.40 |
| | Ratan Vinod Shah | Relative of Key Management Personnel | 4.00 | 4.80 | 4.80 | 1.20 |
| | Padmaben Shantilal Rita | Relative of Key Management Personnel | | 4.20 | 4.20 | - |
| | Amit P. Rita | Relative of Key Management Personnel | - | - | 3.15 | - |
| | Minaxi P. Rita | Relative of Key Management Personnel | - | - | 2.80 | - |
| | Nishit Vinod Shah | Relative of Key Management Personnel | 7.50 | 9.00 | 9.00 | 0.90 |
| | Padamshi Kanji Shah | Relative of Key Management Personnel | - | - | - | 1.05 |
| | Varsha Padamshi Shah | Relative of Key Management Personnel | 4.50 | 5.40 | 5.40 | 1.20 |
| Rent paid | Shweta Singh | Relative of Key Management Personnel | 6.50 | 19.00 | 7.90 | 14.46 |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | 7.80 | 6.00 | 6.00 | 6.00 |
| | Keshavji M. Rita HUF | Enterprises where Key management Personnel exercise significant influence | 7.80 | 6.00 | 6.00 | 6.00 |
| | Khimaiben K. Rita | Relative of Key Management Personnel | 7.80 | 6.00 | 6.00 | 6.00 |
| | Vaibhav N. Rita | Relative of Key Management Personnel | 7.15 | - | - | - |
| | Nagji K. Rita HUF | Enterprises where Key management Personnel exercise significant influence | 7.80 | 8.40 | 6.00 | 6.00 |
| Share capital subscribed | Kanji B. Rita | Key Management Personnel | - | - | - | 39.40 |
| | Virendra D. Singh | Key Management Personnel | - | - | - | 0.00 |
| | Nagji K. Rita | Key Management Personnel | - | - | - | 0.00 |
| | Dilip Nanji Gala | Relative of Key Management Personnel | - | - | - | 7.00 |
| | Harshit Vinod Shah | Relative of Key Management Personnel | - | - | - | 2.50 |
| | Jayshree Nagji Rita | Relative of Key Management Personnel | - | - | - | 11.00 |
| | Kiran V. Singh | Relative of Key Management Personnel | - | - | - | 10.00 |
| | Nishit Vinod Shah | Relative of Key Management Personnel | - | - | - | 5.00 |
| | Ratan Vinod Shah | Relative of Key Management Personnel | - | - | - | 2.50 |
| | Rajesh Naji Gala | Relative of Key Management Personnel | - | - | - | 7.00 |
| | Shanti Kanji Rita | Relative of Key Management Personnel | - | - | - | 7.10 |

Inventure Growth & Securities Limited (Consolidated)

Outstanding balance as at the end of the year

(₹ In Lakhs)

| Nature of the Transaction | Name of Party | Nature of Relationship | As at 31 March | | | |
|---------------------------|-------------------------|---|----------------|-------|-------|------|
| | | | 2011 | 2010 | 2009 | 2008 |
| Payables | Virendra D. Singh | Key Management Personnel | 20.00 | 10.00 | 21.00 | - |
| | Amrutben Kanji Shah | Relative of Key Management Personnel | 9.00 | 9.00 | 9.00 | 9.00 |
| | Kiran V. Singh | Relative of Key Management Personnel | - | 3.00 | 10.00 | 5.00 |
| | Gulavati Singh | Relative of Key Management Personnel | - | 10.00 | - | - |
| | Shraddha V. Singh | Relative of Key Management Personnel | 2.00 | 2.00 | - | - |
| | Virendra D. Singh HUF | Relative of Key Management Personnel | 30.00 | - | - | - |
| | Suyojana Impex Pvt. Ltd | Enterprises where Key management Personnel exercise significant influence | - | 50.00 | - | - |
| | | | | | | |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion of our standalone financial condition and results of operations together with our financial statements included in the Red Herring Prospectus. You should also see "Risk Factors" on page xiv, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a standalone basis, and, unless otherwise stated, is based on our Restated Unconsolidated Financial Statements, which have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. The following discussion is also based on internally prepared statistical information and other sources. Our Fiscal ends on March 31 of each year, so all references to a particular "Fiscal" are to the twelve-month period ended March 31 of that year.

Overview

For "Our Business" please refer to page 93 of the Red Herring Prospectus.

Material Developments after March 31, 2011 that may affect our future Results of Operations

In compliance with AS-4, to our knowledge no circumstances save and except as disclosed in the Red Herring Prospectus have arisen since the date of the last financial statements contained in the Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of the Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Factors Affecting our Results of Operations

- Changes in Indian economic or financial conditions
- Client Relationships
- Growth in overall volumes due to favorable capital market conditions
- Personal financial services (distribution of mutual funds, insurance and savings products)
- Securities backed lending
- Competition
- Regulatory developments and authorities
- Technology
- Operating costs
- Ability to acquire new customers
- New strategic partnerships or mergers/acquisitions
- Overall performance of subsidiaries as we derive some part of our revenue from them
- Changes in the value of the Rupee and other currencies
- Changes in the foreign exchange control regulations in India

Significant Accounting Policies

Our significant accounting policies are those that are both (i) relevant to the presentation of our financial condition and results of operations; and (ii) require our management's most difficult, subjective or complex judgments, often as a result of the need to make estimates and assumptions about the effect of various matters. By their nature, assumptions, estimates and judgments that our management is required to make are inherently subject to a degree of uncertainty. These judgments are based on our historical experience, our evaluation of accounting practices that would be appropriate in respect of our business, our observation of trends in the financial service sector, information with respect to our customers, and information available from independent sources, as appropriate.

While we believe that these judgments have been exercised by our management in good faith and with due consideration to all material effects on our financial statements, there can be no assurance that our management's judgment will prove correct or that actual results reported in future periods will not differ from our expectations reflected in the accounting treatment of certain items. While we believe that all aspects of our financial statements should be reviewed when assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

- **System of Accounting**

The financial statements have been prepared on a going concern and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act 1956, to the extent applicable.

- **Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying Financial Statements. Any differences of actual results to such estimates are recognised in the period in which the results are known / materialised.

- **Revenue recognition**

- a. Income from brokerage activities is recognized as income on the trade date of the transaction.
- b. Income from arbitrage operations is stated net of commission expenses, if any, incurred against it and without deduction of Securities Transaction Tax.
- c. Profit / Loss on sale of investments is recognized on the trade date of the transaction and is stated net of Securities Transaction Tax incurred.

- **Fixed Assets**

Fixed assets are stated at cost less depreciation/amortization. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

- **Depreciation / Amortization**

Tangible fixed assets are depreciated on straight line basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956.

Intangible assets are amortized on a straight line basis over a period having regard to their useful economic life and estimated residual value in accordance with Accounting Standard (AS) 26 "Intangible Assets".

Computer Softwares are amortized over a period of 4 years.

Bombay Stock Exchange Membership is amortized over a period of 15 years, having regard to the nature and long term economic life of the asset.

- **Stock - in – trade**

Shares and Securities acquired for sale in the ordinary course of business are considered as stock - in – trade, and are valued at lower of cost or market value as at the year/period end.

- **Investments**

Investments of long term nature are valued at cost. Provision is made to recognize a decline, other than temporary, in the value of such investments. Current Investments are valued at cost or market value, whichever is lower.

- **Securities Transaction Tax**

- a) Securities Transaction Tax related to the company's own transactions in shares and securities are charged to Profit and Loss account in the concerned financial year/period.
- b) Securities Transaction Tax related to transactions other than investments (to the extent available for rebate against income tax liability) is treated as tax payment upto the financial year 2007-2008.

- **Borrowing costs**

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue.

- **Keyman Insurance**

Keyman Insurance premium paid during the financial year is written off as expenditure in the profit and loss account.

- **Employees Retirement Benefits**

- a) **Provident Fund**

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the profit and loss account.

- b) **Gratuity**

The employees of the Company are eligible for Gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts.

The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the profit and loss account

- c) **Compensated Leave**

Unutilized leave of staff lapses as at the year end and is not encashable. Accordingly, no provision is made for compensated absences.

- **Equity Index/Stock – Futures**

Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or Current liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Index/Stock Futures till the balance sheet date.

As on the Balance Sheet date, the profit/ loss on open position in Index/Stock futures are accounted for as follows:

- a. Credit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the profit and loss account.
- b. Debit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated loss, is recognized in the profit and loss account.

On final settlement or squaring up of contracts for equity index/stock futures, the profit or loss is calculated as difference between settlement/squaring up price and contract price. Accordingly, debit or credit balance pertaining to the settlement/squared up contract in "Mark-to-Market Margin Equity Index/Stock Futures Account" is recognized in the profit and loss account upon expiry of the contracts.

"Initial Margin – Equity Index/Stock Futures Account", representing initial margin paid, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, is disclosed under Loans and advances.

- **Equity Index/Stock – Options**

"Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.

- **Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period) and fringe benefit tax.

a. Deferred taxation

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

b. Fringe benefit tax

Provision for Fringe Benefit Tax (FBT) is made on the basis of applicable FBT on the taxable value of chargeable expenditure of the Company as prescribed under the Income Tax Act, 1961.

• Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generated unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

• Provisions, contingent Liabilities and Contingent Assets

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

Result of Operations

The current subsidiaries of the Company, IFPL and ICL were acquired on December 7, 2007 and August 19, 2008 respectively; similarly IIBPL and IWML were formed on January 8, 2008 and June 12, 2008 respectively. As a result, the first set of Consolidated Results were required to be made for the first time in the financial year 2007-08 and hence the results of operations for the year ended March 31, 2007 given for our Company on a stand-alone basis are not comparable to the year ended March 31, 2008 (Consolidated). The following table sets forth select financial data from our standalone restated profit and loss accounts for fiscal 2011, 2010, 2009, 2008 and 2007 the components of which are also expressed as a percentage of total income for such periods. Our restated stand-alone profit and loss account provided under the head "Financial Information" give details about our sources of revenue for each company separately and consolidated as well.

(₹ in lakhs)

| Particulars | For the year ended 31 st March | | | | | | | | | |
|--|---|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | |
| | ₹ | % of Total Income | ₹ | % of Total Income | ₹ | % of Total Income | ₹ | % of Total Income | ₹ | % of Total Income |
| Income | | | | | | | | | | |
| Income from operations | 2,429.20 | 69.49 | 3263.95 | 82.22 | 2,012.57 | 82.64 | 3,807.44 | 81.15 | 2,732.76 | 90.31 |
| Other income | 1,066.67 | 30.51 | 705.85 | 17.78 | 422.64 | 17.36 | 884.24 | 18.85 | 293.29 | 9.69 |
| Total income | 3,495.87 | 100.00 | 3969.80 | 100.00 | 2,435.21 | 100.00 | 4,691.68 | 100.00 | 3,026.05 | 100.00 |
| Personnel expenses | 661.23 | 18.91 | 475.80 | 11.99 | 435.23 | 17.87 | 542.11 | 11.56 | 292.81 | 9.67 |
| Operating and other expenses | 1,537.67 | 43.99 | 1,551.30 | 39.08 | 1,269.78 | 52.14 | 1,629.75 | 34.74 | 998.51 | 33.00 |
| Interest and other financial expenses | 358.76 | 10.26 | 304.35 | 7.67 | 191.18 | 7.85 | 162.41 | 3.46 | 76.84 | 2.54 |
| Depreciation | 121.95 | 3.49 | 114.35 | 2.88 | 102.76 | 4.22 | 61.16 | 1.30 | 48.41 | 1.60 |
| Total expenditure | 2,679.61 | 76.65 | 2,445.80 | 61.61 | 1,998.95 | 82.09 | 2,395.43 | 51.06 | 1,416.57 | 46.81 |
| Net profit before tax and extraordinary items | 816.26 | 23.35 | 1,524.00 | 38.39 | 436.26 | 17.91 | 2,296.25 | 48.94 | 1,609.48 | 53.19 |
| - Income tax | 265.00 | 7.58 | 498.00 | 12.54 | 120.00 | 4.93 | 618.00 | 13.17 | 495.00 | 16.36 |
| - Deferred tax adjustments | (2.63) | (0.08) | 15.65 | 0.39 | 26.76 | 1.10 | 27.68 | 0.59 | 6.26 | 0.21 |
| - Fringe benefit tax | - | - | - | - | 5.00 | 0.21 | 4.60 | 0.10 | 3.00 | 0.10 |

| Particulars | For the year ended 31 st March | | | | | | | | | |
|---|---|----------------------------|----------|----------------------------|--------|----------------------------|----------|----------------------------|----------|----------------------------|
| | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | |
| | ₹ | %of Total Incom e | ₹ | %of Total Incom e | ₹ | %of Total Incom e | ₹ | %of Total Incom e | ₹ | %of Total Incom e |
| Net profit after tax and before extraordinary items | 553.89 | 15.84 | 1,010.35 | 25.45 | 284.50 | 11.68 | 1,645.97 | 35.08 | 1,105.22 | 36.52 |
| Extraordinary items | - | - | - | - | - | - | - | - | - | - |
| Net profit after extraordinary items | 553.89 | 15.84 | 1,010.35 | 25.45 | 284.50 | 11.68 | 1,645.97 | 35.08 | 1,105.22 | 36.52 |

Revenue

Our total income comprises income from operations and other income. Income from operations comprise primarily of brokerage and commission income, trading and arbitrage income and depository income.

- Income from brokerage is through our execution of third party trades for equities and derivatives on the exchanges and distribution of mutual funds. The income from brokerage services is driven principally by the number of active clients and the volume of business done by them. Client growth has been a significant driver of revenue growth in our broking business. Commission income comprises of the commission earned by sale of third party insurance products and mutual funds to our clients. Mutual Fund and Insurance Broking is a hand on role requiring a combination of technical knowledge, business, communication, people and practical skills and is driven by acting in the best interests of the customer and providing sound practical advice which is independent of any insurance company and/or mutual fund house's influence. Growth in total client numbers has been driven primarily by our increased geographical presence, and enhanced skilled and competent trade and execution teams aided by well-structured research team.
- Trading and arbitrage income represents income earned from our internal treasury operations. Arbitrage opportunity arises because of temporary mismatch between two exchanges/ segments based on various factors such as time, liquidity and price.
- We are a depository participant with CDSL and offer depository services to our retail broking clients as a value-added service. Depository income consists of annual maintenance fees in addition to transaction-based charges for transactions undertaken by depository clients.
- Other income consists primarily of dividends, interest earned and profit on sale of investment.

Expenditure

Our Company's expenditure comprises of personnel expenses, operating and establishment expenses, interest and other financial charges

- Personnel expenses include salaries, bonus and allowances, contribution to provident funds, employee benefit (gratuity) expenses and staff welfare expenses. Personnel expenses are associated with compensating existing staff, as well as the recruitment and retention of staff during the period.
- Operating and establishment expenses include brokerage sharing with intermediaries, transaction charges, stamp duty and miscellaneous and depository charges. These expenses pertain to the number and size of transactions carried out by us on behalf of our broking customers.
- Interest and other financial charges principally include interest and other fees charged by banks. Interest is charged on our long term loan and overdraft facilities. Bank charges consist of commission charged by bank pertaining to bank guarantees obtained to meet our margin requirements with stock exchanges.

Depreciation

It includes depreciation on office premises, office equipments, air conditioners, furniture and fixtures, computers and motor cars.

Taxation

It includes both current taxes, comprising of income tax, and fringe benefit tax and deferred taxes. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax assets are recognised if there is a reasonable certainty that the assets will be realized in future.

Adjustments

The standalone audited financial statements for the fiscal 2011, 2010, 2009, 2008 and 2007 have been restated in compliance with SEBI (ICDR) Regulations. The effects of restatement are shown below:

The adjustments to our financial statements are described below:

(₹ in lakhs)

| Particulars | Year Ended March 31, | | | | |
|---|----------------------|-----------------|---------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Profit after tax as per audited financial statements as restated | 553.89 | 1,010.35 | 273.56 | 1,633.53 | 1,093.20 |
| Increase/(Decrease) in accumulated profits as a result of adjustments for: | | | | | |
| (a) Adjustments for : | | | | | |
| - Amortization of Membership of Bombay Stock Exchange (refer note b(i)(a)) | - | - | - | - | - |
| (b) Tax Adjustments ((refer note b(i)(b)) | - | - | 4.73 | (6.82) | 12.02 |
| (c) Disallowance of Expenses in Income Tax Assessments: | | | | | |
| - Securities Transaction Tax (reallocated to the respective years) | - | - | 6.21 | 19.26 | - |
| (d) Tax effect of above adjustments | | | | | |
| -Current tax | - | - | - | - | - |
| -Deferred tax | - | - | - | - | - |
| Adjusted/Restated profit | 553.89 | 1,010.35 | 284.50 | 1,645.97 | 1,105.22 |

A) Adjustments having impact on Profit

1) Due to Tax Adjustments

Amount paid / provided for or refunded / written back in respect of shortfall / excess income tax arising out of assessments, etc. were included in Profit and Loss Account which have now been adjusted in the respective years.

B) Adjustments having no impact on Profit

- Appropriate adjustments have been made in the Restated Statements of Assets and Liabilities, Profits and Losses and Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for fiscal 2011 and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009.
- Material Regrouping: -**
Income from brokerage activities has been accounted for on gross basis for the year ended 31st March , 2011, 2010 & 2009 in the Audited accounts of the respective year. The same has been accounted for on net basis (net of sub-brokerage) in the Audited accounts of the prior years. Appropriate adjustments have been made in the restated statement of Profit & Loss account to present them on gross basis.
 - In the Audited Financial Statements, "Interest on Fixed Deposits" and "Bank Interest on Overdraft" secured against the above fixed deposits have been shown separately as income and expenses respectively. Since, the interest expense is compensatory against the said income with direct nexus, for the appropriate presentation of the financial data, the interest income has been stated net of the corresponding expenses.

| Particulars | Year Ended March 31, | | | | |
|-------------|----------------------|--|--|--|--|
|-------------|----------------------|--|--|--|--|

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|-------------|-------------|
| Interest on fixed deposits | 597.28 | 456.91 | 293.84 | 379.33 | 241.30 |
| Less: Bank Interest on Overdraft (secured against above Fixed deposit) | 118.84 | 70.92 | 80.39 | 27.97 | 18.53 |
| Interest on fixed deposits (net) | 478.44 | 385.99 | 213.45 | 351.36 | 222.77 |

C) Non Adjustments

1) Employees Retirement Benefits-Gratuity

For the year ended March 31, 2007, the Company had accounted for its Gratuity liability on actuarial basis. The Company has adopted revised AS 15 on Employee Benefits effective from 1 April, 2007 and the present value of the obligation under the benefit plans is based on actuarial valuation using the projected unit credit method. No adjustment has been made in the restated financial statements for the prior years, since in the opinion of the Company, the impact of the same is not material.

Fiscal 2011 compared to Fiscal 2010

Operating Income

Our operating income decreased by 25.58 % from ₹ 3,263.95 lakhs in the year 2010 to ₹ 2,429.20 lakhs in the year 2011 primarily due to volatility in stock market, which affected the arbitrage income and the overall trading volumes across the stock exchanges resulting into decrease in our operating income.

Other Income

Our other income increased by 51.12% from ₹ 705.85 lakhs in the year 2010 to ₹ 1,066.67 lakhs in the year 2011 on account of increase in interest on fixed deposits with banks, delayed payment charges received from clients and addition of new revenue stream from training and web designing activities.

Personnel Expenses

Our personnel expenses increased by 38.97 % from ₹ 475.80 lakhs in the year 2010 to ₹ 661.23 lakhs in the year 2011 primarily due to rationalisation of salaries and benefits and recruitment of new employees at various levels of organisation to strengthen the expansion plans of the company.

Operating and other Expenses

Our operating and other expenses decreased by 0.88% from ₹ 1,551.30 lakhs in the year 2010 to ₹ 1,537.67 lakhs in the year 2011. Our direct operating expenses such as payment to Business Associates, stock exchange expenses, SEBI turnover charges, STT, depository charges etc. decreased in sync with our decrease in operating income.

Finance Charges

Our finance charges increased by 17.88% from ₹ 304.35 lakhs in the year 2010 to ₹ 358.76 lakhs in the year 2011 primarily due to increase in banking facilities availed, bank charges and commission paid for bank guarantees for margin with stock exchanges.

Depreciation

Our depreciation expenses increased by 6.65 % from ₹ 114.35 lakhs in the year 2010 to ₹ 121.95 lakhs in the year 2011 primarily due to additions of fixed assets such as furniture, office equipments and computers at our corporate office.

Taxation

Our provision for taxation had decreased substantially by 48.92% from ₹ 513.65 lakhs in the year 2010 to ₹ 262.37 lakhs in the year 2011 primarily due to decrease in operating income and consequent decrease in net profit.

Net profit after extraordinary items

Principally due to reasons described above, net profit after extraordinary items, as restated decreased by 45.18% from ₹ 1,010.35 lakhs in the year 2010 to ₹ 553.89 lakhs in the year 2011.

Fiscal 2010 compared to Fiscal 2009

Operating Income

Our operating income increased by 62.18% from ₹ 2,012.57 lakhs in the year 2009 to ₹ 3,263.95 lakhs in the year 2010 primarily due to recovery in stock market after global crisis which affected the overall trading volumes across the stock exchanges resulting into a increase in our operating income.

Other Income

In the fiscal 2010 we had earned a profit of ₹ 6.31 lakhs on sale of investment in BSE Limited which is considered as extra ordinary item and non-recurring in nature. Apart from this, our other income increased by 67.52 % from ₹ 417.59 lakhs in the year 2009 to ₹ 699.54 lakhs in the year 2010.

Personnel Expenses

Our personnel expenses increased by 9.32% from ₹ 435.25 lakhs in the year 2009 to ₹ 475.80 lakhs in the year 2010 primarily due to rationalisation of salaries and benefits.

Operating and other Expenses

Our operating and other expenses increased by 22.17% from ₹ 1,269.78 lakhs in the year 2009 to ₹ 1,551.30 lakhs in the year 2010. Our direct operating expenses such as payment to Business Associates, stock exchange expenses, SEBI turnover charges, STT, depository charges etc. increased in sync with increase in our operating income.

Finance Charges

Our finance charges increased by 59.20% from ₹ 191.18 lakhs in the year 2009 to ₹ 304.35 lakhs in the year 2010 primarily due to increase in interest paid on borrowings, banking facility availed from the banks and commission paid for bank guarantees for margin with stock exchanges.

Depreciation

Our depreciation expenses increased by 11.28% from ₹ 102.76 lakhs in the year 2009 to ₹ 114.35 lakhs in the year 2010 primarily due to higher depreciation available on fixed assets such as office premises, furniture, office equipments and computers at our corporate office.

Taxation

Our provision for taxation had increased substantially by 238.46% from ₹ 151.76 lakhs in the year 2009 to ₹ 513.65 lakhs in the year 2010 primarily due to growth in operating income and consequent increase in net profit.

Net profit after extraordinary items

Principally due to reasons described above, net profit after extraordinary items, as restated increased by 255.13% from ₹ 284.50 lakhs in the year 2009 to ₹ 1,010.35 lakhs in the year 2010.

Fiscal 2009 compared to Fiscal 2008

Operating Income

Our operating income decreased by 47.14% from ₹3,807.44 lakhs in the year 2008 to ₹2,012.57 lakhs in the year 2009 primarily due to global financial crisis which affected the overall trading volumes across the stock exchanges resulting into a fall in our operating income.

Other Income

In the Fiscal year 2008 we had earned a profit of ₹ 373.36 lakhs on sale of investment in BSE Limited which is considered as extra ordinary item and non-recurring in nature. Apart from this, our other income decreased by 17.27% from ₹510.88 lakhs in the year 2008 to ₹422.65 lakhs in the year 2009.

Personnel Expenses

Our personnel expenses decreased by 19.72 % from ₹542.11 lakhs in the year 2008 to ₹435.23 lakhs in the year 2009 primarily due to rationalisation of salaries and benefits.

With effect from April 2009, we have started an in house canteen facility as a part of our retention strategy as a result our staff welfare expenses have increased more than three fold to ₹ 23.64 lakhs in the year 2009 from ₹ 6.13 lakhs.

Operating and other Expenses

Our operating and other expenses decreased by 22.09% from ₹1,629.75 lakhs in the year 2008 to ₹1,269.78 lakhs in the year 2009. In April 2008 we have shifted our business operations to our current registered office admeasuring 8,000 sq.ft. As a result our fixed operating expenses such as electricity charges, telephone

expenses, conveyance and travelling expenses etc. have increased by more than 100%. However, our direct operating expenses such as payment to Business Associates, stock exchange expenses, SEBI turnover charges, depository charges etc. decreased in sync with our decrease in operating income.

Finance Charges

Our finance charges increased by 17.71% from ₹162.41 lakhs in the year 2008 to ₹191.18 lakhs in the year 2009 primarily due to term loan availed for the acquisitions of fixed assets.

Depreciation

Our depreciation expenses increased by 68.02% from ₹61.16 lakhs in the year 2008 to ₹102.76 lakhs in the year 2009 primarily due to higher depreciation available on fixed assets such as office premises, furniture, office equipments and computers at our corporate office.

Taxation

Our provision for taxation had decreased substantially by 76.66% from ₹650.28 lakhs in the year 2008 to ₹151.76 lakhs in the year 2009 primarily due to lower operating income and tax saving as a result of higher depreciation on fixed assets.

Net profit after extraordinary items

Net profit after extraordinary items, as restated decreased by 82.72% from ₹1,645.97 lakhs in the year 2008 to ₹284.50 lakhs in the year 2009.

Fiscal 2008 compared to Fiscal 2007

Operating Income

During the fiscal year 2008 we have expanded our business location and increased our customer base, as a result our operating income increased by 39.33% from ₹ 2,732.76 lakhs in the year 2007 to ₹ 3,807.44 lakhs in the year 2008.

Other Income

In the Fiscal year 2008 we had earned a profit of ₹ 373.36 lakhs on sale of investment in BSE Limited which is considered as extra-ordinary item and non-recurring in nature. Also interest income has increased because of additional margin placed with stock exchange in the form of fixed deposits and bank guarantee due to the spurt in the trading volumes in the markets. As a result our total other income increased by 201.49% from ₹ 293.29 lakhs in the year 2007 to ₹ 884.25 lakhs in the year 2008.

Personnel Expenses

Our personnel expenses increased by 85.14% from ₹292.81 lakhs in the year 2007 to ₹542.11 lakhs in the year 2008 primarily due to higher costs associated with an increase in the number of employees hired to support our Company's business growth and the engagement of senior level resources,.

Operating and other Expenses

In fiscal 2008, our Company had incurred huge expenses on advertisement and publicity as business development measures. Similarly certain establishment expenses like rent, electricity, telephone had increased in sync with the growth in financial markets. We had also written off STT of ₹ 19.25 lakhs during the fiscal year 2008 and had compensated our clients by ₹ 41.18 lakhs to reimburse their loss in derivatives segment to retain them in long term; which are considered as extra ordinary and non recurring in nature. As a result our operating and other expenses increased by 63.22% from ₹ 998.51 lakhs in the year 2007 to ₹ 1629.75 lakhs in the year 2008.

Finance Charges

We have taken a term loan of ₹ 750.00 lakhs for the acquisition of our corporate office. We had increased our bank guarantee limit from ₹ 2000.00 lakhs to ₹ 3500.00 lakhs. As a result, our interest and finance charges increased by 111.36% from ₹76.84 lakhs in the year 2007 to ₹162.41 lakhs in the year 2008.

Depreciation

Our depreciation expenses increased by 26.34% from ₹48.41 lakhs in the year 2007 to ₹61.16 lakhs in the year 2008 primarily due to the purchase of registered and corporate office and furniture and office equipments.

Taxation

Our provision for taxation increased by 28.96% from ₹504.26 in the year 2007 to ₹ 650.28 in the year 2008 primarily due to overall increase in our business operations.

Net profit after extraordinary items

Net profit after extraordinary items, as restated profit increased by 48.93% from ₹1,105.22 lakhs in the year 2007 to ₹1,645.97 lakhs in the year 2008.

Fiscal 2007 compared to Fiscal 2006

Operating Income

Our operating income increased by 6.89% from ₹ 2,556.59 lakhs in the year 2006 to ₹2,732.76 lakhs in the year 2007.

Other Income

There was a decrease in the profit on sale of investments from ₹ 382.07 lakhs in the year 2006 to ₹ 2.66 lakhs in the year 2007. As a result, our total other income decreased by 45.75% from ₹ 540.63 lakhs in the year 2006 to ₹ 293.29 lakhs in the year 2007.

Personnel Expenses

Our personnel expenses increased by 49.77% from ₹195.51 lakhs in the year 2006 to ₹292.81 lakhs in the year 2007. This increase was due to higher costs associated with an increase in the number of employees hired to support our Company's growth.

Operating and establishment Expenses

Our operating expenses increased by 1.11% from ₹ 987.57 lakhs in the year 2006 to ₹998.51 lakhs in the year 2007.

Finance Charges

Our finance charges increased by 18.38% from ₹64.91 lakhs in the year 2006 to ₹76.84 lakhs in the year 2007 primarily due to increase in the payment of interest on overdraft.

Depreciation

Our depreciation expenses increased by 18.77% from ₹40.76 lakhs in the year 2006 to ₹48.41 lakhs in the year 2007 primarily due to acquisition of the assets by our Company.

Taxation

Our provision for taxation decreased by 2.83% from ₹518.95 lakhs in the year 2006 to ₹504.26 lakhs in the year 2007.

Net profit after extraordinary items

As a result of the above, the Net profit after extraordinary items decreased by 14.29% from ₹1,289.52 lakhs in the year 2006 to ₹1,105.22 lakhs in the year 2007.

Financial Conditions, Liquidity and Capital Resources

The working capital requirement of our Company arises on account of the gap in realization of cheques from clients and amount to be paid to the exchanges towards pay in on the settlement dates. With growing business, this gap is widening and thereby creating a large requirement for working capital. In tandem with the growth in the financial markets, we expect that our Company's trading volumes to grow further, thus our requirement for working capital will increase.

Historically, we have been financing our capital requirements primarily through funds generated from our operations and from banks in the form of bank overdraft. We believe that we will have sufficient resources, from our operations and Issue Proceeds of this offering of equity shares, to meet our capital requirements for at least the next 12 months.

Cash Flow Statement

The table below sets forth cash flow statement of our Company for fiscals 2011, 2010, 2009, 2008, 2007

| (₹in lakhs) | | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Particulars | March 31, 2011 | March 31, 2010 | March 31, 2009 | March 31, 2008 | March 31, 2007 |
| Net Cash from Operating Activities | (1,523.52) | 3,713.30 | (648.73) | 939.51 | (20.17) |
| Net Cash from Investing Activities | 120.27 | (2,621.35) | 93.72 | (1328.45) | (675.88) |
| Net Cash from Financing Activities | 651.98 | (539.54) | (122.45) | 844.39 | 44.89 |

| Particulars | March 31, 2011 | March 31, 2010 | March 31, 2009 | March 31, 2008 | March 31, 2007 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net increase/(decrease) in Cash and Cash Equivalents | (751.27) | 552.40 | (677.46) | 455.46 | (651.16) |

Net cash from operating activities

Our company generated negative cash of ₹ 1523.52 lakhs in fiscal 2011 and operating cash flow generated before working capital changes was ₹ 808.22 lakhs while adjustment for change in working capital was ₹ 2331.74 which was negative primarily due to increase in trade receivables of ₹ 1,670.27 lakhs.

In fiscal 2010 we generated a net cash flow of ₹ 3,713.30 lakhs and operating cash flow before working capital changes was ₹ 1,542.71 lakhs and adjustment for change in working capital was ₹ 2,170.57 lakhs.

There was a negative cash flow of ₹ 648.73 lakhs in the Fiscal 2009 primarily because of increase in working capital which had absorbed ₹ 1161.33 lakhs.

In Fiscal 2008 net cash flow generated was ₹ 939.51 out of which operating cash flow before working capital changes was ₹ 1789.85 lakhs and working capital had absorbed ₹ 850.34 lakhs.

In Fiscal 2007, operating cash flow before working capital changes was ₹ 1487.92 but working capital had absorbed ₹ 1508.09 lakhs due to which there was a negative cash flow of ₹ 20.17 lakhs.

Net cash from investing activities

Our investing activities had generated net cash flow of ₹ 120.27 lakhs in fiscal 2011 primarily because of liquidation of term deposits with bank.

In fiscal 2010 there was negative cash flow of ₹ 2,621.35 lakhs primarily because of investment in term deposits with banks of ₹ 2,036.98lakhs.

In Fiscal 2009 there was a net liquidation of term deposits with banks of ₹ 1211.12 lakhs out of this proceeds we had invested ₹ 308.11 lakhs in purchase of fixed assets and ₹ 622. 01 lakhs was invested in subsidiaries. The net cash flow from investing activities was ₹ 93.73 lakhs.

In Fiscal 2008 there was a negative cash of ₹ 1328.45 lakhs primarily due to purchase of fixed assets of ₹ 918.47 lakhs, investment in relations to acquisition of subsidiaries of ₹ 220.29 lakhs. We had also given an advance to our subsidiary of ₹ 861 lakhs. We had sold investments of ₹ 386.99 lakhs and interest income was ₹ 341.11 lakhs.

In Fiscal 2007 investing activities had absorbed net cash of ₹ 675.88 lakhs primarily because of investment in term deposits with banks of ₹ 881.51 lakhs.

Net cash from financing activities

Our financing activities generated net cash flow of ₹ 651.98 lakhs in fiscal 2011 mainly due to availment of bank overdraft facility,

In fiscal 2010 we had generated negative net cash flow of ₹ 539.54lakhs mainly due to increase in interest expenses on banking facilities and interest paid on higher borrowings. In Fiscal 2009 our financing activities had absorbed a net cash of ₹ 122.45 lakhs.

In Fiscal 2008 our financing activities had generated a cash of ₹ 844.39 lakhs comprising of term loan obtained from banks of ₹ 816.63 lakhs.

In Fiscal 2007 our financing activities generated net cash of ₹44.89 lakhs.

Fixed Assets

Fixed assets comprise:

- Gross block, which is mainly comprised of office premises, equipment and related assets

- Capital work in progress, including advances for capital expenditures.

The following table illustrates fixed assets as at March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011.

(₹in lakhs)

| Sr. No. | Particulars | As at March 31 | | | | |
|-----------|--------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | | 2011 | 2010 | 2009 | 2008 | 2007 |
| A. | Fixed assets | | | | | |
| | Gross block | 2,022.24 | 1,950.17 | 1,792.46 | 1,604.21 | 511.20 |
| | Less: accumulated depreciation | 665.29 | 543.34 | 429.99 | 327.21 | 266.62 |
| | Net block | 1,356.95 | 1,406.83 | 1,362.47 | 1,277.00 | 244.58 |
| B | Capital work-in-progress | - | - | - | 54.99 | - |
| | TOTAL(A+B) | 1,356.95 | 1,406.83 | 1,362.47 | 1,331.99 | 244.58 |

Fixed assets have increased from ₹ 1,362.47 lakhs as at March 31, 2009 to ₹1,406.83 lakhs as at March 31, 2010 and decreased from 1,406.83 lakhs at March 31, 2010 to 1,356.95 lakhs at March 31, 2011. Fixed assets have increased from ₹ 244.58 lakhs as at March 31, 2007 to ₹ 1331.99 lakhs as at March 31, 2008, to ₹ 1362.47 lakhs as at March 31, 2009.

We acquired our new premises in Fiscal 2008 on account of the expansion of our broking business and also upgraded our technology both in terms of hardware and software.

Investments

Investments principally comprise:

- Long-term investments, in fully paid ordinary or equity shares of unlisted subsidiaries and various quoted and unquoted companies and Debt and Equity Scheme of various Mutual Funds
- A current investment, in Liquid Fund Scheme of various Mutual Funds related to investment of short-term surplus working capital

(₹in lakhs)

| Particulars | As at March 31, | | | | |
|-----------------------|-----------------|---------------|---------------|---------------|--------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Long Term investment | 2,782.32 | 782.32 | 789.07 | 229.02 | 15.67 |
| Short Term Investment | - | - | - | - | - |
| TOTAL | 2,782.32 | 782.32 | 789.07 | 229.02 | 15.67 |

Investments are classified as either current or long term based on management's intention at the time of purchase.

In fiscal 2011 we had made investment of ₹ 2,000 lakhs in our Subsidiary IFPL and as a result, our long term investments have increased from ₹782.32 lakhs in fiscal 2010 to ₹2,782.32 lakhs in fiscal 2011

In Fiscal 2009 we had acquired our Subsidiary ICL for ₹ 219 lakhs and incorporated IWML as a result, our long term investments have increased from ₹ 229.02 lakhs in Fiscal 2008 to ₹ 789.07 lakhs in Fiscal 2009

In Fiscal 2008 we had acquired our Subsidiary IFPL and incorporated IIBPL as a result, our long term investments have increased from ₹ 15.67 lakhs in Fiscal 2007 to ₹ 229.02 lakhs in Fiscal 2008.

Current Assets, Loans and Advances

Current assets, loans and advances typically fluctuate on a day-to-day basis as a result in our ordinary course broking activities, depending on, amongst other things, our Trading Volumes. Current assets, loans and advances mainly comprised:

- Sundry debtors, which principally related to amounts receivable from customers on whose behalf we undertake the trade as well as amounts receivable from the exchanges
- Stock-in-trade, which principally related to shares held by our Company in connection with its arbitrage business

- Cash , bank and Fixed Deposit balances
- Loans and advances, deposits, Loan given to subsidiary and net off advance tax.

The following table sets out details of Current Assets as at March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011:

| Particulars | As at March 31 | | | | |
|--|------------------|------------------|-----------------|-----------------|----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| (₹in lakhs) | | | | | |
| A) Sundry Debtors:- | | | | | |
| Outstanding for a period exceeding six months | | | | | |
| -Considered good | 662.73 | 208.37 | 942.63 | 136.41 | 102.32 |
| -Considered doubtful | - | - | - | 12.95 | 12.95 |
| | 662.73 | 208.37 | 942.63 | 149.36 | 115.27 |
| Other debts | | | | | |
| -Considered good | 5,657.16 | 4,394.60 | 3,726.82 | 3,446.90 | 832.26 |
| -Considered doubtful | - | - | - | - | - |
| | 5,657.16 | 4,602.97 | 4,669.45 | 3,596.26 | 947.53 |
| Less: Provision for doubtful debts | - | - | - | 12.95 | 12.95 |
| Total of A | 6,319.89 | 4,602.97 | 4,669.45 | 3,583.31 | 934.58 |
| B) Stock in trade | 2.08 | 0.96 | 3.17 | 4.45 | 3.15 |
| C) Cash and Bank Balance ** | 5,366.27 | 5,910.04 | 3320.64 | 5209.20 | 4750.59 |
| TOTAL (A+B+C) | 11,688.24 | 10,513.97 | 7993.26 | 8796.96 | 5688.32 |

**Note- It includes Fixed Deposit with Banks for margin requirement with exchanges

As regards to stock-in trade, it is held for cash to futures segment for arbitrage purpose. It is the policy of our Company to square up all open position.

The following table sets out details of Loan and Advances as at March 31, 2007, March 31, 2008, March 31, 2009 March 31, 2010 and March 31, 2011

| Particulars | As at March 31 | | | | |
|---|----------------|-----------------|-----------------|-----------------|---------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| (₹in lakhs) | | | | | |
| Advances recoverable in cash or in kind or for value to be received | 135.92 | 281.13 | 86.29 | 93.15 | 35.61 |
| Advances to subsidiaries | 22.31 | 1,985.75 | 1,301.92 | 861.00 | - |
| Prepaid expenses | 81.18 | 48.68 | 78.86 | 64.06 | 46.55 |
| Deposits | 393.66 | 242.75 | 594.86 | 186.67 | 192.91 |
| Advance and prepaid taxes (net of provision for taxation) | 258.13 | 260.75 | 246.51 | 244.51 | 167.49 |
| TOTAL | 891.20 | 2,819.06 | 2,308.44 | 1,449.40 | 442.56 |

Liabilities and Provisions

Current liabilities and provisions principally consist of current liabilities in connection with margin monies deposited by customers to facilitate trading on their behalf and amounts payable to customers on whose behalf our Company undertakes trades as well as amounts payable to exchanges. Provisions include provisions for Employee Defined Benefit (Gratuity) and Proposed Dividend and Corporate Dividend Tax payable.

| Particulars | As at March 31 | | | | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| (₹in lakhs) | | | | | |
| A) Current liabilities | | | | | |
| Bank overdraft accounts | 1,763.79 | 353.70 | 735.15 | 267.50 | 524.97 |
| Sundry creditors | 19.84 | 15.45 | 28.09 | 219.62 | 48.41 |
| Due to clients | 2,089.15 | 1,519.35 | 2,217.09 | 1,539.25 | 439.43 |
| Security deposits | 4,409.45 | 5,342.34 | 2,364.08 | 2,593.21 | 1,105.81 |
| Other liabilities | 41.67 | 53.06 | 43.26 | 43.38 | 68.84 |
| Total (A) | 8,323.90 | 7,283.78 | 5,387.67 | 4,662.96 | 2,187.46 |
| B) Provisions | | | | | |
| Proposed dividend | 140.00 | 140.00 | 70.00 | 181.05 | - |
| Corporate dividend tax | 22.71 | 21.92 | 11.90 | 30.77 | - |
| Employees defined benefit (Gratuity) | 25.62 | 21.11 | 20.57 | 11.72 | 8.92 |

| | | | | | |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total (B) | 188.33 | 183.03 | 102.47 | 223.54 | 8.92 |
| TOTAL (A+B) | 8,512.23 | 7,466.81 | 5,490.14 | 4,886.50 | 2,196.38 |

Secured Loans

Secured loans include borrowings from domestic banks and financial institutions that are secured against assets of the company.

(₹in lakhs)

| Particulars | As at March 31 | | | | |
|---|-----------------------|---------------|---------------|---------------|-------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Term Loan from ICICI Bank Limited (Secured against the Mortgage of Office Premises) | 755.07 | 821.90 | 873.22 | 750.00 | - |
| Term Loan from ICICI Home Finance Company Limited (Secured against the Mortgage of Office Premises) | 140.57 | 148.65 | - | - | - |
| Loans from banks : (Secured against Hypothecation of motor cars) | | | | | |
| - HDFC Bank Limited | - | 13.24 | 29.29 | 42.59 | - |
| - Kotak Mahindra Prime Limited | 8.28 | 6.56 | 13.68 | 20.06 | - |
| TOTAL | 903.92 | 990.35 | 916.19 | 812.65 | - |

Unsecured Loans

Unsecured loans include borrowings from directors of our Company that have not been secured by any assets of the Company.

(₹in lakhs)

| Particulars | As at March 31 | | | | |
|----------------------------|-----------------------|---------------|--------------|-------------|-------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Loan from Directors | 20.00 | 10.00 | 21.00 | - | - |
| Loans from Other Companies | 4.00 | 165.00 | - | - | - |
| TOTAL | 24.00 | 175.00 | 21.00 | - | - |

Contractual Obligations and Commercial Commitments

We do not have any contractual obligations and commercial commitments as of March 31, 2011 which is likely to impact our liquidity and cash flows for less than a year.

Contingent Liabilities

The following table provides our contingent liabilities as of March 31, 2011:

(₹in lakhs)

| Particulars | As at March 31 | | | | |
|--|-----------------------|-------------|-------------|-------------|-------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Disputed Income Tax Demands (excluding interest, if any) | 58.56 | 58.56 | 73.76 | 73.76 | 74.11 |
| Bank Guarantees given for subsidiary Inventure Commodities Ltd. | 250.00 | 250.00 | 250.00 | - | - |

Related Party Transactions

We have engaged in the past, and may engage in the future transactions with related parties on an arm's lengths basis. Such transactions could be for provision of services, lease of assets or property, sale or purchase of equity shares or entail incurrence of indebtedness. For details of our related party transactions, see Annexure XVIII on page 192 of our restated unconsolidated financial statements in the chapter titled 'Financial Information' beginning on page 165 of the Red Herring Prospectus.

Off Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk, foreign exchange risk, inflation and commodity risk. We are exposed to different degrees of these risks in the normal course of our business.

We are specifically exposed to market risk from changes in interest rates.

Inflation Risk

Although India has experienced fluctuation in inflation rates in recent years, inflation has not had a material impact on our business or results of operation.

Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI (ICDR) Regulations:

1. Unusual or Infrequent Events or Transactions

Except as described in the Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income from continuing operations except, as detailed in the preceding paragraph and as described in the chapter titled “*Risk Factors*” beginning on page xiv of the Red Herring Prospectus and para titled ‘Factors Affecting Our Results of Operation’ in the chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page 236 of the Red Herring Prospectus.

3. Known Trends or Uncertainties

Other than as described in the section titled “*Risk Factors*” on page xiv and in the para titled ‘*Factors Affecting Our Results of Operations*’ on page 236 in the Chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on page 236, of the Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

4. Future Relationship between Expenditure and Revenue

Other than as described in the section titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages xiv and 236 respectively, of the Red Herring Prospectus, to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

5. The extent to which material increase in net sales or revenues are due to increased sales volume, introduction of new products or services or increased sales prices.

Our increases in net sales are primarily by the number of active clients and the volume of business done by them.

6. Total turnover of each major industry segment in which our Company operates

We operate only in one segment which has been discussed in the chapter titled “*Industry Overview*” beginning on page 82 of the Red Herring Prospectus.

7. New Products or Business Segment

Other than as described in the Red Herring Prospectus, we do not have any new products or business segments.

8. Seasonality of Business

There is no seasonality in the business we operate.

9. *Any significant dependence on a single or few suppliers or customers*

We have a broad base of over 31,000 clients and we do not have any dependence on any single customer or a set of customers for our business.

10. *Competitive Conditions*

We expect competition in financial sector from existing and potential competitors to intensify. For further details please refer to para titled '*Competition*' on page 104 in the Chapter titled "*Our Business*" beginning on page 93 and discussion of our competitive conditions in the Chapter titled "*Risk Factors*" beginning on page xiv of the Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's significant borrowings including outstanding secured borrowings of approximately ₹ 903.92 lakhs, and unsecured borrowings of approximately ₹ 24.00 lakhs as on March 31, 2011, together with a brief description of certain significant terms of such financing arrangements.

A. Secured Borrowings

i. Short Term Loan availed from Kotak Mahindra Bank

| | |
|---|--|
| i. Facility | Short Term Loan dated August 13, 2010 |
| Key Terms | Limit: ₹ 2,500.00 lakhs Rate of Interest: to be decided at the time of disbursement. Purpose: to be utilized for placing margin with exchange in the form of FDR. |
| Security | 1. In due of discharge of the liabilities undertaken in the terms of the entire facilities our Company shall provide to the bank a cheque super subscribed in the format not exceeding ₹ 2,500.00 lakhs. 2. NSE F&O account to be shifted to the bank. 3. NSE MCX Currency Futures Settlement Account shall be with the Bank. 4. Personal guarantee of Mr. Nagji K. Rita and Mr. Kanji B. Rita along with latest CA certified net worth statement to be submitted by our Company. |
| Outstanding as on March 31, 2011 | Nil |

ii. Loan availed from ICICI Bank Limited ("ICICI")

| | |
|---|---|
| i. Facility | Home Equity (HE) |
| Facility- Key Terms | Facility amount: ₹ 890.00 lakhs Rate of interest: Adjustable Interest rate: (i) FRR of 12.75 % per annum as on date of the Facility Agreement. (ii) Adjustable interest rate of 13.50 % per annum plus applicable interest tax or other statutory levies. (iii) PEMII of 13.50 % per annum until commencement of the EMI from November 10, 2007 onwards. Purpose: Credit purpose for asset <i>vis-a-vis</i> Office No. 201/202, 2 nd Floor, Viraj Tower, Gundavli Taluka, Western Express Highway, Andheri (E), Mumbai – 400 053 |
| Outstanding as on March 31, 2011 | ₹ 755.06 lakhs |
| Security | Deposit of title deed of office No. 201/202, 2nd Floor, Viraj Tower, Gundavli Taluka, Western Express Highway, Andheri (E), Mumbai – 400 053 |

iii. Loan availed from ICICI Home Finance Company Limited ("ICICI HFC")

| | |
|---|--|
| i. Facility | Home Equity (HE) –Top up |
| Facility- Key Terms | Facility amount: ₹ 150.00 lakhs Rate of interest: Floating rate of interest. ICICI Home Prime Lending Rate (IHPLR) as publicly notified from time to time plus margin of - 3.25% = 11.50 % p.a. or as applicable at the time of disbursement. Purpose: Credit purpose for asset <i>vis-a-vis</i> Office No. 201/202, 2 nd Floor, Viraj Tower, Gundavli Taluka, Western Express Highway, Andheri (E), Mumbai – 400 053 |
| Outstanding as on March 31, 2011 | ₹ 140.57 lakhs |
| Security | Deposit of title deed of office No. 201/202, 2nd Floor, Viraj Tower, Gundavli Taluka, Western Express Highway, Andheri (E), Mumbai – 400 053. |

iv. **Motor Vehicle Loans availed by our Company**

a. **Kotak Mahindra Prime Limited**

| | |
|---|---|
| i. Facility | Vehicle Equity Loan |
| Facility- Key Terms | 1. Loan Amount: ₹ 18.00 lakhs 2. Rate of interest: 18.13% p.a. 3. Term: 18 months starting from May 1, 2010 |
| Outstanding as on March 31, 2011 | ₹ 5.96 lakhs |
| Security | Hypothecation of Motor Car, Honda CRV bearing Number MH02JP5555 |
| Guarantor | Mr. Nagji K. Rita |
| ii. Facility | Vehicle Equity Loan |
| Facility- Key Terms | 1. Loan Amount : ₹ 7.00 lakhs 2. Rate of interest: 18.13% p.a. 3. Term: 18 months starting from May 1, 2010 |
| Outstanding as on March 31, 2011 | ₹ 2.32 lakhs |
| Security | Hypothecation of Motor Car, Mahindra Logan bearing number MH02JP3553 |
| Guarantor | Mr. Nagji K. Rita |

B. Unsecured Borrowings

As on March 31, 2011 our Company has unsecured loans amounting to ₹ 20 lakhs from our Director, Mr. Virendra Singh and ₹ 4 lakhs from other companies, which is repayable on demand.

C. Contingent Liabilities

v. **Bank Guarantees availed by our Company from Punjab National Bank ("Bank")**

| | |
|---|---|
| i. Facility | Bank Guarantee dated October 15, 2010 |
| Key Terms | Limit: ₹ 5,000.00 lakhs Commission: ₹ 100 + 1.14% p.a.+ Service Tax + Education Tax (commission of bank guarantee to be recovered upfront for the entire period for guarantee that is 15 months) Purpose: to furnish to BSE, NSE, NSCCL, ICCL covering capital market, future and options, currency derivatives, wholesale debt market segment, etc. |
| Outstanding as on March 31, 2011 | ₹ 865.00 lakhs |
| Security | 1. Bank guarantee proposed shall be issued by the bank to MCX/NSE/BSE etc. on behalf of our Company shall be towards base capital / additional base capital / margin in the capital market segment, futures & options segment, currency futures and wholesale debt market segment. 2. Personal guarantees of Mr. Nagji K. Rita and Mr. Virendra D. Singh |

vi. **Bank Guarantees availed by our Company from Bank of India**

| | |
|--------------------------------|---|
| i. Facility | Bank Guarantee dated August 13, 2010 |
| Key Terms | Limit: ₹5,000.00 lakhs Rate of interest: ₹175/- + 1.25% per annum plus service tax Purpose: Credit purpose for asset vis-a-vis Office No. 201/202, 2 nd Floor, Viraj Tower, Gundavli Taluka, Western Express Highway, Andheri (E), Mumbai – 400 053 |
| Outstanding as on March | ₹ 2,085.00 lakhs |

| | |
|-----------------|---|
| 31, 2011 | |
| Security | 50% in TDRs or a minimum of 25% in TDRs and balance in the form of approved demat shares having 200% MTM value. |

vii. Bank Guarantees availed by our Company from Kotak Mahindra Bank

| | |
|---|--|
| i. Facility | Bank Guarantee dated August 13, 2010 |
| Key Terms | <p>Bank Guarantee: ₹ 2,700.00 lakhs</p> <p>Commission: 1.1% per annum payable upfront.</p> <p>Purpose: Issuance of guarantee favouring MCX Currency Future Segment/NSE/BSE.</p> |
| Outstanding as on March 31, 2011 | ₹ 1,700.00 lakhs |
| Security | <ol style="list-style-type: none"> Bank guarantee shall be secured to the extent of 50% that is ₹1,350.00 lakh of which minimum 25% to be in form of cash/fixed deposit that is ₹ 675.00 lakh. The remaining 25% that is ₹ 675.00 can be in form of cash /fixed deposit receipt or by way of floating pledge of shares from approved list for brokers funding dated January 28, 2009 at the rate of 50% margin. In case of fixed deposit, tenor of fixed deposit receipt shall be equal to or greater than that of the guarantee. Fixed deposit receipt to be in our Company's name, lien marked in favour of the bank. Shares to be pledged to be owned by our Company. No third party pledge of shares. These shares shall be pledged from the beneficiary account of our Company. NSE cash settlement account to continue to be with the bank. NSE MCX Currency Futures Settlement Account shall be with the Bank. Personal guarantee of Mr. Nagji K. Rita and Mr. Kanji B. Rita along with latest CA certified net worth statement to be submitted by our Company. |
| ii. Facility | Bank Guarantee dated August 13, 2010 |
| Key Terms | <p>Bank Guarantee: ₹ 5,000.00 lakhs</p> <p>Commission: 1.1% per annum payable upfront.</p> <p>Purpose: Issuance of guarantee favouring MCX Currency Future Segment/NSE/BSE.</p> |
| Outstanding as on March 31, 2011 | Nil |
| Security | <ol style="list-style-type: none"> Bank guarantee shall be secured to the extent of 50% that is ₹ 2,500.00 lakh of which minimum 25% to be in form of cash/fixed deposit that is ₹ 1,250.00 lakh. The remaining 25% that is ₹ 1,250.00 can be in form of cash /fixed deposit receipt or by way of floating pledge of shares from approved list for brokers funding dated January 28, 2009 at the rate of 50% margin. In case of fixed deposit, tenor of fixed deposit receipt shall be equal to or greater than that of the guarantee. Fixed deposit receipt to be in our Company's name, lien marked in favour of the bank. Shares to be pledged to be owned by our Company. No third party pledge of shares. These shares shall be pledged from the beneficiary account of our Company. NSE F&O settlement account shall be with the bank NSE MCX Currency Futures Settlement Account shall be with the Bank. Personal guarantee of Mr. Nagji K. Rita and Mr. Kanji B. Rita along with latest CA certified net worth statement to be submitted by our Company. |

Mentioned below are the restrictive covenants of the financing arrangements described above:

- Our Company shall not without the prior written consent, in some cases, or without prior written intimation to its lenders:

- Change or in any way alter the capital structure of our Company;
 - Effect any scheme of amalgamation or reconstitution;
 - Enter into compromise with any of its creditors or shareholders, or enter into any other arrangements, mergers, amalgamations, consolidations, structuring, restructuring, spin offs, hive offs;
 - Implement a new scheme of expansion or take up an allied line of business or manufacture;
 - Declare dividend or distribute profits except where the instalments of principal and interest payable to the Bank in respect of the Facilities are being paid regularly and there are no irregularities whatsoever in respect of the Facilities;
 - Enlarge the scope of the other manufacturing/ trading activities if any undertaken at the time of the application and notified to the Bank as such;
 - Withdraw or allow to be withdrawn any monies brought in by the Promoters and Directors or relatives and friends of the Promoters or Directors of our Company;
 - Invest any funds by way of deposits, or loans or in share capital of any other concerns (including subsidiaries) so long as any money remains due to the Bank then our Company will however be free to deposit funds by way of security with third party in the normal course of business or if required for the business;
 - Borrow or obtain facilities of any description from any other bank or credit agencies or bank or enter into any hire purchase agreement;
 - Enter into, or be a party to, any transaction with any affiliate of our Company, except in the ordinary course of and pursuant to the reasonable requirements of our Company's business and upon fair and reasonable terms which are fully disclosed to the Bank in advance;
 - Not change in the shareholding pattern of the promoters, shareholders (including by issue of new shares and transfer of shares) or in our Company's management;
 - Change its accounting standards as well as its accounting year;
 - Not dispose of its assets or compromise with any of its creditors;
 - Shall not appoint a receiver, administrator, liquidator or other similar person / authority appointed or sought to be appointed in relation to our Company or its business, undertaking or assets; and
 - Shall not be entitled to directly or indirectly assign the benefit or obligation arising out of the Facility.
- Our Company shall not guarantee or pay or provide any collateral for obligations of others unless specifically so permitted by the Bank.
 - Our Company shall not invest any of our Company's funds in shares, debentures, deposits or other investments of any other company without the prior written permission of the Bank nor will our Company funds so availed in terms of the Facilities so sanctioned by the Bank to our Company be invested in capital market.
 - Our Company shall not without the prior written approval of the Bank (which approval may be given subject to such terms and conditions as may be stipulated by the Bank including payment of prepayment premium), prepay the outstanding principal amount together with interest due in full or in part before the due dates. Our Company shall give the Bank at a minimum of 30 days prior notice of its intention to prepay.
 - Our Company shall not raise any dispute as to the value at which the securities are sold or transferred by the Bank and the decision made the Bank shall be final and binding on our Company.
 - The Security given by our Company shall be and remain a continuing security to the Bank and accordingly shall not be discharged by any intermediate payment by our Company or any settlement of accounts between our Company and the Bank
 - Our Company shall not question the terms on which and the consideration for which the secured assets and/ or the secured third party assets may have been sold, disposed off or realised by the Bank.
 - Our Company shall at all times maintain sufficient financial interest in the business and shall if so considered necessary by the Bank bring additional funds or assets by way of capital, deposits or otherwise and shall not withdraw except with the Bank's prior consent or divert or misuse the funds and assets invested in or brought into the business by our Company as capital, deposits or otherwise.
 - Our Company shall not recognise or register any transfer of shares in our Company's capital made or to be made by any person as maybe specified by the Bank. Our Company shall procure and furnish undertakings from such persons in a form and manner required by the Bank.
 - Notwithstanding the maximum overdraft limit, unless the Bank otherwise permits, our Company shall not be entitled to operate the Facility beyond the drawing power which may be determined by the Bank from time to time on the basis of the Bank's margin requirements and the value of the security or otherwise.
 - The property shall not be rented out / alienated / or possession thereof parted with by the application in any manner whatsoever either partly or wholly during the said tenure.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, Directors, our Subsidiaries, our Promoters and Group Companies or ventures with which our Promoters were associated in the past (in case our Promoters name continues to be associated with the particular litigation), and there are no defaults including non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company except as stated below, and no disciplinary action has been taken by SEBI or any stock exchange against our Company, our Directors, our Subsidiaries, our Promoters, Group Companies or ventures with which our Promoters were associated in the past (in case our Promoters name continues to be associated with the particular litigation).

Neither our Company nor our Subsidiaries, our Promoters, Group Companies or Directors or ventures with which our Promoters were associated in the past (in case our Promoters name continues to be associated with the particular litigation) have been prohibited or debarred from accessing the capital market by the SEBI or have been declared as wilful defaulters by the RBI, or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them. Also none of our Promoters or Directors was or is a promoter, director or person in control of any other company that is debarred from accessing the capital market under any order or directions made by SEBI.

I. Contingent liabilities not provided for as of March 31, 2011:

Our contingent liabilities not provided for and outstanding guarantees as of March 31, 2011 include:

| | | (₹ in Lakhs) |
|---|--|----------------------|
| Particulars | | As at March 31, 2011 |
| Disputed Income Tax Matters | | 58.56 |
| Bank Guarantees given for subsidiary Inventre Commodities Limited | | 250.00 |

II. Outstanding litigations and material proceedings by our Company

Criminal Cases:

1. Our Company (“the Complainant”) v. Mr. Vinod S. Jain (“the Accused”) before the Metropolitan Magistrate’s 10th Court, at Andheri, Mumbai.

The Complainant has preferred the present complaint under Section 138 of the Negotiable Instrument Act, 1881 (“the Act”). The Complainant is a broker dealing in the equity market. The Accused dealt in various shares whilst utilizing the services of the Complainant; in lieu of which he owed a sum of ₹ 1,11,903.12 to the Complainant. To discharge a part of the said obligation the Accused issued a cheque, dated July 3, 2008, bearing number 1590269, for an amount of ₹ 25,000/- drawn on the R.S. Co-operative Bank Ltd. The aforesaid cheque was dishonoured stating the reason as “Funds Insufficient”. The Complainant therefore has prayed that the Accused be tried in accordance with the provisions of Section 138 of the Negotiable Instrument Act, 1881.

The matter is currently pending before the Metropolitan Magistrate’s 10th Court, at Andheri, Mumbai.

2. Our Company (“the Complainant”) v. Mr. Rajesh Sharma (“the Accused”) before the Metropolitan Magistrate’s 44th Court, at Andheri, Mumbai.

The Complainant has preferred the present complaint under Section 138 of the Negotiable Instrument Act, 1881 (“the Act”). The Complainant is a broker dealing in the equity market. The Accused dealt in various shares whilst utilizing the services of the Complainant; in lieu of which he owed a sum of ₹ 2,73,217.19 to the Complainant. To discharge a part of the said obligation the Accused issued a cheque, dated November 10, 2009, bearing number 073949, for an amount of ₹ 2,00,000 drawn on the Axis Bank. The aforesaid cheque was dishonoured stating the reason as “Funds Insufficient”. The Complainant therefore has prayed that the Accused

be tried in accordance with the provisions of Section 138 of the Negotiable Instrument Act, 1881. The matter is currently pending before the Metropolitan Magistrate's 44th Court, at Andheri, Mumbai.

3. *Our Company ("the Complainant") v. Ms. Reema Girap ("the Accused") before the Metropolitan Magistrate's 10th Court, at Andheri, Mumbai.*

The Complainant has preferred the present complaint under Section 138 of the Negotiable Instrument Act, 1881 ("the Act"). The Complainant is a broker dealing in the equity market. The Accused dealt in various shares whilst utilizing the services of the Complainant; in lieu of which she owed a sum of ₹ 8,81,875 to the Complainant. To discharge the said obligation the Accused issued a cheque, dated March 25, 2010, bearing number 046786, for an amount of ₹ 8,81,875 drawn on the Axis Bank. The aforesaid cheque was dishonoured stating the reason as "Payment Stopped by Drawer". The Complainant therefore has prayed that the Accused be tried in accordance with the provisions of Section 138 of the Negotiable Instrument Act, 1881. The matter is currently pending before the Metropolitan Magistrate's 10th Court, at Andheri, Mumbai.

III. Outstanding litigations and material proceedings against our Company

SEBI Matters

1. *CYBERSPACE LTD.*

Show cause notice, dated September 17 2008, bearing number Ref:EAD-5/VSS/JR/138109/2008 under regulation 25 and 38 of SEBI (Intermediaries) Regulations, 2008

SEBI issued a show cause notice dated September 17 2008; Ref:EAD-5/VSS/JR/138109/2008 to IGSL under regulation 25 and 38 of SEBI (Intermediaries) Regulations, 2008 in the matter of M/s. Cyberspace Ltd.

Vide order dated November 5, 2007, an enquiry officer had been appointed under section 19 of the SEBI Act read with regulation 5(1) of SEBI (Procedure for Holding Inquiry by Inquiry Officer and Imposing Penalty) Regulations, 2002, read with regulation 24 (1) of SEBI (Intermediaries) Regulations, 2008, to inquire into the alleged violation of the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practice relating to Securities Market) Regulations, 2003 ("PFUTP") and SEBI (Stock Broker & Sub-Broker) Regulation, 1992, by our Company as observed during the investigation conducted by SEBI into the trading in the scrip of Cyberspace Ltd. for the period from October 1999 to March 2001.

SEBI alleges that three of our Company's clients, namely Pradeepak Finance and Management Consultants Pvt. Ltd., Rosewood Tradelinks Pvt. Ltd. and Shivam Multi Services Pvt. Ltd., acted in concert with the promoter / directors of Century Consultants Ltd. and Cyberspace Ltd. for the purpose of; (i) Artificially raising the price of Century Consultants Ltd., (ii) Misleading appearance of trading in securities market; (iii) Indulged in transactions which are not genuine trade transactions; (iv) entered into transaction which were intended to operate as a device to inflate the price of the scrip.

Based on its findings SEBI alleged that; (i) our Company has aided and abetted its aforesaid three clients in the alleged manipulation, thereby violating provisions of regulation 4(a), 4(b), (2a), (2b), (2d), (2e), (2g) and (2o) of PFUTP and (ii) Our Company whilst carrying out the dealings in the scrip of Cyberspace Ltd. has failed to act with due skill, care and diligence in the conduct of its business and there by have violated clauses A(1), A(2) and A(5) of code of Conduct laid down in Schedule II under Regulation 7 of the SEBI (Stock Brokers and Sub-Brokers) Regulations 1992.

Our Company vide letter dated November 10, 2008 replied to the show cause notice and stated as under:

(i) the period under scrutiny for the current case is dealings carried out by our clients in the period October 1999 to March 2001 and hence the SEBI (Intermediaries) Regulations, 2008 would not be applicable; (ii) our Company does not have any connection, direct or indirect, with the directors or promoters of Century Consultants Ltd. or Cyberspace Ltd.; and our Company is unaware of the fact that clients were directly or indirectly connected with each other; (iii) Disclosure requirements pertaining to net worth, annual income, income tax number were not applicable during the period of scrutiny; (iv) Transactions executed by the clients were settled and payout was received within a reasonably short span of time; (v) our Company has acted on behalf of these three clients in its capacity of a broker and an agent and has executed the orders as per the instructions of its clients; (vi) Deliveries relating to the purchase of shares of Cyberspace Ltd. by Rosewood Trade Link Pvt. Ltd. and Pradeepak Finance & Management Consultants Pvt. Ltd. were not reflected in the demat transaction statements as the payments made by the said clients through cheques were dishonoured for insufficient funds as a result of which delivery of shares of Cyberspace Ltd. purchased by M/s. Rosewood Trade

Link Pvt. Ltd. and Pradeepak Finance & Management Consultants Pvt. Ltd. had been stopped by our Company; (vii) The transactions were executed based on sufficient collaterals received from the client and that all the payments were received from the clients promptly. As a result, the allegation with regards to the use of our Company's funds from clients' purchase does not hold good; (viii) Tabular representation of data showing that trading by our Company in the scrip of Cyberspace Ltd. were hardly a fraction of the total volume of our Company or the volume in the scrip under scrutiny.

Our Company has *inter alia* prayed for SEBI to drop the inquiry and for a personal hearing in the matter.

Letters received from SEBI seeking certain information pertaining to trading in securities.

1. Educomp Solutions Ltd.

SEBI *vide* letter dated September 1, 2009, bearing reference number Ref: IVD/ID5/SG/NR/ESL/175400/09 informed our Company, that SEBI has initiated investigations into the matter of dealing in the scrip of Educom Solutions Limited (ESL) for the period from October 10, 2008 to January 22, 2009. Our Company was asked to furnish the following details: (i) Copy of KYC of our Company's client having code no. KV028; (ii) Details of the said clients trading across all exchanges and all segments for the period from August 1, 2006 to August 31, 2006 in the scrip of ESL; and (iii) Details of the terminals from where the order of ESL were placed.

Our Company has *vide* its letter dated September 9, 2009, furnished the following: (i) Details of the Client code no. KV028; (ii) Photocopy of KYC agreement; and (iii) Details of the person who use to place orders on behalf of the client and details of terminal location and dealer.

Since the said reply by our Company has not received any further communication from SEBI in this regard.

2. Cindrella Financial Services Ltd.

SEBI *vide* letter dated August 24, 2009, bearing reference number Ref: IVD/ID8/BM/CF/CFSL/174169/2009, informed our Company that SEBI is investigating in the dealings in the scrip of Cindrella Financial Services Ltd. (CFSL) for the period from February 10, 2009 to April 30, 2009 and has called upon our Company to furnish the following details:

(i) Details of client(s)/sub-brokers for and on whose behalf our Company has traded in the scrip of CFSL, for the period from February 10, 2009 to April 30, 2009; (ii) Details of the terminal for the trades of Venus Baid in CFSL scrip; (iii) Extract of our Company's bank/pool account statement reflecting payment/receipt of funds/shares from/to the clients on whose behalf our Company traded in the mentioned period; and (iv) Time period since the clients are known to our Company and whether they have traded in any scrip other than CFSL for the said period.

Our Company has *vide* its letter dated September 5, 2009, furnished the following:

(i) Details of client(s)/sub-brokers for and on whose behalf our Company traded in the scrip of CFSL for the period from February 10, 2009 to April 30, 2009, (ii) Copy of client introduction / information form, DP name and address and bank details, (iii) Details of the terminal number, location and name and address of the person operating the terminal. Our Company has stated that we do not have any client by the name of Venus Baid, (iv) Transaction statement of the said client for the said period reflecting pay in/ pay out of shares and ledger copy which gives details of receipt / payment of funds; and (v) Details of trade done by clients in scrips other than Cindrella Financial Services Limited. Our Company has further stated that they have not traded in their own account for the said period in CFSL.

Since the said reply, our Company has not received any further communication from SEBI in this regard.

3. Sterling International Enterprises Ltd.

SEBI *vide* its letter dated August 7, 2009, bearing number Ref: IVD/ID2/BMS/BS/TIL/172541/2009 informed our Company that SEBI is investigating in the matter of dealing in the scrip of Sterling International Enterprises Ltd. (SIEL) for the period from January 1, 2006 to October 31, 2006 and has called upon our Company to furnish the following:

(i) Names and addresses of all the promoters and directors of our Company for the period from January 1, 2006 to October 31, 2006, (ii) List of our Company's related/connected/associated entities, (iii) Details of clients who dealt in SIEL scrip during the mentioned period, (iv) Client wise gross trading details during the mentioned period, (v) Copy of KYC agreement for Fotosoft Multimedia Pvt. Ltd. having client code N1039, (vi) the relation/connection of our Company with SIEL, its promoters/directors or any of our Company's clients on behalf of whom our Company has traded in SIEL scrip; (vii) If the payment of money or delivery of shares was

made to or received from third parties, details of the same; (viii) Reasons (if any) for entering into pro/own account trading.

Our Company has *vide* its letter dated September 2, 2009, *inter alia* furnished the following:

(i) Our Company or any of the directors or employees are not related / connected / associated directly or indirectly with the SIEL or its directors / promoters / employees; (ii) Details of clients who dealt in SIEL scrip during the mentioned period; (iii) Client wise gross trading details during the mentioned period; (iv) Copy of KYC agreement for Fotosoft Multimedia Pvt. Ltd. having client code N1039; (v) Copy of the pool accounts demat statement of our Company; (vi) The fact that there has been no transaction where payment of money or delivery of shares was made to received from third party; (vii) The fact that our Company has not entered into any trade in its pro/own account trading; (viii) Transactions statements of clients and our Company for the said period.

Since the said reply, our Company has not received any further communication from SEBI in this regard.

4. Godawari Power and Ispat Ltd.

SEBI *vide* its letter dated January 6, 2010, bearing reference number Ref: IVD/ID1/MS/BS/190175/2010, informed our Company that SEBI is investigating in the matter of dealing in the scrip of Godawari Power and Ispat Ltd (GPIL) for the period from August 1, 2006 to August 31, 2006 and has called upon our Company to furnish following details: (i) A copy of the know your customer of IGSL's client having code no DD131. Whether this client is related to IGSL or company GPIL; (ii) Details of the said clients trading for the period from August 1, 2006 to August 31, 2006 in the scrip of GPIL; (iii) Does IGSL have any relation / connection with GPIL and its promoters and directors.

SEBI further observed that, (i) our Company along with its client having code DD131 executed synchronized self deals and synchronized reversal of trades with other broker during August 1, 2006 to August 31, 2006; (ii) our Company executed 601 buy trades where buy order prices were higher than the last traded price. These trades contributed to significant price rise in the scrip; (iii) our Company placed buy orders for 518867 shares in its account. Out of which buy orders for 355166 shares have been deleted by our Company. This order pattern created artificial buying pressure on the exchange.

IGSL has replied to the said letter of SEBI *vide* its letter dated January 19, 2010 stating *inter alia* that:

(i) Our Company does arbitrage business in securities based on multiple parameters like liquidity, volatility, spread and market debt and so does its client; (ii) The Securities of GPIL qualified on the above parameters, hence adequate volume of trades, based on the opportunity at that time was carried out. However the volume on any day was not as significant to induce any movement of price of the security; (iii) In case of lack of opportunity, extremely negligible volumes were carried out in the securities of GPIL by our Company. Had there been any intention to influence the price the trades would have been carried out daily and that too with large volumes that impact the price of the security; (iv) Since there are multiple arbitrageurs in IGSL there are chances that the orders from the same broker are matched internally due to large number of terminal operations; (v) A negligible part of the volume and value of total transactions in the shares of GPIL were carried out in our Company's proprietary account and in the account of Mr. Deepak B. Desai; (vi) Orders are placed based on the available counter party quotes which may be higher or lower than the last traded price and requested SEBI to identify the number of orders placed below the last traded price so that the comparison and analysis of the same can also be carried out; and lastly (vii) our Company is not connected with GPIL, its promoters or directors.

Our Company has attended a personal hearing scheduled on January 20, 2010; and is awaiting further directions from SEBI.

SEBI *vide* its letter dated June 15, 2010; bearing reference number IVD/ID1/GPIL/MS/BD/8929/2010 has cautioned our Company to avoid recurrence of such instances, failing which action may be initiated in accordance with the provisions of SEBI Act, 1992 and the rules and regulations framed thereunder. Our Company has been further advised to take corrective steps and improve its systems.

Tax Litigation – A.Y. 1997 - 1998

1. Our Company ("Petitioner") vs. the Income Tax Appellate Tribunal ("Respondent 1"), the Deputy Commissioner of Income Tax ("Respondent 2"), the Assistant Commissioner of Income Tax ("Respondent 3") and Union of India, through Ministry of Finance ("Respondent 4") (hereinafter the Respondents 1 to 4 are collectively referred to as "Respondents") in the High Court of Judicature at

Bombay, Ordinary Original Civil Jurisdiction bearing Writ Petition number 794 of 2010 (“Petition”) under Article 226 of the Constitution of India, 1950 and Section 254(2) of the Income Tax Act, 1961 (“Act”).

The Petitioner had acquired a BSE membership card worth ₹ 181 lakhs (“Exchange Card”) from a member of the BSE. The Petitioner capitalized the cost of the Exchange Card and claimed depreciation thereon treating the Exchange Card as ‘Plant’ used for the purpose of its business. Thereafter, the Petitioner had filed its return for the assessment year 1997 – 1998 under section 139(1) of the Act declaring ‘NIL’ income which was processed and accepted under Section 143(1) (a) of the Act without any adjustment. Further Respondent No.2 selected our case for scrutiny and issued notices under Sections 143(2) and 142(1) of the Act. The Petitioner *vide* its letter substantiated its claim for depreciation and also made an alternate claim for allowing the cost of purchase of the Exchange Card as a business expenditure under Section 37(1) of the Act.

The Respondent No.2 passed the assessment order dated March 28, 2000 under section 143(3) of the Act disallowing the Petitioner's claim of depreciation on the Exchange Card as well as the alternate claim of deduction. Thereafter, the Petitioner preferred an appeal against the assessment order before the Commissioner of Income Tax (Appeals) (“CIT(A)”) who allowed the claim of depreciation on the Exchange Card in favour of the Petitioner but did not decide the issue of deduction of cost incurred towards the purchase of the Exchange Card, as business expenditure under Section 37(1) of the Act.

Being aggrieved by order passed by the CIT (A), Respondent no. 3 preferred an appeal before Respondent 1 against the allowance of depreciation on the Exchange Card. Our Company filed its cross objection against the non-consideration of its claim under Section 37(1) of the Act. Respondent No.1 reversed the order of CIT (A) in favour of Respondent 2 and dismissed our Company's cross-objection. Consequently our Company approached Respondent 1, *vide* Miscellaneous Application dated July 24, 2009 which was dismissed *vide* the order dated November 20, 2009 passed by Respondent 1 on the ground that our Company had treated the asset as capital asset and claimed depreciation, therefore allowing the same as revenue expenditure under section 37(1) of the Act does not arise.

Our Company being aggrieved by the order dated November 20, 2009 filed a Petition before the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction under Article 226 of the Constitution of India, 1950 and Section 254(2) of the Act. Our Company has filed the Petition praying *inter alia*:

- i) To issue under Article 226 of the Constitution of India, 1950 an appropriate direction, order or a writ, including a writ in the nature of, Certiorari and Mandamus, quashing or setting aside the order dated November 20, 2009, thereby directing the Respondent 1 to allow the Miscellaneous Application and post the appeal as well as cross objection for fresh hearing.
- ii) That pending the hearing and final disposal of the Petition, an appropriate direction, order or a writ including a writ in the nature of Prohibition, directing the Respondent 2 to stay the operation of order dated May 30, 2008 or refrain from taking any steps to recover the taxes.
- iii) Ad interim relief in terms of clause (iii) abovementioned.
- iv) Cost of the Petition.

The High Court of Bombay *vide* order dated May 5, 2010 allowed the Petition by setting aside the order dated November 20, 2009 and accordingly allowed the Miscellaneous Application. Further the order dated May 30, 2008 was recalled and both the appeal and cross objection were restored to the file of the Tribunal for a fresh decision on merits. The matter is currently pending before the Tribunal for a fresh decision on merits.

Outstanding proceedings initiated against our Company for economic offences

There are no outstanding proceedings initiated against our Company for economic offences.

Details of past penalties imposed on our Company

Our Company, in the capacity as a broker may be subject to fines and penalties, imposed by BSE, NSE and MCX-SX under their respective by-laws, rules and regulations. The contraventions *inter alia* include violations of ‘Z’ group limit, wrongly uploading the TWS/ IML location details to exchange and violation of F&O Regulations. In respect of the above, we have incurred the following fines and penalties in the immediately preceding three financials:

| (Amount in ₹) | | | |
|---------------|-----------|-----------|-----------|
| Segment | 2010-2011 | 2009-2010 | 2008-2009 |
| BSE | 20,400 | 6,032 | 1,158 |

| | | | |
|--------|-----------|----------|----------|
| NSE | 13,10,973 | 5,95,393 | 3,03,551 |
| MCX-SX | Nil | 3,975 | - |
| Total | 13,31,373 | 6,05,400 | 3,04,709 |

Details of settlement charges paid by our Company

1. G. G. Automotive Gears Ltd.

Show cause notice, dated March 16, 2009, bearing number Ref: IVD/ID-2/SCN/PS/BD/157270/2009 under regulation 13(1) of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, read with regulations 28(1) and 38(2) of SEBI (Intermediaries) Regulations, 2008.

SEBI forwarded a copy of the enquiry report dated February 5, 2009 in the matter of enquiry conducted against IGSL, in relation to its alleged dealings, in the scrip of G G Automotive Geares Limited. SEBI called upon IGSL to show cause in terms of regulation 13(1) of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 read with regulations 28(1) and 38(2) of SEBI (Intermediaries) Regulations, 2008 as to why the appropriate penalty including penalty as recommended by the Enquiry Officer should not be imposed within 21 days.

IGSL replied to the said show cause notice *vide* letter dated April 21, 2009 where in it *inter alia* stated that: (i) the period of the alleged investigation is from August 1, 2002 to October 16, 2002 and the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 came into force on September 27, 2002. Resultantly, the period under investigation is not relevant and the Enquiry Officer has no power to investigate into the matter; (ii) the nature of transactions of the client was of jobbing Mr. Mangiram Sharma always squared off the balance at the end of the each trading day; (iii) IGSL has not executed any transaction in the scrip of G. G. Automotive Gears Ltd. in its proprietary account hence, there existed no trading with the motive of creating superficial liquidity or artificially raising the price of the scrip; (iv) The notice has failed to establish any relationship between IGSL and other brokers or between IGSL and its clients; having a common intent of manipulating the price and volume in the said scrip; (v) IGSL in the capacity of a broker executes trades for and on behalf of its clients in a transparent and fully computerized stock exchange mechanism. It is impossible for IGSL to identify the counter party broker or its clients and as such IGSL cannot be held guilty for entering into transactions which are alleged to be circular in nature; (vi) IGSL was handling about 8,000 clients during the investigation period and had transacted in about 2,650 different scrips in BSE for and on behalf of its clients. Thus it is not possible for IGSL to check / monitor each and every transaction of the client and the mala fide intention (if any) behind those transactions; and (vii) Mr. Mangiram Sharma was IGSL's client for quite sometime and was trading through IGSL in various securities. IGSL as a broker was under an obligation to execute the orders for purchased or sale placed by IGSL's clients. IGSL therefore stateed that there exist no violations of the provisions of Regulation 4(a), (b), (c), and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practice relating to Securities Market) Regulations, 1995 and Clauses A(1), (2), (3), (4) and (5) of Schedule II to Regulation 7 of SEBI (Stock broker & Sub-Broker) Regulation, 1992.

IGSL *inter alia* prayed for: (i) that the show cause notice dated March 16, 2009 be quashed; and (ii) No recommendation be made against IGSL under Regulation 13 of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002.

Vide letter dated February 16, 2010 IGSL made an application to SEBI for passing of a consent order in the matter. The High Powered Advisory Committee (HPAC) made a recommendation to SEBI that the matter may be settled on payment of ₹ 7,00,000/- towards settlement charges. SEBI *vide* its letter dated May 20, 2010 conveyed its in principle approval to accept the terms of the consent order in view of the recommendation of HPAC. IGSL has made a payment of ₹ 7,00,000/- to SEBI towards settlement charges *vide* demand draft dated May 25, 2010.

IV. Promoters

Outstanding Litigation involving our Promoters

There are no outstanding litigations involving the Promoters of our Company whose outcome could have an adverse effect on the Promoters.

Adverse findings in respect to the Promoters as regards compliance with the securities laws

There are no adverse findings in respect to the Promoters as regards compliance with the securities laws.

Details of past penalties imposed on our Promoters

There are no past penalties imposed on our Promoters.

Outstanding litigation defaults etc pertaining to matters likely to affect operations and finances of the Promoters, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act

There are no outstanding litigation defaults etc pertaining to matter likely to affect operations and finances of our Promoters, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act.

Outstanding litigations against other companies whose outcome could have an adverse effect on the Promoters

Except as disclosed in this section, there are no outstanding litigations against other companies whose outcome could have an adverse effect on the Promoters.

Disciplinary action taken by the SEBI/Stock Exchanges against the Promoters

There is no disciplinary action taken by SEBI /Stock Exchanges against the Promoters.

Outstanding litigations, defaults/overdues or labour problems/closure faced by the Promoters

There are no outstanding litigations, defaults/overdues or labour problems/closure faced by the Promoters.

Potential proceedings involving our Promoters

Notice dated October 25, 2008 (the “Notice”) by Ms. Minaxi Premji Rita and Mr. Premji Keshavji Rita (the “Complainants”) through their advocate R. S. Champawat addressed to Mr. Nagji Rita and others (the “Respondents”)

The Complainants *vide* notice dated October 25, 2008, through their advocate R. S. Champawat accused that Mr. Nagji K. Rita has in collusion with MSM & Associates, Chartered Accountants misappropriated 71,100 and 2,55,000 equity shares of our Company under folio numbers E-0050 and 8, respectively, (the “said shares”) that belonged to the Complainants. The Complainants stated that they were receiving dividends on the said shares until the year 2006. The Complainants have alleged that the said shares were entrusted to the Respondent and were in his sole custody and possession. The said shares have been misappropriated and / or converted by the Respondent. The Complainants have called upon the Respondent to forthwith hand over physical delivery of the share certificates for the said shares within a period of 15 days from the receipt of the notice.

The Complainants have sent a copy of the Notice to (1) our Company; (2) MSM & Associates; (3) BSE; (4) NSE; (5) SEBI; (6) Central Bureau of Investigation, Economic Offence Wing; and (7) Registrar of Companies, Mumbai.

Replies to the Notice:

The Respondents replied to the Notice vide letter dated November 28, 2008

The Respondents *vide* his letter dated November 28, 2008 addressed to R. S. Champawat, advocate of the Complainants, narrated the terms of a family settlement between the various members of Rita Family to which the Complainants were also a party (“Arrangement”).

The Respondents state that, (i) according to the said Arrangement the family properties and ventures of the Rita Family were divided amongst brothers by way of mutual settlement. The accounts were settled with mutual satisfaction of all the brothers and no amount remained outstanding. As per the Arrangement, all the shares of our Company which were standing in the name of any of the family members of the Rita family were allotted to Mr. Nagji K. Rita alone. (“disputed shares”)

(ii) the disputed shares of the / Complainants were transferred to the name of Mr. Nagji K. Rita only in the year 2006 as our Company, being a stock broking company, was awaiting approval from SEBI for the said transfer

amongst the promoter group holding. All the statutory formalities required for transfer of shares were complied and the value of those shares at cost were debited / credited in the financial accounts of the Rita family members in the financial year 2006-07.

(iii) the transfer of disputed shares was with the free consent of the Complainants which is evidenced by their signature in the transfer form, their passing entries in their books of accounts etc. Further Mr. Premji Rita was a director in our Company upto June 2007 and shares were transferred in his presence. Hence, the allegations levied by the Complainants with regards to their unawareness about transfer of shares from their name to the name of Mr. Nagji K. Rita, is baseless.

Letter from the Registrar of Companies, Mumbai to our Company

The office of the Registrar of Companies, Government of India, Ministry of Corporate Affairs *vide* its letter dated December 17, 2008 bearing reference number Ref: ROC/COMP/J/89838/810 provided a copy of the Notice to our Company and called upon our Company to reply to the issues raised by the Complainants, together with proof. ("RoC letter")

Our Company's Reply to Registrar of Companies, Mumbai

Our Company replied *vide* its letter dated December 30, 2008 *inter alia* stating that: -

In December 2005, our Company had applied for transfer of equity shares and allotted shares among the family members of the directors. Thereafter, our Company had made an application to BSE, NSE and SEBI for approval of changes in the shareholding pattern, for which it received permission from BSE, NSE and SEBI in April 2006.

Thereafter in July 2006, our Company had received transfer deeds along with share certificates from Mr. Premji K. Rita for transfer of equity shares as per the scheme approved by BSE, NSE and SEBI, which was duly recorded in the Register of Members and Register of Transfers.

Our Company provided the following documents in support of the valid and legal proceeding for the transfer of said equity shares: (i) copy of approval letter from BSE, NSE and SEBI for transfer of shares from Mr. Premji Rita and his family members; (ii) certified true copy of the board resolution for the approval of transfer of shares; (iii) photocopies of transfer deeds for the transfer of equity shares from Mr. Premji Rita and his family members to Mr. Nagji Rita; (iv) photocopies of extract from the register of member and register of transfer evidencing the transfer of 2,55,000 equity shares from Mr. Premji Rita 36,000 equity shares from Premji Rita HUF and 70,100 shares from Minaxi Premji Rita to Mr. Nagji Rita; and (v) a photocopy of the annual returns for the year ended March 31, 2007 of our Company reflecting the transfer of shares from Mr. Premji Rita and his family members to Mr. Nagji Rita.

Letter from Chandrakant Keshavji Rita and family

Mr. Chandrakant Keshavji Rita *vide* letter dated November 28, 2008 addressed to Mr. Nagji K. Rita confirmed *inter alia* that:-

- (i) all the equity shares of our Company standing in name of any of the family members of Rita family were allotted to Mr. Nagji Rita and family towards his share in the family property and that none of the family members except Mr. Nagji Rita has any right, title or interest in the equity shares of our Company from the date of family settlement. Mr. Premji Rita and family have voluntarily ceased all the rights or beneficial interests in the equity shares of our Company since he got his full share from the family properties;
- (ii) all the equity shares of our Company standing in the name of various family members were transferred in the name of Mr. Nagji Rita in July 2006 as per their free will and consent and the same was valued at cost in the books of accounts of each family member.

V. Directors

Outstanding litigations and material proceedings involving the Directors of our Company

There are no outstanding litigations and material proceedings involving the Directors of our Company

Outstanding proceedings initiated against the Directors of our Company for economic offences

There are no outstanding proceedings initiated against the Directors of our Company for economic offences.

Details of past penalties imposed on the Directors of our Company

There are no past penalties imposed on the Directors of our Company.

Disciplinary action taken by the Board/Stock Exchanges against the Directors of our Company

There is no disciplinary action taken by the Board/Stock Exchanges against the Directors of our Company.

Potential proceedings involving our Directors

Except as stated above in the potential proceedings involving our Promoter, Managing Director Mr. Nagji K. Rita there are no potential proceedings involving our Directors.

VI. Subsidiaries

Litigations by Subsidiaries

Case filed by our Subsidiary, Inventure Commodities Limited

Inventure Commodities Limited (“the Complainant”) v. Mr. Riyaz Aziz Kondkari (“the Accused”) before the Metropolitan Magistrate’s 10th Court, at Andheri, Mumbai.

The Complainant has preferred the present complaint under Section 138 of the Negotiable Instrument Act, 1881. The Complainant is a broker dealing in the commodities market. The Accused dealt in commodities whilst utilizing the services of the Complainant; in lieu of which he owed a sum of ₹ 29,04,986.86/- to the Complainant. To discharge the said obligation the Accused issued two cheques, both dated July 1, 2009, one bearing number 086781 and other bearing number 081076, for an amount of ₹11,14,22/- and ₹ 10,00,000/- respectively, aggregating to ₹ 21,14,422/-; both drawn on the Konkan Mercantile Co-operative Bank Limited. The aforesaid cheques were dishonoured stating the reason as “Refer to Drawer – Don’t Present”. The Complainant therefore has prayed that the Accused be tried in accordance with the provisions of section 138 of the Negotiable Instrument Act, 1881.

The matter is currently pending before Metropolitan Magistrate, Mumbai.

Litigations against our Subsidiaries

As on the date of the Red Herring Prospectus there are no proceedings initiated against our Subsidiaries.

Adverse findings in respect to the Subsidiaries as regards compliance with the securities laws

There are no adverse findings in respect to the Subsidiaries as regards compliance with the securities laws.

Outstanding litigation defaults, etc pertaining to matters likely to affect operations and finances of the Subsidiaries, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act

There are no outstanding litigation defaults etc pertaining to matter likely to affect operations and finances of the Subsidiaries, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act.

Proceedings initiated against our Subsidiaries for economic offences

No proceedings have been initiated against our Subsidiaries for any economic offence.

Disciplinary action taken by the SEBI/Stock Exchanges against the Subsidiaries

There is no disciplinary action taken by the SEBI/Stock Exchanges against the Subsidiaries.

VII. Group Companies

Outstanding litigations and material proceedings involving the Group Companies

There are no outstanding litigations and material proceedings involving our Group Companies

Adverse findings in respect to the Group Companies as regards compliance with the securities laws

There are no adverse findings in respect to the Group Companies as regards compliance with the securities laws.

Outstanding litigation defaults, etc pertaining to matter likely to affect operations and finances of the Group Companies, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act

There are no outstanding litigation defaults etc pertaining to matter likely to affect operations and finances of the Group Companies, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act.

Proceedings initiated against our Group Companies for economic offences

No proceedings have been initiated against our Group Companies for any economic offence.

Disciplinary action taken by the SEBI/Stock Exchanges against the Group Companies

There is no disciplinary action taken by the SEBI /Stock Exchanges against the Group Companies.

GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licenses, permissions and approvals from the Government of India / Reserve Bank of India and various government agencies/private certification bodies as required for our present business activities and to undertake the Issue. No further material approvals are required for carrying on our present business activities and to undertake the Issue except as mentioned below. Unless otherwise stated, these approvals are all valid as of the date of the Red Herring Prospectus.

It must be distinctly understood that, in granting these approvals, the Government of India / Reserve Bank of India and various government agencies / private certification bodies does not take any responsibility for our Company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which our Company operates, please see the section titled "*Regulations and Policies in India*" beginning on page 122 of the Red Herring Prospectus.

I. A Approvals related to the Issue

1. In- principle approval from the National Stock Exchange of India Limited dated July 23, 2010;
2. In- principle approval from the Bombay Stock Exchange Limited dated March 15, 2010;
3. The Board of Directors of our Company have, pursuant to a resolution dated October 16, 2009, authorised the Issue; and
4. The shareholders of our Company have, pursuant to a resolution dated December 21, 2009 under Section 81(1A) of the Companies Act, authorised the Issue.

B Corporate Related Approvals

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Granted on | Validity |
|---|---|---|--|-------------------|----------------------------------|
| <i>Inventure Growth & Securities Limited</i> | | | | | |
| 1. | Certificate of Incorporation as "Inventure Growth & Securities Limited" | Registrar of Companies, Maharashtra, Mumbai | 11-89838 of 1995 Corporate Identity Number: U65990MH1995PLC089838 | June 22, 1995 | Until cancellation or winding up |
| 2. | Certificate for Commencement of business to "Inventure Growth & Securities Limited" | Registrar of Companies, Maharashtra, Mumbai | 11-89838 of 1995 | September 4, 1995 | Until cancellation or winding up |
| <i>Inventure Insurance Broking Private Limited</i> | | | | | |
| 1. | Certificate of Incorporation as "Inventure Insurance Broking Private Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number: U66000MH2008PTC177574 | January 08, 2008 | Until cancellation or winding up |
| <i>Inventure Wealth Management Limited</i> | | | | | |
| 1. | Certificate of Incorporation as "Inventure Comtrade Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U51909MH2008PLC183472 | June 12, 2008 | Until cancellation or winding up |
| 2. | Certificate for Commencement of business to "Inventure Comtrade Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U51909MH2008PLC183472 | August 25, 2008 | Until cancellation or winding up |
| 3. | Fresh certificate of Incorporation consequent | Registrar of Companies, | Corporate Identity Number U51909MH2008PLC183472 | November 04, 2008 | Until cancellation |

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Granted on | Validity |
|---|--|---|---|-------------------|----------------------------------|
| | to change of name to "Inventure Wealth Management Limited" | Maharashtra, Mumbai | | | or winding up |
| <i>Inventure Finance Private Limited</i> | | | | | |
| 1. | Certificate of Incorporation as "Mahajay Investments Private Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U65990MH1990PTC056454 | May 8, 1990 | Until cancellation or winding up |
| 2. | Fresh Certificate of Incorporation consequent to change of name to "Inventure Finance Private Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U65990MH1990PTC056454 | June 06, 2008 | Until cancellation or winding up |
| <i>Inventure Commodities Limited</i> | | | | | |
| 1. | Certificate of Incorporation as "Inventure Shares & Securities Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U67120MH1995PLC094485 | November 15, 1995 | Until cancellation or winding up |
| 2. | Certificate for Commencement of business to "Inventure Shares & Securities Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U67120MH1995PLC094485 | January 12, 1996 | Until cancellation or winding up |
| 3. | Fresh Certificate of Incorporation consequent to change of name to "Wagad Securities Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U67120MH1995PLC094485 | December 7, 2001 | Until cancellation or winding up |
| 4. | Fresh certificate of Incorporation consequent to change of name to "Inventure Commodities Limited" | Registrar of Companies, Maharashtra, Mumbai | Corporate Identity Number U67120MH1995PLC094485 | December 03, 2004 | Until cancellation or winding up |

C Business Related Approvals

We have received the following significant government and other approvals pertaining to our business which is conducted through our subsidiaries

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|---|---|------------------|--------------------------------------|---------------------|--------------------------------------|
| <i>Inventure Growth & Securities Limited</i> | | | | | |
| 1. | Renewal Certificate of conditional Registration as Participant with CDSL. | SEBI | IN-DP-CDSL-12-99 | July 13, 2009 | From May 05, 2009 till May 04, 2014. |
| 2. | Permission of DP live connected for 201, Viraj Tower, 2 nd floor, near Landmark, Western Express Highway, Andheri (E), Mumbai. | SEBI | BRANCH DP ID 11201 | November 12, 2009 | From May 05, 2009 till May 04, 2014. |
| 3. | Permission of DP live connected for 201, Bindu Shopping Centre, Panjrapole | SEBI | BRANCH DP ID 11202 | November 12, 2009 | From May 05, 2009 till |

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|----------------|---|------------------|--------------------------------------|--|-------------------------------|
| | Road, Para, Botad – 364 710, Gujarat. | | | | May 04, 2014. |
| 4. | Certificate of Registration as a Stock Broker (member of OTCEI) for carrying on the activities of buying, selling and dealing in securities segment. | SEBI | INB200901730 | March 12, 1996 | Until suspended or cancelled. |
| 5. | Certificate of conditional Registration as a clearing member of the MCX Stock Exchange of India in currency derivative segment. | SEBI | INE260901739 | September 29, 2008 | Until suspended or cancelled. |
| 6. | Certificate of conditional Registration as a trading member of the MCX Stock Exchange of India in currency derivative segment. | SEBI | INE260901739 | September 29, 2008 | Until suspended or cancelled. |
| 7. | Certificate of conditional Registration as a clearing member of the National Stock Exchange of India in derivative segment. | SEBI | INF230901739 | March 13, 2009 | Until suspended or cancelled. |
| 8. | Certificate of conditional Registration as a clearing member of the National Stock Exchange of India in currency derivative segment. | SEBI | INE230901739 | November 20, 2008 | Until suspended or cancelled. |
| 9. | Certificate of conditional Registration as a trading member of the National Stock Exchange of India in currency derivative segment. | SEBI | INE230901739 | November 20, 2008 | Until suspended or cancelled. |
| 10. | Duplicate Certificate of Registration as a trading member of the National Stock Exchange of India in derivative segment. | SEBI | INF230901739 | originally issued on September 15, 2000 thereafter reissued on October 08, 2008 in lieu of change in the registered office | Until suspended or cancelled. |
| 11. | Duplicate Certificate of Registration as a multiple member (Stock Broker) of the National Stock Exchange for carrying on the activities of buying, selling and dealing in securities. | SEBI | INB230901739 | Originally issued on August 30, 2000 as a member thereafter reissued on October 08, 2008 in lieu of multi membership | Until suspended or cancelled. |
| 12. | Certificate of conditional Registration as a trading member of the Bombay Stock Exchange of India in | SEBI | INE010901730 | September 18, 2008 | Until suspended or cancelled. |

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|----------------|--|------------------|--|---|---|
| | currency derivative segment. | | | | d. |
| 13. | Certificate of Registration as a trading member of the Bombay Stock Exchange in derivative segment. | SEBI | INF010901730 | September 15, 2000 | Until suspended or cancelled. |
| 14. | Duplicate Certificate of Registration as a multiple member of the Bombay stock Exchange of India for carrying on the activities of buying, selling and dealing in securities segment. | SEBI | INB010901730 | Originally issued on May 20, 1996 thereafter reissued on April 09, 2009 in lieu of multi membership | Until suspended or cancelled. |
| 15. | Certification of Registration as a Portfolio Manager under SEBI (Portfolio Management) Regulation, 1993 as Portfolio Manager. | SEBI | INP000003641 | April 30, 2010 | April 29, 2013 |
| 16. | Agreement executed between MF Global Sify Securities India Private Limited (formerly known as Refco-Sify Securities Private Limited) (clearing member code TC-416 and clearing member registration number INF 011123339) and our Company (Trading member code TM-275 and trading member registration number 010901730) in respect of clearing member to clear and settle the trading member contracts in the derivative segment of the Bombay Stock Exchange of India Limited. | - | - | October 15, 2001 | May be terminated by either party by giving 1 months notice to the other party. |
| 17. | Tri Partite Agreement executed between CDSL, our Company and Link Intime (India) Private Limited formerly known as Intime Spectrum Registry Limited in respect of equity shares of Inventure Growth & Securities Limited to be held in dematerialised form in CDSL. | CDSL | International Securities Identification Number (ISIN) INE878H01016 | October 31, 2006 | Our Company or Intime Spectrum Registry Limited may terminate the agreement by giving one month prior notice to |

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|---|--|--|--------------------------------------|---------------------|--|
| | | | | | CDSL and our Company shall have either caused some other registrar or transfer agent to enter into a similar tripartite agreement with CDSL. |
| 18. | Provisional permission for modification of internet based trading software in capital markets segment and future and option segment. | NSE | NSEIL/INET/80193-3 | July 30, 2008 | - |
| 19. | Permission for provision of Internet based Trading through Order Routing System (ITORS). | BSE | MS&D/MM/AB/4007/2006 | September 18, 2006 | Until suspended or cancelled. |
| 20. | Permission for providing Direct Market Access(DMA) for cash and derivative segment. | BSE | MS&D/MM/AB/18912/2009 | March 18, 2009 | Until suspended or cancelled. |
| 21. | Certificate of Registration as a trading member of the Bombay Stock Exchange of India in Debt market segment. | BSE | - | April 13, 2009 | Until suspended or cancelled. |
| 22. | Letter dated July 22, 2010 for approval enablement in Wholesale Debt Market | NSE | NSEIL/MEM/1675/09017/143003-6 | July 22, 2010 | Until suspended or cancelled. |
| 23. | Registration Certificate of Establishment under Bombay Shops and Establishment Act, 1948 for the registered office. | Senior Inspector, Shops and Establishm ent | 760041503 | March 03, 2008 | December 31, 2013 |
| <i>Inventure Wealth Management Limited</i> | | | | | |
| 1. | Certificate of Registration as AMFI Mutual Fund Advisor. | AMFI | ARN-72172 | February 13, 2009 | Until February 12, 2014 |
| <i>Inventure Finance Private Limited</i> | | | | | |
| 1. | Certificate of Registration to commence / carry on business of non banking | RBI | B-13.01422 | November 18, 2000 | Until suspended or |

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|---|---|--------------------------------|---|---------------------|---|
| | financial institutions without accepting public deposits. | | | | canceled. |
| <i>Inventure Commodities Limited</i> | | | | | |
| 1. | Certificate of Membership as Trading cum Clearing Member of National Multi-Commodity Exchange of India Limited. | NMCE | Membership Code: CL0257 Unique Membership Code: NMCE/TCM/CORP/0175 | February 16, 2008 | Until termination or cessation of membership |
| 2. | Approval for Trading-cum-Clearing Membership of National Spot Exchange Limited. | National Spot Exchange Limited | NSEL/GR/MEM/136/337/08-09 | August 9, 2008 | - |
| 3. | Certificate of Membership as a Trading cum Clearing Member (as of February 26, 2004) of MCX. | MCX | Membership Code: 10845 | November 07, 2005 | Until termination or cessation of membership. |
| 4. | Allotment of Unique Member Code of MCX. | FMC | MCX/TCM/CORP/0349 | January 17, 2007 | Until suspended or canceled |
| 5. | Certificate of Membership as a Trading-cum-Clearing Member (with effect from December 15, 2004) of NCDEX. | NCDEX | Certificate Number NCDEX-CO-04-00485 | December 31, 2009 | Until cessation or suspension of membership. |
| 6. | Allotment of Unique Member Code of NCDEX. | FMC | NCDEX /TCM/CORP/0217 | October 31, 2007 | Until suspended or canceled |

D Tax Related Approvals

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|---|---|--|--------------------------------------|---------------------|--------------------------------|
| <i>Inventure Growth & Securities Limited</i> | | | | | |
| 1. | Permanent Account Number | Income Tax Department | AAACI2044K | - | Until surrendered or cancelled |
| 2. | Allotment of Tax Deduction Account Number. | Income Tax Department | MUMI02753C | May 16, 2007 | Until surrendered or cancelled |
| 3. | Certificate of Registration under Section 69 of the Finance Act, 1994 for taxable services of Stock broker, Banking and Financial, Insurance auxiliary and renting of | Superintendent, Service Tax Division (1), Mumbai | Service Tax Code: AAAC12044KST001 | August 6, 2009 | Until surrendered or cancelled |

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|---|--|---|---|---------------------|--------------------------------|
| | immovable property services from premises bearing premises code SC10001 situated at 5 Anand Kunj Daftary Road, Malad (East) Mumbai. | | | | |
| <i>Inventure Insurance Broking Private Limited</i> | | | | | |
| 1. | Permanent Account Number | Income Tax Department | AABCI8395N | - | Until surrendered or cancelled |
| 2. | Allotment of Tax Deduction Account Number. | Income Tax Department | MUMI08753D | February 21, 2009 | Until surrendered or cancelled |
| 3. | Professional Tax Registration Certificate. | Sales Tax Department | 27985213159P and 99691659554P | - | Until surrendered or cancelled |
| <i>Inventure Wealth Management Private Limited</i> | | | | | |
| 1. | Permanent Account Number | Income Tax Department | AABCI9040E | | Until surrendered or cancelled |
| 2. | Allotment of Tax Deduction Account Number. | Income Tax Department | MUMI08752C | February 21, 2009 | Until surrendered or cancelled |
| 3. | Professional Tax Registration Certificate. | Sales Tax Department | 27105213158P and 99081659550P | - | Until surrendered or cancelled |
| <i>Inventure Finance Private Limited</i> | | | | | |
| 1. | Permanent Account Number | Income Tax Department | AAACM0623J | - | Until surrendered or cancelled |
| 2. | Allotment of Tax Deduction Account Number. | Income Tax Department | MUMM07933C | May 28, 2009 | Until surrendered or cancelled |
| 3. | Certificate of Registration under Section 69 of the Finance Act, 1994 for taxable services of Stock broker, Business Auxiliary Services, Banking and Financial and Real Estate Agents. | Superintendent, Service Tax Division (II), Mumbai | Service Tax Code: AAACM0623JST001 | September 10, 2008 | Until surrendered or cancelled |
| 4. | Professional Tax Registration Certificate. | Sales Tax Department | PT/R/1/1/22/11961 and PT/E/1/1/22/18/1031 | - | Until surrendered or cancelled |
| <i>Inventure Commodities Limited</i> | | | | | |
| 1. | Certificate of Registration under Section 69 of the Finance Act, 1994 for forward contract services. | Central Board of Excise and Customs | AAACW4004FSD002 | February 2, 2010 | Until surrendered or cancelled |

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|----------------|---|-----------------------|---|---------------------|-----------------------------------|
| 2. | Permanent Account Number. | Income Tax Department | AAACW4004F | - | Until surrendered or cancelled |
| 3. | Allotment of Tax Deduction Account Number. | Income Tax Department | MUMW02306D | May 2004 | Until surrendered or cancelled |
| 4. | Certificate of Registration under section 16 of the Maharashtra Value Added Tax. | Sales Tax Department | 27650614037V | January 28, 2010 | Valid till suspended or cancelled |
| 5. | Professional Tax Registration Certificate. | Sales Tax Department | PT/R/1/1/33/13757 and PT/E/1/1/33/18-2122 | December 22, 2009 | Until surrendered or cancelled |
| 6. | Certificate of Registration under section 7(1)/7(2) of the Central Sales Tax Act, 1956. | Sales Tax Department | 27650614037C | May 2007 | Until surrendered or cancelled |

E Labour Related Approvals

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Date Granted | Validity |
|---|--|--|--------------------------------------|---------------------|-----------------------|
| <i>Inventure Growth & Securities Limited</i> | | | | | |
| 1. | Allotment of Employees' Provident Fund Code. | Regional Provident Fund Commissioner, Mumbai | MH/91653 | July 2000 | Until cancelled. |
| 2. | Allotment of Employees' State Insurance Corporation Code. | Joint Director, Employees' State Insurance Corporation, Mumbai | 35-05929-101 | July 2009 | Until cancelled. |
| 3. | Certificate of Registration as an employer under Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975. | Sale Tax Officer (10), Mumbai | PT/R/1/1/21/28231 | July 1996 | Until cancelled. |
| 4. | Certificate of enrolment under Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975. | Profession Tax Officer (2), Mumbai | PT/E/1/1/21/18/11582 | July 1996 | Valid till cancelled. |


II Intellectual Property

a. Application made for Inventure (label) :

| Sr. No. | Trademark Registration Number | Trademark | Class | Validity Period |
|----------------|--------------------------------------|------------------|--------------|------------------------|
|----------------|--------------------------------------|------------------|--------------|------------------------|

| | | | | From | To |
|----|---------|---|----|----------------|----------------|
| 1. | 1702241 |  | 16 | June 23, 2008 | June 23, 2018 |
| 2. | 1673892 | | 36 | April 08, 2008 | April 08, 2018 |
| 3. | 1702242 | | 37 | June 23, 2008 | June 23, 2018 |
| 4. | 1702243 | | 38 | June 23, 2008 | June 23, 2018 |
| 5. | 1702244 | | 41 | June 23, 2008 | June 23, 2018 |
| 6. | 1702245 | | 42 | June 23, 2008 | June 23, 2018 |

b. Application made for Inventure logo

| Label | Class | Application No. | Application Date | Status |
|---|---------------------------|------------------------|-------------------------|-----------------|
|  | 16, 36, 37, 38, 41 and 47 | 1921144 | February 11, 2010 | Marked for Exam |

III For Objects of the Issue

As on the date of the Red Herring Prospectus, our Company has all the licenses required to meet the Objects of the Issue. Hence there exists no requirement for fresh application / renewal of the same.

IV Material Licenses / Approvals for Which We Are Yet To Apply

NIL

V License which have been applied for but yet not been approved/ granted

Letter dated November 24, 2009, bearing reference number 09-10/IGSL/AC/PO/1439 from our Company to the Insurance Regulatory and Development Authority for obtaining a Direct Insurance Broker License.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

Our Board has, pursuant to a resolution passed at its meeting held on October 16, 2009 authorised this Issue, subject to the approval of our shareholders under Section 81 (1A) of the Companies Act.

Our shareholders have authorised this Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on December 21, 2009.

Our Company has also obtained all the necessary contractual approvals required for this Issue. For further details, please refer to the chapter titled ‘*Government and Statutory Approvals*’ beginning on page 266 of the Red Herring Prospectus.

Prohibition by SEBI

Our Company, Directors, Subsidiaries, Promoters, Promoter Group, Group Companies, or persons in control of our Company confirms that they have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Promoters, Directors or persons in control of our Company was or is a promoter, directors or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

Prohibition by RBI

Our Company, Directors, Subsidiaries, Promoters, Promoter Group and the companies with which our Directors are associated as directors or promoters have not been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

ELIGIBILITY FOR THIS ISSUE

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 26 (1) of the SEBI (ICDR) Regulations as explained below:

1. The Company has net tangible assets of at least ₹ 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets: Provided that if more than fifty per cent of the net tangible assets are held in monetary assets, the Issuer has made firm commitments to utilise such excess monetary assets in its business or project;
2. The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years; Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;
3. The Company has a net worth of at least ₹ 1 crore in each of the preceding three full years (of twelve months each)
4. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year; and
5. In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name.

In terms of a certificate issued by our Auditors, M/s. PHD & Associates, Chartered Accountants, dated July 6, 2011 the Company satisfies the above eligibility criteria as detailed below:

| | (₹in lakhs) | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Particulars | March 31, 2011 | March 31, 2010 | March 31, 2009 | March 31, 2008 | March 31, 2007 |
| Net Tangible Assets (1) | 7117.22 | 6700.72 | 5883.15 | 5682.00 | 4092.41 |
| Monetary Assets (2) | 71.01 | 822.28 | 276.61 | 1015.00 | 1550.65 |
| Monetary Assets as a Percentage of Net Tangible Assets(%) | 1.00 | 12.27 | 4.70 | 17.86 | 37.89 |
| Net Profits as restated | 553.89 | 1010.35 | 284.50 | 1645.97 | 1105.22 |
| Net worth as restated | 7168.36 | 6777.18 | 5928.74 | 5726.14 | 4152.00 |
| Distributable profits (3) | 553.89 | 1010.35 | 273.56 | 1633.53 | 1,093.20 |

Notes

1. *Net tangible assets is defined as the sum of all fixed assets (including capital work in progress) excluding 'intangible assets', as defined in accounting standard 26 issued by the Institute of Chartered Accountants of India) investments, current assets less; current liabilities / provisions, all loans and other liabilities.*
2. *Monetary Assets include cash in hand, bank balances (excluding fixed deposit pledged with banks/exchanges for the purpose of the business) and liquid investments.*
3. *The Distributable profits of the Company is as per Section 205 of the Companies Act, 1956 and has been calculated from the audited financial statements of the respective year before making adjustments for restatement of financial statements.*
4. *Net worth has been defined as aggregate of equity share capital and reserves, after deducting miscellaneous expenditures.*
5. *The Company has not made any public issue of its equity shares till date.*

Hence, our Company is eligible for this Issue under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations.

Further, in addition to the conditions enumerated in sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations; our Company, in accordance with sub-regulation (4) of Regulation 26 of the SEBI (ICDR) Regulations, undertakes that the number of allottees in this Issue shall be at least one thousand (1,000) in number; failing which the entire application money shall be refunded forthwith. In case of delay, if any, in refund of application money, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay beyond fifteen days from the date of closure of the Issue.

For a complete explanation of the above figures, please refer to Section titled '*Financial Information*' beginning on page 165 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF SEBI

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, INTENSIVE FISCAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, INTENSIVE FISCAL SERVICES PRIVATE

LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 8, 2010 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - a. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE**

BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE.

- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN RS. 1000 LAKHS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE

COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN DRAFT RED HERRING PROSPECTUS."

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Draft Red Herring Prospectus with the Registrar of Companies, Mumbai at Maharashtra, in terms of Section 56, Section 60 and Section 60(B) of the Companies Act.

Disclaimer Statement from our Company and the BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, www.inventuregrowth.com, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and our Company and the Memorandum of Understanding between the BRLM and our Company.

Our Company and the BRLM shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers, etc.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the BRLM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed, in any

jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange (“the Exchange”) has given vide its letter dated March 15, 2010, permission to this Company to use Exchange’s name in the offer document as one of the stock exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized the offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- i. warrant, certify or endorse the correctness or competency of any of the contents of this offer document; or
- ii. warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of this Offer Document had been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/142919-9 dated July 23, 2010 permission to the Issuer to use Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such

subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer the Offer Document for the full text of the 'Disclaimer Clause of NSE.

Filing

A copy of the Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC situated at Registrar of Companies, Mumbai, Everest Building, 100, Marine Drive, Mumbai – 400 002, Maharashtra at least 3 (three) days before the Bid / Issue Opening Date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the RoC at their respective addresses upon closure of this Issue and on finalization of the Issue Price.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). In-principle approval for listing of the Equity Shares of our Company from BSE and NSE have been received vide their letters dated March 15, 2010 and July 23, 2010 respectively.

BSE will be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all money received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it. (i.e. from the date of refusal or within 15 days from the Bid / Issue Closing date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Bid Amount, as prescribed under Section 73 of Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

Impersonation

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

“Any person who:

- (a) makes in a fictitious name, a Bid to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of: our Directors; our Company Secretary and Compliance Officer; our Auditors; Bankers to our Company; Bankers to the Issue; Escrow Collection Bank(s); Refund Bank(s); Syndicate Members; IPO Grading Agencies; BRLM; the Registrar and the legal advisors to this Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required

under Sections 60 and Section 60B of the Companies Act and such consents have not been withdrawn up to the time of filing of the Red Herring Prospectus with SEBI.

In accordance with the Companies Act and SEBI Regulations, M/s. PHD & Associates, our statutory auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of filing of the Red Herring Prospectus with SEBI.

M/s. PHD & Associates, our statutory auditors, have given their written consent to the report on possible tax benefits accruing to our Company and its members in the form and context in which it appears in the Red Herring Prospectus and has not withdrawn such consent up to the time of filing of the Red Herring Prospectus with SEBI.

Expert Opinion

We have not obtained any expert opinions except for the IPO Grading Report of Fitch Ratings India Private Limited dated September 8, 2010, for which we have received their consent vide letter dated February 5, 2010 to be named in the Red Herring Prospectus as an “expert” with respect to the IPO Grading only. Such consent and report will not be withdrawn upto the time of filing of the Red Herring Prospectus with SEBI.

Undertaking from our Promoters and Directors

Our Company accepts full responsibility for the accuracy of information given in the Red Herring Prospectus and confirms that to best of our knowledge and belief, there are no other facts, their omission of which makes any statement in the Red Herring Prospectus misleading and we further confirm that we have made all reasonable inquiries to ascertain such facts. Our Company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in the Red Herring Prospectus. Our Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of the investors in respect of the Equity Shares offered in terms of the Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to a misstatement/misrepresentation, our Promoters/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately ₹ [●] lakhs. The estimated Issue Expenses are as follows:

| (₹ In lakhs) | | | |
|--|--------------------|---|---|
| Activity | Estimated expenses | As a percentage of the estimated expenses | As a percentage total of the total Issue size |
| Fees payable to the Book Running Lead Managers* | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Fees payable to the Registrar to the Issue | | | |
| Fees payable to the Bankers to the Issue | | | |
| Underwriting commission, brokerage and selling commission | [●] | [●] | [●] |
| SCSB commission | [●] | [●] | [●] |
| IPO Grading expense | [●] | [●] | [●] |
| Others (legal fees, listing fees, monitoring agency fees, printing and stationery expenses etc.) | [●] | [●] | [●] |
| Total estimated Issue expenses | [●] | [●] | [●] |

**Will be incorporated at the time of filing of the Prospectus.*

All expenses with respect to this Issue will be borne by our Company.

Details of Fees Payable

Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Engagement Letter dated October 16, 2009 and as stated in the Memorandum of Understanding executed between our Company and BRLM dated December 21, 2009, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue will be as per the Memorandum of Understanding dated February 8, 2010, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

IPO Grading

The Issue has been graded by Fitch Ratings India Private Limited ("Fitch") and ICRA Limited, credit rating agencies registered with the Securities and Exchange Board of India ("SEBI"). Fitch has assigned a grade of 2 (ind) out of a maximum of 5 (ind) indicating below average fundamentals, through its letter dated September 8, 2010. ICRA has assigned this Issue "2" indicating below average fundamentals through its letter dated July 7, 2011. For details in relation to the Report of the Grading Agency, please refer to "Annexures" beginning on page 394 of the Red Herring Prospectus.

Disclaimer of IPO Grading Agencies

Fitch Ratings India Private Limited

Reproduction or retransmission in whole or part is prohibited except by permission. All rights reserved. The above grading ("Grading") assigned by Fitch is largely based on Fitch's assessment of the fundamental financial strength of the issuer. The Grading does not constitute a credit rating by Fitch. Our procedures for issuing a credit rating differ from the procedures used to issue the Grading. The Grading has been arrived at based on information and documents provided to us by the issuer and other parties. Fitch relies on these parties for the accuracy of such information and documents. Fitch did not audit or verify the truth or accuracy of any such information and does not take responsibility for the appropriateness of the information provided and used in our analysis. The Grading is provided "as is" and Fitch does not represent, warrant or guarantee (i) the accuracy, correctness, integrity, completeness or timeliness of any part of the Grading, or (ii) that the Grading (or any credit rating) and the information and analyses contained in, and constituting a part thereof, will fulfill any person's particular purposes or needs. The Grading reflects the opinion of Fitch as at the date of publication and will not be monitored, and therefore will not be updated to reflect changed circumstances or information that may affect the Grading. The report providing the Grading is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of securities. The Grading does not comment on the suitability of the issue process, the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including, without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not providing any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. The Grading should not be viewed as a replacement for such advice or services. In providing the Grading, Fitch is not making any recommendation or suggestion, directly or indirectly, to any person to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security of any issuer. Any person who uses the Grading does so entirely at its own risk. Investors are advised to obtain individual financial advice based on their risk profile before taking any action based on the Grading. There is no fiduciary relationship between us and any third party, including, without limitation, any user of the Grading. Fitch is not responsible for any underwriting, credit, loan, purchase, strategic or investment decision, or damages or other losses resulting from use of the Grading. None of Fitch, its officers, employees, affiliated companies and their officers and employees shall have any liability in contract, tort, or otherwise (including, without limitation, for any direct, indirect,

special, incidental, consequential, punitive or exemplary damages, including lost profits) in relation to the use of the Grading by any third party.

ICRA Limited

Notwithstanding anything to the contrary, an ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company, and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA are provided on an “as is” basis, without representations and warranties of any nature.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for this Issue is as set out in the Syndicate Agreement dated July 5, 2011 entered into between our Company and the BRLM. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

Previous Rights and Public Issues during Last Five Years

In the fiscal 2008, our Company had undertaken two rights issue comprising of 11,00,850 Equity Shares of the Face Value of ₹ 10/- each at par aggregating to ₹ 1,10,08,500. The dates of completion of allotment of share to the member were as on November 10, 2007 and January 31, 2008. The objects of the issue were not for the purpose of financing any project but included funding of capital expenditure, investment in, a subsidiary and financing the acquisition of Inventure Finance Private Limited, formerly known as Mahajay Investment Private Limited.

Previous issue of shares otherwise than for cash

Except as stated in Notes to the chapter titled ‘*Capital Structure*’ beginning on page 52 of the Red Herring Prospectus, we have not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage on Previous Issues

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Promise versus performance for our Company

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

Promise versus Performance – Previous Issues of Group Entities.

None of our Group Entities have made any public issues in the past.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company

As on the date of filing the Red Herring Prospectus with SEBI, our Company has no outstanding debentures, bonds or redeemable preference shares.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data for our Equity Shares

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar and us will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of the letters of allotment, DEMAT credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted the Shareholders' / Investors' Grievance Committee *vide* resolution passed at the Board Meeting held on December 24, 2009. The composition of the Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee is as follows:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|-----------------------------|-------------------------------------|--------------------------------|
| Mr. Nagji K Rita | Member | Chairman and Managing Director |
| Mr. Ajay Khera | Chairman | Independent Director |
| Mr. Arun N. Joshi | Member | Independent Director |

For further details, please refer to the para titled Shareholders/ Investors Grievance Committee' on page 152 of the chapter titled 'Our Management' beginning on page 140 of the Red Herring Prospectus.

Our Company has appointed Ms. Bhavi Gandhi as the Company Secretary and Compliance Officer. She may be contacted at:

Ms. Bhavi Gandhi
Viraj Towers, 201,
2nd floor, near Landmark,
Western Express Highway,
Andheri (E)
Mumbai – 400 069,
Maharashtra,
India.

Tel. No.: +91 22 39548500/ 4075 1500
 Fax No.: +91 22 40751535
 Email: cs@inventuregrowth.com

Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Changes in Auditors during the last three financial years and reasons therefore

Our current auditors M/s. P.H.D. & Associates, Chartered Accountants, were appointed on July 24, 2010 as our erstwhile auditor Mr. Dhiren Vakharia, proprietor of M/s. D.V. Vakharia & Co., Chartered Accountants, has joined M/s. P.H.D. & Associates, Chartered Accountants, as a partner.

Our erstwhile auditors, M/s. D.V. Vakharia & Co. were appointed on September 30, 2009 in place of our outgoing auditors, M/s. P. D. Desai & Co. Our erstwhile auditors had expressed their inability to continue as our auditors since their firm was in the process of being reconstituted.

The details are as under:

- | | | |
|------|--|---------------------------------|
| i. | Name of the firm | : M/s. P. D. Desai & Associates |
| ii. | Registration no. of the firm with ICAI | : 121160W |
| iii. | Name of the member | : C.A. Paresh V. Vakharia |
| iv. | Membership no. of the member | : 38220 |
| | | |
| i. | Name of the firm | : M/s. D.V. Vakharia & Co. |
| ii. | Registration no. of the firm with ICAI | : 121692W |
| iii. | Name of the member | : C.A. D. V. Vakharia |
| iv. | Membership no. of the member | : 46115 |

Capitalisation of Reserves or Profits

Except as stated in Notes to the chapter titled '*Capital Structure*' beginning on page 52 of the Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

Revaluation of assets during the last five years

Our Company has not revalued its assets since incorporation.

SECTION VII - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, conditions of RBI approval, the terms of the Red Herring Prospectus, Bid-cum-Application Form, ASBA Form, the Revision Form, the and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Reserve Bank of India, Registrar of Companies and / or other authorities, as in force on the date of this Issue and to the extent applicable.

Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on October 16, 2009 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the shareholders held on December 21, 2009.

Ranking of Equity Shares

The Equity Shares being issued through this Issue shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including rights in respect of dividends. The Allottees, in receipt of Allotment of Equity Shares under this Issue, will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment. For a description of our Articles of Association, please refer to the section titled '*Main Provisions of the Articles of Association*' beginning on page 332 of the Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividend to the shareholders as per the provisions of the Companies Act, 1956 and recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

Face Value and Issue Price

The Equity Shares with a face value of ₹ 10 each will be issued in terms of the Red Herring Prospectus to be filed with the RoC, Maharashtra at a price of ₹ [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- i. Right to receive dividend, if declared;
- ii. Right to attend general meetings and exercise voting powers, unless prohibited by law;
- iii. Right to vote on a poll either in person or by proxy;
- iv. Right to receive offers for rights shares and be allotted bonus shares, if announced;
- v. Right to receive surplus on liquidation subject to statutory and other preferential claims being satisfied;
- vi. Right of free transferability; and
- vii. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreements executed with the Stock Exchanges and the Memorandum and Articles of Association of the Company.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled '*Main Provisions of the Articles of Association*' beginning on page 332 of the Red Herring Prospectus.

Compliance with SEBI (ICDR) Regulations

We shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized form, the tradable lot would be one Equity Share. Allocation and Allotment in this issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of Equity Shares. For details of allocation and allotment, please refer to paragraph titled ‘*Basis of Allotment*’ on page 319 in the chapter titled “*Issue Procedure*” beginning on page 292 of the Red Herring Prospectus.

Jurisdiction

The jurisdiction for the purpose of this issue is with competent courts/authorities in Mumbai, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original shareholder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- i. to register himself or herself as the holder of the Equity Shares; or
- ii. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

“If the Company does not receive the minimum subscription of 90% of the issue amount, including devolvement of the Underwriter/ Members of the Syndicate, if any, within 60 days from the date of Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.”

Further, in terms of sub-regulation (4) of Regulation 26 of the SEBI (ICDR) Regulations, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1000.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the

United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

BID/ISSUE Program

Bid/Issue opens on: July 20, 2011

Bid/Issue closes on: July 22, 2011

Withdrawal of the Issue

The Issuer, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date but prior to Allotment, without assigning any reason thereof. In case the Issuer decides to do so, it shall issue a public notice within two days of the closure of bidding, indicating the reasons for withdrawal of the issue in the newspapers in which the Bid advertisement appeared earlier. The BRLM, through the Registrar, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. The Issuer shall also inform the Stock Exchanges, on which the Equity Shares are proposed to be listed, of its intention of withdrawing the Issue.

Arrangements for disposal of odd lots

Our Company’ shares will be traded in dematerialized form only and therefore the marketable lot is one (1) share. Therefore, there is no possibility of odd lots.

Restrictions on transfer of shares etc. and alteration of capital structure

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting except as provided in our Articles. For further details, please refer to the section titled ‘*Main Provisions of the Articles of Association of our Company*’ beginning on page 332 of the Red Herring Prospectus.

Application by Non Residents/NRIs/FIIs

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of Allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in the Issue.

ISSUE STRUCTURE

The present Public Issue of 70,00,000 Equity Shares of ₹10/- each for cash at a Price of ₹[●] per Equity Share, aggregating ₹ [●] Lakhs (the “Issue”) is being made through 100% Book Building Process. The Issue constitutes 33.33% of the fully diluted post-issue paid-up capital of our Company

| | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|--|--|---|
| Number of Equity Shares available for Allocation* | Not more than 35,00,000 Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. | Not less than 10,50,000 Equity Shares or Issue less allocation to QIB Bidders and Retails Individual Bidders. | Not less than 24,50,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Issue Size available for Allotment/ allocation | Not more than 50% of the Issue or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders of which 5% will be available for allocation to Mutual Funds only. # | Not less than 15% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than 35% of Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders |
| Basis of Allotment/ allocation if respective category is oversubscribed | Proportionate as follows: a) Equity Shares shall be allocated on proportionate basis to Mutual Funds in the Mutual Funds Portion; b) Equity Shares shall be allocated on proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate | Proportionate |
| Minimum Bid | Such number of Equity Shares that the Bid Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter. | Such number of Equity Shares that the Bid Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter. | Such number of Equity Shares whereby the Bid amount does not exceed R 2,00,000/- |
| Maximum Bid | Such number of Equity Shares not exceeding the Issue, subject to regulations as applicable to the Bidder | Such number of Equity Shares not exceeding the Issue, subject to regulations as applicable to the Bidder | Such number of Equity Shares whereby the Bid amount does not exceed R 2,00,000 |
| Mode of Allotment | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. |

| | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---------------------|--|--|--|
| Bid lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | [●] Equity Shares and in multiples of [●] Equity Shares thereafter |
| Allotment lot | [●] Equity Shares and in multiple of 1 Equity Share thereafter. | [●] Equity Shares and in multiple of 1 Equity Share thereafter. | [●] Equity Shares and in multiple of 1 Equity Share thereafter. |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply ** | Qualified Institutional Bidders | Eligible NRIs, Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, scientific institutions, societies, trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals. | Individuals (including HUFs in the name of karta, NRI's, minors applying through their natural guardian), applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed ₹2,00,000 in value. |
| Terms of Payment*** | Full Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bid being submitted by ASBA | Full Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bid being submitted by ASBA | Full Bid Amount on bidding; in case of ASBA Bidders, full Bid Amount shall be blocked by the SCSBs pursuant to Bid being submitted by ASBA |

* Subject to valid Bids being received at or above the Issue Price, Under-subscription, if any, in any of the above categories would be allowed to be met with spill-over inter-se from any other categories, at the discretion of the Company, the BRLM, Designated stock exchange and subject to applicable provisions of the SEBI (ICDR) Regulations.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

***In case of ASBA Bidders, SCSBs shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

If the aggregate demand by Mutual Funds is less than 1,75,000 Equity Shares aggregating to ₹ [●] lakhs, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders can participate in the Issue through the ASBA process. Furthermore, pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB at the time of Bidding.

Book Building Procedure

In terms of Rule 19(2)(b)(i) of the SCRR, this is an Issue for at least 25% of the post-Issue capital of our Company. The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts / bank account held by a third party (subject to conditions as set forth hereinbelow) in which the corresponding Bid amounts will be blocked by SCSBs. Non- retail investors are mandatorily required to make use of the ASBA facility. All Bidders including ASBA Bidders can submit their Bids through the Syndicate (at ASBA bidding locations). Pursuant to SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, the Syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit the same to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to the SCSBs.

In case of QIB Bidders, the Company, in consultation with the BRLM, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for such rejection shall be communicated to the QIB Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds. The identity of QIBs bidding in the Issue under QIB Portion shall not be made public.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under applicable laws, regulations or approvals. Bidders are advised to make their own enquiries about the limits applicable to them.

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form or the ASBA Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. If the Bid cum Application Form or the ASBA Bid cum Application Form was submitted in joint names, Bidders are required to ensure that the beneficiary accounts are held in the same joint names in the same sequence in which they appeared in the Bid cum Application Form or the ASBA Bid cum Application Form.

Bid cum Application Form and ASBA Bid cum Application Form

Retail Individual Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Non- retail Bidders

shall use the specified ASBA Bid cum Application Form, indicating the mode of payment option as being “ASBA” obtained from any member of the Syndicate, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate or their affiliates (at ASBA bidding locations). Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders including QIBs and Non Institutional Bidders, shall submit the ASBA Bid cum Application Form either in physical or electronic form to the SCSB with whom the ASBA Account is maintained or to a member of the Syndicate (Syndicate / Sub - syndicate members at the ASBA Bidding Locations may procure the ASBA Bid cum Application Form from investors and submit the same to SCSBs) authorising blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding). The ASBA Bid cum Application Form will also be available on the websites of the BSE and the NSE at least 1 day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLM and the SCSBs will provide the hyperlink to BSE or NSE on their websites.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder, the acknowledgment slip. This acknowledgment slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder and the Bidder shall preserve this and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of 3 Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On filing of the Prospectus with the RoC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be treated as a valid application form. On completion and submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, to a member of the Syndicate or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

| Category | Colour of Bid cum Application Form | Colour of ASBA Bid cum Application Form |
|--|------------------------------------|---|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount does not exceed ₹ 2 lakhs | White | White |
| Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount exceeds ₹ 2 lakhs | Not applicable | White |
| Non-Residents and Eligible NRIs applying on a repatriation basis where the Bid Amount does not exceed ₹ 2 lakhs | Blue | Blue |
| Non-Residents, Eligible NRIs, FVCIs Multilateral and bilateral development financial institutions and FIIs applying on a repatriation basis where the Bid Amount exceeds ₹ 2 lakhs | Not applicable | Blue |

Who can Bid?

- Indian nationals resident in India, who are not minors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form / ASBA Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual bidding in QIB portion;
- Limited Liability Partnerships (LLPs) registered in India and authorised to invest in equity shares;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of ₹2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of ₹2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund set up by a resolution no. F. No. 2/3/2005- DD II dated November 23, 2005 of the Government of India, published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India
- Insurance funds set up and managed by the Department of Posts, India
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by Associates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

Participation by eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals

Eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals may Bid in the Non-Institutional Portion, subject to receipt of appropriate approvals from applicable regulatory authorities.

Bids by Mutual Funds

As per the SEBI ICDR Regulations, 5% of the QIB Portion, has been specifically reserved for Allocation to Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 1,75,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any single company's paid-up share capital carrying voting rights.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be lodged along with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "**IRDA Investment Regulations**"), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, *i.e.* December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Bids by Provident Funds / Pension Funds

In case of Bids made by provident funds with minimum corpus of ₹2,500 lakhs (subject to applicable law) and pension funds with minimum corpus of ₹2,500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids by Eligible NRIs

1. Bid cum Application Forms / ASBA Bid cum Application Forms for Eligible NRIs applying on a repatriation basis (blue in colour if under the retail portion), have been made available for Eligible NRIs at the Registered Office of the Company and with members of the Syndicate (at ASBA bidding locations) or SCSBs and the Registrar to the Issue, as the case may be.
2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through NonResident Ordinary ("**NRO**") accounts or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts should use the application form meant for Resident Indians (Blue in color if under the retail portion, Blue ASBA Bid cum Application Forms to be used if the Bid amount exceeds ₹ 2 lakhs) and shall not use the form meant for any reserved category.
3. Bids by Eligible NRIs for a Bid Amount of up to ₹ 2 lakhs would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2 lakhs would be considered under Non-Institutional Portion for the purposes of allocation. Eligible NRIs Bidding under the Non- Institutional Portion are required to utilise the ASBA facility to submit their Bids.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue issued capital of the Company (i.e. 10% of 2,10,00,000 Equity Shares). In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or a foreign individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside India through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue Paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As of the date of the Red Herring Prospectus, our Company has not passed such resolution and the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Member that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2 lakhs. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2 lakhs. If the Bid Amount is over ₹ 2 lakhs due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion only if the Bidding was done through ASBA. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹ 2 lakhs. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid amount upon submission of the Bid. The identity of QIB Bidding in the Issue under the QIB Portion shall not be made public during the Issue Period.

In case of revision in Bids, Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than ₹ 2 lakhs for being considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to ₹ 2 lakhs or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

Non-retail Investors i.e. QIBs and Non Institutional Investors who intend to participate in the Issue are mandatorily required to submit their Bids through the ASBA facility.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid. The maximum and minimum Bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information in relation to applicable investment limits or number of Equity Shares that can be held by them stated herein.

Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph titled “*Payment of Refund*”.

Information for the Bidders:

- (a) The Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- (b) Copies of the Bid cum Application Form and the ASBA Bid cum Application Form, as also the Red Herring Prospectus will be available with the members of the Syndicate and at our Registered Office. For ASBA Bidders, Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the BSE and the NSE and the Designated Branches of the SCSBs.

- (c) Any Investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form or the ASBA Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate. In addition, electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.
- (d) Our Company, the BRLM shall declare the Bid / Issue Opening Date and the Bid / Issue Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated.
- (e) Eligible Bidders who are interested in Bidding for the Equity Shares should approach any of the BRLM or the Syndicate Members or their authorised agent(s) to register their Bids. Eligible Bidders can approach the members of the Syndicate or their authorised agent(s) to submit their Bids under the ASBA process. It may be noted that QIBs and Non Institutional Investors are mandatorily required to submit their Bids through the ASBA facility, in order to participate in the Issue.
- (f) The Bids should be submitted on the prescribed Bid cum Application Form or the prescribed ASBA Bid cum Application Form only, as the case may be. Bids by ASBA Bidders shall be accepted by the members of the Syndicate (and, in the ASBA Bidding Locations, by members of the Sub - syndicate) and Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms or ASBA Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms or ASBA Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.
- (g) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified excluding (i) persons resident in the state of Sikkim; (ii) the Central or State Governments and the (iii) officials appointed by the courts, who, may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

Bidders are advised not to submit the Bid cum Application Form to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation whatsoever.

ASBA Bidders

ASBA Bid cum Application Forms should bear the stamp of a member of the Syndicate and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp of a member of the Syndicate or SCSB will be rejected.

- (a) Copies of ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available for downloading and printing, from the websites of the Stock Exchanges (which provide electronic interface for ASBA facility) at least 1 day prior to the Bid / Issue Opening Date. A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges. The BRLM and the SCSBs will provide the hyperlink to the BSE or the NSE on their websites.
- (b) The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Forms to the members of the Syndicate and the SCSBs. The members of the Syndicate and the SCSBs will then make available such copies to non- retail Investors who are required to apply in this Issue through the ASBA process and retail Investors intending to apply in this Issue through the ASBA process. Additionally, the BRLM shall ensure that the members of the Syndicate and the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Bid cum Application Forms and that the same are made available on the websites of the SCSBs.
- (c) ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain such documents from the Designated Branches of the SCSBs, BRLM or members of the Syndicate/ sub-syndicate members located in the ASBA Bidding Locations. ASBA

Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

- (d) The Bids should be submitted on the prescribed ASBA Bid cum Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB for bidding and blocking funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form. ASBA Bidders in ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.
- (e) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the applicable Designated Branch or members of the Syndicate/ sub-syndicate members in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.
- (f) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Bidders may note that in case the details of DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with the details of DP ID, Client ID and PAN available in the Depository database, the ASBA Bid cum Application Form, is liable to be rejected.

Method and Process of Bidding

- (a) The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format. The Price Band and the minimum Bid Lot size for the Issue will be decided by the Company in consultation with the BRLM and advertised in two national newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation at least two (2) working days prior to the Bid/ Issue Opening Date. The Members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Issue Period.
- (b) The Bid/Issue Period shall be for a minimum of three working days and shall not exceed 10 working days. The Bid/ Issue Period maybe extended, if required, by an additional three working days, subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate and by intimation to the SCSBs.
- (c) Bidders, who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorised agents or SCSBs to register their Bids, during the Bid / Issue Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bid / Issue Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. QIB and Non Institutional Bidders must necessarily use the ASBA process and Bidders using the ASBA facility to submit their Bids should approach the Syndicate members or Designated Branches of the SCSBs (at ASBA Bidding Locations) to register their Bids.

ASBA Bidders are required to submit their Bids either in physical or electronic mode to SCSBs or to the Syndicate/ sub-syndicate members (at ASBA Bidding Locations) in designated cities. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form should submit their Bids using the internet enabled bidding and banking facility of the SCSBs for bidding and blocking funds in the accounts of the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, and accordingly registering such Bids. Every Designated Branch of the SCSBs shall accept Bids from all such investors who wish to place Bids through them and the account in which funds are to be blocked is maintained with them. Such

SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI ICDR Regulations and the Red Herring Prospectus.

The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders. Upon receipt of the ASBA Bid cum Application Form, submitted in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as specified in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

ASBA Bidders in ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. Each such Syndicate/ sub-syndicate member shall provide to the ASBA Bidders an acknowledgement as proof of acceptance of the ASBA Bid cum Application Form. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

- (d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “*Bids at Different Price Levels*” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form and / or ASBA Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form or ASBA Bid cum Application Form to either the same or to another member of the Syndicate or the SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “*Build up of the Book and Revision of Bids*”.
- (f) An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after a Bid on one ASBA Bid cum Application Form, (i) either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs and uploaded by the ASBA Bidder, (ii) has been submitted to Syndicate / sub-syndicate members in the designated cities. Submission of a second ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB or to the Syndicate/ sub-syndicate members in designated cities will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, the ASBA Bidder can revise the Bid through the ASBA Revision Form, the procedure for which is detailed under the paragraph “*Build up of the Book and Revision of Bids*”.
- (g) The members of the Syndicate or the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form or ASBA Bid cum Application Form.
- (h) With respect to ASBA Bidders who have submitted their physical ASBA Bid cum Application Form to the members of the Syndicate at the ASBA Bidding Locations, on receipt of the ASBA Bid cum Application Form from the relevant member of the Syndicate, the relevant Designated Branch of the SCSB will verify if sufficient funds equal to the Bid Amount are available in the ASBA Account. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB will reject the Bid and shall not upload such bids with the Stock Exchanges. If sufficient funds are available in the

ASBA Account, the SCSB will block an amount equal to the Bid Amount and will carry out other procedures including signature verification.

- (i) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalised, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.
- (j) The identity of the QIBs, who have been allocated Equity Shares, bidding in the Issue shall not be made public.
- (k) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “*Payment Instructions*” on page 309 in the chapter titled ‘*Issue Procedure*’ beginning on page 292 of the Red Herring Prospectus.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bidders may note that in case the details of DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with the details of DP ID, Client ID and PAN available in the Depository database, the ASBA Bid cum Application Form, is liable to be rejected.

Bids at Different Price Levels and Revision of Bids

- (a) The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One). The Price Band and the minimum Bid Lot size for the Issue will be decided by the Company, in consultation with the BRLM, and advertised in two national newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation, at least two (2) working days prior to the Bid/ Issue Opening Date.
- (b) The Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLM, SCSBs and at the terminals of the members of the Syndicate.
- (d) The Company, in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (e) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the cap of the Price Band with the members of the Syndicate. In case of ASBA Bidders bidding at Cut-off Price, the ASBA Bidders

shall instruct the SCSBs (directly or through ASBA Bid cum Application Forms submitted to the Syndicate members) to block an amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account in the manner described under the paragraph “Payment of Refunds”.

- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount *i.e.*, original Bid Amount plus additional payment does not exceed ₹ 2 lakhs for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate member to whom the original Bid was submitted, or, in the case of ASBA Bidders, instruct the SCSB or the Syndicate/ sub-syndicate member (such Syndicate/ sub-syndicate member to further instruct the relevant SCSB) to whom the original Bid was submitted to block additional amounts based on the cap of the revised Price Band. In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds ₹ 2 lakhs for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or unblocked by the SCSBs. The Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹5,000 to ₹7,000. In the event of any revision in the Price Band, whether upward or downward, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.
- (i) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder’s responsibility to request for and obtain the revised TRS, which will act as proof of revision of the previous Bid.
- (j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB or the Syndicate/ sub-syndicate member (such Syndicate/ sub-syndicate member to further instruct the relevant SCSB) to whom the original Bid was submitted shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please refer to the section titled “*Issue Procedure-Payment Instructions*” on page 309 of the Red Herring Prospectus.

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids received, using the online facilities of the Stock Exchanges. There will be at least one online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted. A SCSB shall not upload bids received through any ASBA in the electronic bidding system of the Stock Exchanges unless:
 - (i) it has received the ASBA Bid cum Application Form in a physical or electronic form; and
 - (ii) it has blocked the application money in the ASBA Account specified in the ASBA Bid cum Application Form or has systems to ensure that electronic ASBA Bid cum Application Form are

accepted in the system only after blocking of application money in the relevant bank account opened with it. A member of the Syndicate/ sub-syndicate member shall not upload any Bid received through ASBA in the electronic bidding system of the Stock Exchanges unless it has received the ASBA Bid cum Application Form in a physical or electronic form.

- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents and the SCSBs during the Bid / Issue Period. The members of Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.
- (c) On the Bid / Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. In order to ensure that the data uploaded is accurate, the Syndicate may be permitted one Working Day after the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on Working Days, *i.e.*, Monday to Friday (excluding any public holiday).
- (d) The bidding terminals of the Stock Exchanges shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes. Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bid/Issue Period along with category wise details.
- (e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the Bidder in the electronic system:
 - Name of the Bidder
 - ASBA Bid cum Application Form number
 - Investor Category – Individual, Corporate, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, financial institutions, insurance companies, etc.
 - PAN (of first Bidder, if more than one Bidder)
 - Depository Participant Identity (“**DP ID**”)
 - Client ID
 - Beneficiary account number of the Bidder
 - Numbers of Equity Shares Bid for.
 - Price option.
 - Amount.
 - Cheque number and cheque amount, in case of Bidder other than ASBA Bidders.
 - Bank Account Details in case of ASBA Bidders

In case of submission of the Bid by an ASBA Bidder through the electronic mode, the ASBA Bidder shall complete the above-mentioned details, except the ASBA Bid cum Application Form number which shall be system generated.

- (f) Upon request, a system generated TRS, on demand, will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder’s responsibility to obtain the TRS from the members of the Syndicate or Designated Branches.** The registration of the Bid by the member of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated / Allotted by our Company.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In case of QIB Bidders the BRLM has a right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will not be rejected except on technical grounds. The SCSB may reject the Bids made through the ASBA process if the ASBA Account maintained with the SCSB as specified in the ASBA Bid cum Application Form does not have sufficient funds

equivalent to the Bid Amount. Furthermore, the SCSBs shall have no right to reject Bids except on technical grounds. Syndicate members may also reject Bids if all information required is not provided and Bid cum Application Form / ASBA Bid cum Application Forms is incomplete in any respect. Subsequent to the acceptance of the Bid by the Designated Branch, the Company will have a right to reject the Bids only on technical grounds listed in the Red Herring Prospectus and the Prospectus.

- (i) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and / or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Member of the Syndicate shall capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. The members of the Syndicate shall be given one Working Day after the Bid / Issue Closing Date to verify the information uploaded on the online IPO system during the Bidding Period after which the Registrar to the Issue shall proceed with the Allotment of Equity Shares.
- (k) It is to be noted that Syndicate Members or the SCSB, as the case may be, shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received.

The BRLM, the Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs or Syndicate members, Bids uploaded by SCSBs or Syndicate members, Bids accepted but not uploaded by SCSBs or Syndicate members, or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

Build up of the book and revision of bids

- (a) The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.
- (b) The book gets built up at various price levels. At the end of each day of the Bidding Period, the demand shall be shown graphically on the bidding terminals of the Syndicate and the websites of the Stock Exchanges. This information will be available with the BRLM at the end of the Bidding Period.
- (c) During the Bid / Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form or ASBA Revision Form, which is a part of the Bid cum Application Form / ASBA Bid cum Application Form. Retail Individual Bidders may revise their Bids within the Price Band at any time until finalisation of the Basis of Allotment.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or ASBA Revision Form, as the case may be. Apart from mentioning the revised options in the Revision Form / ASBA Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form / ASBA Bid cum Application Forms or earlier Revision Form / ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form / ASBA Bid cum Application Forms and such Bidder is changing only one of the options in the Revision Form / ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form / ASBA Revision Form. The members of the Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms/ ASBA Revision Form.

- (e) The Bidder can make this revision any number of times during the Bid / Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form / ASBA Revision Form and the revised Bid must be made only in such Revision Form / ASBA Revision Form or copies thereof.
- (f) Any upward revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. Retail Individual Bidders Bidding in such categories should note that the revised amount should not exceed ₹ 2 lakhs. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount or the relevant Syndicate/ sub-syndicate member shall instruct the SCSB to block any incremental amount, on account of the upward revision of the Bid in case of Bids submitted through ASBA to the Syndicate/ sub-syndicate members. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the SCSBs shall block the additional Payment Amount. In case of Bids other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and will, on demand, receive a revised TRS from the members of the Syndicate or Designated Branches, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (h) In the case of ASBA Bids, after the Bid/Issue Closing Date, the SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid cum Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs.

Price Discovery and Allocation

- (a) After the Bid / Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process with the Bids received under the non-ASBA process to determine the demand generated at different price levels. Thereafter, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company. Based on the demand generated at various price levels, our Company in consultation with the BRLM shall finalise the Issue Price.
- (b) In case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange
- (c) Under-subscription, if any, in any category may be met with spill over from any other category or combination of categories at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than 1,75,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event the aggregate demand in the QIB

Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

- (d) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.
- (e) Our Company reserves the right to cancel or withdraw the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid / Issue Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.
- (f) If an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to a Syndicate member the SCSB, through whom the applicant had placed the original bid, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.
- (g) If an ASBA Bidder, excluding QIB Bidder wants to withdraw the ASBA Bid cum Application Form after the Bid / Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalisation of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.
- (h) QIB Bidders shall not be allowed to withdraw their Bid after the QIB Bid / Issue Closing Date.
- (i) Allotment status details shall be available on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLM and the Syndicate Members intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the ROC in terms of Section 56, 60 and 60B of the Companies Act, and other provisions of applicable laws which then would be termed the 'Prospectus'. The Prospectus will contain the details of the Issue Price, Issue size, underwriting arrangements and will be completed in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the registered office of our Company is situated. In the pre-Issue advertisement, we shall state the Issue Opening Date, the Issue Closing Date and the Issue Closing Date applicable to QIBs.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the registered office of our Company is situated after the filing of the Prospectus with the RoC. This advertisement, in addition

to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

- (a) On approval of the basis of Allotment by the Designated Stock Exchange and on Allotment by the Board of Directors or any committee constituted thereof, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been Allotted Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in the Issue shall be given on the same date as the date of Allotment.
- (b) The Registrar to the Issue will then dispatch an Allotment Advice to the Bidders who have been Allotted Equity Shares in this Issue. The dispatch of Allotment Advise shall be a valid, binding and irrevocable contract for the Bidders.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the public issue account designated for this purpose within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which the funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective banks accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that (i) Allotment of Equity Shares; (ii) credit to successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the successful bidders. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to this Issue.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of the Sole/First Bidder's Permanent Account Number, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs as the case may be, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation, category, age and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ('**Demographic Details**'). These Demographic Details would be used for giving refunds and allotment advice (including through physical refund warrants, direct credit, NECS and NEFT) to the Bidders. It is mandatory to provide the bank account details in the space provided in the Bid cum Application Form / ASBA Bid cum Application Form and Bid cum Application Forms / ASBA Bid cum Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant

and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form. Please note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form / ASBA Bid cum Application Form and entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate, do not match with the DP ID, Client ID and PAN available in the depositories' database, such Bid cum Application Form / ASBA Bid cum Application Form is liable to be rejected.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE. INVESTORS MUST ENSURE THAT THE PAN, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER GIVEN IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE IS EXACTLY THE SAME AS PROVIDED IN THE DEPOSITORY ACCOUNT. IF THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the Bidders, they are advised to update the Demographic Details as provided to their Depository Participants. The Demographic Details given by Bidders in the Bid cum Application Form / ASBA Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form / ASBA Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically) / Allotment Advice / would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ Allotment Advice / may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form / ASBA Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders sole risk none of neither our Company, nor Escrow Collection Banks, the Designated Branch of the SCSBs, the Syndicate Members, the BRLM nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, Bidder's PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development

Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of ₹250 million (subject to applicable law) and pension funds with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLM may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/ allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form instead of those obtained from the Depositories.

Payment Instructions

Escrow Mechanism for Retail Individual Bidders other than ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue.

Our Company and the Members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment for Retail Individual Bidders other than ASBA Bidders and Payment into the Escrow Account

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue.

Each Retail Individual Bidder who does not utilise the ASBA facility shall pay the full Bid Amount at the time of the submission of the Bid-cum-Application Form, and shall, along with the submission of the Bid-cum-Application Form, draw a cheque or demand draft in favor of the relevant Escrow Account of the Escrow Collection Bank(s) (see 'Payment in Escrow Account' below), and submit such cheque or demand draft to the

member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Retail Individual Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of our Company shall be transferred to the Refund Account on the Designated Date. No later than 12 Working Days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Where the Retail Individual Bidder has been allotted a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid / Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay of more than 7 days after the Basis of Allotment or 15 days from the Bid / Issue Closing Date, whichever is earlier.

Payment into Escrow Account

Escrow Accounts shall be opened for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/Allotment in the Issue. Each Bidder, shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Retail Individual Bidders who are not Bidding through ASBA facility would be required to pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form.
2. The Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid shall be rejected. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a. In case of Resident Bidders: - “Escrow Account – Inventre Public Issue- R”
 - b. In case of Non Resident Bidders: - “Escrow Account – Inventre Public Issue- NR”
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non- Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs / FVCIs / multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the

remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus into the Public Issue Account and the surplus amount shall be transferred to the Refund Account.
9. Within twelve Days from the Bid/Issue Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.
11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.
12. Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
13. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Payment mechanism for ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue

ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form which is to be submitted to the Syndicate member. The Syndicate member shall in turn forward the ASBA Bid cum Application Form to the SCSB for processing and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Form to the Designated Branch or the Syndicate / Sub - syndicate Member, (at the ASBA Bidding Location) whether in physical or electronic mode, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing without prior or subsequent notice of such changes to the ASBA Bidders.

Upon submission of an ASBA Bid cum Application Form with the SCSB or the Syndicate / Sub - syndicate Member, (at the ASBA Bidding Location) whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch to block such Bid Amount in the ASBA Account. An ASBA Bid cum Application Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI ICDR Regulations, into the Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

Pursuant to SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 (i) Non-Institutional Bidders and QIB Bidders are required to mandatorily apply through ASBA, and (ii) the syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from the investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit it to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

Payment by cash/ stockinvest/ money order

Under the terms of the RBI Circular No.DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms (other than Bid cum Application Forms or Revision Forms used by ASBA Bidders) duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

In case of physical ASBA Bids, the ASBA Bidder shall submit the Bid cum Application Form bearing the stamp of the Designated Branch or the member of the Syndicate at the relevant Designated Branch or the relevant member of the Syndicate at Syndicate ASBA Bidding Locations, respectively. In case the ASBA Bidder submits its Bid through a member of the Syndicate at a Syndicate ASBA Bidding Location, the Bid will be uploaded by that member of the Syndicate in the electronic bidding system of the Stock Exchanges and the Bid cum Application Form will then be forwarded to the concerned SCSB for further action including signature verification and blocking of funds. In case of application in electronic form, the ASBA Bidder shall submit the Bid cum Application Form either through the internet banking facility available with the SCSBs, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with the SCSB, and accordingly register such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form / ASBA Bid cum Application Form or Revision Form / ASBA Revision Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will acknowledge the receipt of the Bid cum Application Forms / ASBA Bid cum Application Form or Revision Forms / ASBA Revision Form by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form / ASBA Bid Application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

After Bidding on an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in "*Build up of the Book and Revision of Bids*".

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company, in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple applications.

For Bids from Mutual Funds and FII sub-accounts which are submitted under the same PAN, as well as Bids on behalf of the central or state government, an official or receiver appointed by a court and residents of Sikkim for whom submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and beneficiary account numbers. In case these Bids have the same DP ID and beneficiary account numbers, these will be treated as multiple Bids and will be rejected.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government, exempted persons, residents in Sikkim and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of

transaction.

Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address.

Any Bid cum Application Form / ASBA Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled “suspended for credit” by the Depositories and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Unique Identification Number (“UIN”)

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Rejection of Bids

Our Company has a right to reject Bids based on technical grounds. In case of QIB Bidders Bidding in the QIB Portion, the Syndicate may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has the right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder’s address at the Bidder’s risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus. Bids submitted by QIBs or Non Institutional Bidders who do not utilise the ASBA facility shall be rejected.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

Bids by persons prohibited from buying, selling or dealing in securities directly or indirectly by SEBI or any other regulatory authority shall be rejected by the BRLM.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- Application on plain paper;
- Applications by QIBs and Non Institutional Bidders which are not made through the ASBA facility;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnerships can apply in its name;

- Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;
- Age of first bidder not mentioned;
- PAN not stated in the Bid cum Application Form (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
- GIR number furnished instead of PAN
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price over the Cap Price;
- Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
- Submission of more than five ASBA Bid cum Application Forms per ASBA Account;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as described in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
- Bids accompanied by cash, stockinvest, money order or postal order;
- Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the ASBA Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- Bid cum Application Form does not have the stamp of the BRLM, the Syndicate Members or Designated Branches of the SCSBs (except for electronic ASBA Bids);
- Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete or incorrect;
- Bid cum Application Forms / ASBA Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form / ASBA Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms / ASBA Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
- Authorisation for blocking funds in ASBA not ticked or provided;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids not uploaded in the electronic bidding system;
- Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
- Bids by OCBs;
- Bids from within the United States or by U.S. persons (as defined in Regulation S);

- Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
- Bids by QIBs uploaded after 4.00 p.m. on the Issue Closing Date applicable to QIBs, Bids by Non-Institutional Bidders uploaded after 4.00 p.m. on the Issue Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Issue Closing Date.
- Bank account details for the refund not given;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and
- Bids that do not comply with the securities laws of their respective jurisdictions; and
- In case of ASBA Bid cum Application Forms submitted to the members of the Syndicate, if the SCSB whose name has been included in the ASBA Bid cum Application Form does not have a branch at the relevant ASBA Bidding Locations, as displayed on the websites of SEBI, to accept the ASBA Bid cum Application Forms;

Equity shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated March 3, 2010, between NSDL, the Company and the Registrar to the Issue;
- Agreement dated October 31, 2006, between CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form / ASBA Bid cum Application Form or Revision Form / ASBA Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- (d) Names in the Bid cum Application Form / ASBA Bid cum Application Form or Revision Form / ASBA Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form / ASBA Bid cum Application Form or Revision Form / ASBA Revision Form, it is liable to be rejected.
- (f) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

- (g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form / ASBA Bid cum Application Form vis-a-vis those with his or her Depository Participant.
- (h) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
- (j) Non-transferable Allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form / ASBA Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate, or the Designated Branch or the Collection Centre of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA bids, the bank account number in which amount equivalent to Bid Amount was blocked and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the members of the Syndicate / Designated Branches, Bidders can contact the relevant Designated Branch of the SCSBs. The SCSB or the Syndicate/ Sub-syndicate Member, as applicable, shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB or the Syndicate/ sub-syndicate member, as applicable, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Payment of Refund

Within twelve Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch the refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also any excess amount paid on Bidding, after adjusting for allocation/ Allotment to Bidders. Bidders (other than ASBA Bidders) must note that on the basis of name of the Bidders, PAN, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form/ASBA Bid cum Application Forms, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case for Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will normally be payable in India rupees only and net of bank charges and/or commission. Where so desired, such payments in Indian rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post. Our Company will not be responsible for loss, if any, incurred by Bidder on account of conversion of foreign currency.

Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. **NECS** - Payment of refund would be done through NECS for Bidders having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
2. **Direct Credit** – Bidders having bank accounts with the Refund Bank, as per the Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an Magnetic Ink Character Recognition (MICR) of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. Wherever the Bidders have registered their MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.
4. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto ₹ 1,500 and through ordinary Post for refund orders exceeding ₹ 1,500. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve Working Days of the Bid / Issue Closing Date.

Disposal of applications and application moneys and interest in case of delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within twelve Working Days of the Bid / Issue Closing Date. Our Company shall dispatch refunds above ₹1,500, if any, by registered post or speed post at the sale or First Bidder's sale risk, except for refunds through the NECs facility or Direct Credit.

In case of Bidders who receive refunds through NECS, NEFT or direct credit, the refund instructions will be given to the clearing system within twelve Working Days from the Bid / Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within twelve Working Days of the Bid / Issue Closing Date, giving the details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing is completed and trading commences within twelve Working Days of the Bid / Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within twelve Working Days of the Bid / Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within twelve Working Days from the Bid / Issue Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within twelve Working Days from the Bid / Issue Closing Date; and
- Our Company shall pay interest at 15% per annum for any delay beyond the time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay. If such money is not repaid within seven days from the day the Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days or after fifteen days from the Bid / Issue Closing Date whichever is earlier, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Save and except for refunds effected through electronic mode, i.e., NECS, NEFT or direct credit, refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company, as a Refund Banker which shall be payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Impersonation

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

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years.”

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 24,50,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 24,50,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, see below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 10,50,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 10,50,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allotment see below.

C. For QIBs in the QIB Portion

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price. The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
 - (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, which have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI ICDR Regulations. The drawing of lots (where required) to finalise the Basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA Bidders will be that applicable to non-ASBA Retail Individual Bidders, Non-Institutional Bidders and QIB Bidders, as applicable. ASBA Bidders who are Retail Individual Bidders (including HUFs) and who have Bid for Equity Shares for an amount less than or equal to ₹ 2 lakhs in any of the Bidding options in the Issue, will be categorised as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an amount over ₹ 2 lakhs will be categorised as Non-Institutional Bidders or QIBs, as the case may be. No preference shall be given to ASBA Bidders vis-à-vis non-ASBA Bidders and vice versa.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official

nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorised according to the number of Equity Shares applied for.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category as far as possible, equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

| Sr. No. | Particulars | Issue Details |
|---------|--|---------------------------|
| 1. | Issue size | 200 million equity shares |
| 2. | Allocation to QIB (50%) | 100 million equity shares |
| | (a) Allocation to MF (5%) | 5 million equity shares |
| | (b) Balance for all QIBs including MFs | 95 million equity shares |
| 3. | No. of QIB applicants | 10 |
| 4. | No. of shares applied for | 500 million equity shares |

B. Details of QIB Bids

| Sr. No. | Type of QIB Bidders# | No. of shares bid for (in million) |
|---------|----------------------|------------------------------------|
| 1. | A1 | 50 |
| 2. | A2 | 20 |
| 3. | A3 | 130 |
| 4. | A4 | 50 |
| 5. | A5 | 50 |
| 6. | MF1 | 40 |
| 7. | MF2 | 40 |

| | | |
|--------------|-----|------------|
| 8. | MF3 | 80 |
| 9. | MF4 | 20 |
| 10. | MF5 | 20 |
| Total | | 500 |

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

| Type of QIB Bidders | Shares Bid for | Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below) | Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below) | Aggregate allocation to MFs |
|---------------------|----------------|---|--|-----------------------------|
| (I) | (II) | (III) | (IV) | (V) |
| A1 | 50 | 0 | 9.6 | 0 |
| A2 | 20 | 0 | 3.8 | 0 |
| A3 | 130 | 0 | 3.8 | 0 |
| A4 | 50 | 0 | 24.9 | 0 |
| A5 | 50 | 0 | 9.6 | 0 |
| MF1 | 40 | 1.0 | 9.6 | 8.5 |
| MF2 | 40 | 1.0 | 7.5 | 8.5 |
| MF3 | 80 | 2.0 | 7.5 | 17.0 |
| MF4 | 20 | 0.5 | 15.0 | 4.2 |
| MF5 | 20 | 0.5 | 3.7 | 4.2 |
| | 500 | 5.0 | 95.0 | 42.4 |

Please note:

1. The illustration presumes compliance with the requirements specified in the Red Herring Prospectus in the section titled “*Issue Structure*” beginning on page 290 of the Red Herring Prospectus.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 95 million Equity Shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 95 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares Bid for (i.e. in column II) X 95 / 495
 - For Mutual Funds (MF1 to MF5)= [(No. of shares Bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95 / 495
 - The numerator and denominator for arriving at allocation of 95 million shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares

This Issue will be conducted through the ‘100% Book Building Process’ pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Following the expiration of the Bidding Period, our Company, in consultation with Book Running Lead Manager, will determine the Issue Price and the ‘Basis of Allocation’ and entitlement to Allotment based on the Bids received and subject to confirmation by the Stock Exchange(s). Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Regulations require our Company to complete the Allotment to successful Bidders within 12 days of the expiration of the Bidding Period. The Equity Shares will then be credited and Allotted to the investors’ demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Letters of Allotment or Refund Orders or Instructions to the SCSBs

Our Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder’s sole risk within 12 days of the Bid/Issue Closing Date. Applicant residing at any of the centres where clearing houses are managed by the RBI will get refunds through NECS only (subject to availability of all

information for crediting the refund through NECS) except where the Applicant is otherwise disclosed as eligible to receive refunds through Direct Credit, NEFT. In the case of other Applicants, our Company shall ensure the dispatch of refund orders, if any, of value less than Rs. 1,500 by ordinary post and shall dispatch refund orders, if any, of Rs. 1,500 and above by registered post or speed post at the sole or First Bidders sole risk within twelve Working Days of the Bid/ Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within twelve Working Days from Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve Working Days of the Bid/Issue Closing Date which shall be duly completed after the receipt of such instruction from the Registrar.

Interest in case of delay in dispatch of Allotment Letters or refund orders/instruction to SCSB by the Registrar to the Issue.

Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than twelve Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% per annum if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day our Company becomes liable to repay. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings

The Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the Equity Shares are free and clear of all liens or encumbrances and shall be Allotted to the successful Bidders within the specified time;
- That the Promoter' contribution in full has already been brought in;
- That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;
- That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

- That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment
- The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment

Our Company will ensure that the Allotment is done within 12 days of the Bid/Issue Closing Date. After the funds are transferred from the ASBA Accounts to the Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two Working Days from the date of Allotment.

As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

General Instructions

Do's:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations, guidelines and approvals;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour), the Non-Resident Bid cum Application Form (blue in colour), Resident ASBA Bid cum Application Form (white in colour), the Non-Resident ASBA Bid cum Application Form (blue in colour), as applicable;
- (d) Ensure that the details about PAN, Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialised form only;
- (e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms); In case you are a Bidder other than an ASBA Bidder, ensure that your Bid is submitted at the bidding center only on a form bearing the stamp of a member of the Syndicate. In case you are an ASBA Bidder, the Bid should be submitted to a Designated Branch of an SCSB / Syndicate member, with which the ASBA Bidder or a person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue or collecting banks (assuming that such collecting banks are not SCSBs), our Company or the Registrar. With respect to ASBA Bids, ensure that you use the ASBA Bid-cum-Application Form specified for this purpose, and that such form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid-cum-Application Form;

- (f) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;
- (g) Ensure that you have funds equal to the Bid Amount in your ASBA bank account of the respective Designated Branch of the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of SCSB / Syndicate member;
- (h) Ensure that the DP ID, the Client ID and PAN mentioned in the Bid cum Application Form match with the DP ID, the Client ID and PAN available in the depository database;
- (i) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (j) Ensure that you request for and have received a TRS for all your Bid options;
- (k) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS/acknowledgement;
- (l) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not matching with one entered by the Syndicate or the SCSB in the Bidding terminal and PAN as available with depositories for a given DP ID and client ID is liable to be rejected;
- (m) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- (n) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- (o) Ensure that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the database of the depository, then such Bids are liable to be rejected.
- (p) Where the Bid cum Application Form / ASBA Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form / ASBA Bid cum Application Form. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
- (q) In addition, ASBA Bidders should ensure that:
 - a. the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;
 - b. the correct bank account numbers have been mentioned in the ASBA Bid-cum-Application Form;
 - c. the authorisation box in the ASBA Bid cum Application Form has been correctly checked, or an authorisation to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in the ASBA Account maintained with a branch of the concerned SCSB; and

- d. an acknowledgement from the Designated Branch of the concerned SCSB or the Syndicate/ sub-syndicate member in designated cities for the submission of the ASBA Bid cum Application Form has been obtained.

Dont's:

- (a) Do not Bid for lower than the minimum Bid size.
- (b) For Bidders other than ASBA Bidders, do not submit a Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;
- (c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or Designated Branch, as applicable;
- (g) Do not Bid *via* any mode other than ASBA (for QIBs and Non-Institutional Bidders);
- (h) Do not Bid at the Cut-off Price (for QIB Bidders, Non-Institutional Bidders, for a bid amount exceeding ₹ 2 lakhs);
- (i) Do not fill up the Bid cum Application Form or ASBA Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations or under the terms of the Red Herring Prospectus;
- (j) Do not submit more than five ASBA Bid cum Application Forms per bank account;
- (k) Do not Bid for amount exceeding ₹ 2 lakhs in case of a Bid by Retail Individual Bidders;
- (l) Do not submit the GIR number instead of the PAN as the Bid will be rejected on this ground;
- (m) Do not submit incorrect details of DP ID, Client ID and PAN or give details for which demat account is suspended or for which such details cannot be verified by the Registrar; and
- (n) Do not Bid for allotment of Equity Shares in physical form.
- (o) Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);
- (p) Do not submit a Bid if not competent to enter into a contract under the Indian Contract Act, 1872, as amended;
- (q) Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or their relevant constitutional documents or otherwise;
- (r) Do not submit a Bid that does not comply with the securities laws of your respective jurisdictions;
- (s) Do not submit the Bids without the full Bid Amount.

Instructions for Completing Bid cum Application Form / ASBA Bid cum Application Form

Bidders other than ASBA Bidders can obtain Bid cum Application Forms and Revision Forms from the members of the Syndicate. ASBA Bidders can obtain ASBA Bid cum Application Forms and/or ASBA Revision Forms from the Designated Branches of the SCSBs and the members of the Syndicate (at ASBA Bidding Locations). ASBA Bidders can also obtain a copy of the ASBA Bid cum Application Forms and/or ASBA Revision Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

Bids and revisions of Bids must be:

- i) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- ii) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Bidders must provide details of valid and active DP-ID, client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment. Incomplete Bid cum Application Forms, Revision Forms or ASBA Bid cum Application Form, or Revision Forms or in the ASBA Revision Form are liable to be rejected. Bidders should note that the members of the Syndicate and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- iii) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.
- iv) For Retail Individual Bidders (including Eligible NRIs), the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 2 lakhs. In case the Bid Amount is over ₹ 2 lakhs due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to Bid at cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- v) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] thereafter such that the Bid Amount exceeds ₹ 2 lakhs. Bids cannot be made for over the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of equity shares that can be held by them under the applicable laws or regulations.
- vi) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- vii) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- viii) Bids through ASBA must be made only in the prescribed ASBA Bid cum Application Form (if submitted in physical mode) or electronic mode. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.
- ix) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

ASBA Bidder's Depository Account and Bank Details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD

IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("**Demographic Details**"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Allocation advice would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of Allocation advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, our Company or the Registrar to the Issue shall be liable to compensate the concerned ASBA Bidder for any losses caused to him due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

ASBA Bids under Power of Attorney

In case an ASBA Bidder makes a Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the Book Running Lead Manager, reserve the right to reject such Bids. Our Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form, subject to such terms and conditions that we, in consultation with the Book Running Lead Manager may deem fit.

Other Instructions

Withdrawal of ASBA Bids

QIBs cannot withdraw their ASBA Bids after the applicable Issue Closing Date.

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the concerned SCSBs / the concerned Syndicate members who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges. Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded to it the ASBA Bid Cum Application Form.

In case an ASBA Bidder (other than a QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalisation of the Basis of Allocation.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same and are liable to be rejected.

Permanent Account Number

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected by the SCSBs. It is to be specifically noted that ASBA Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Right to Reject Bids

Our Company has a right to reject Bids based on technical grounds. In case of QIB Bidders Bidding in the QIB Portion, the Syndicate may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has the right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus. Bids submitted by QIBs or Non Institutional Bidders who do not utilise the ASBA facility shall be rejected.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

Bids by persons prohibited from buying, selling or dealing in securities directly or indirectly by SEBI or any other regulatory authority shall be rejected by the BRLM.

Withdrawal of the Issue

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid / Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers within two days, in which the pre-Issue advertisements were published, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event our Company, in consultation with the BRLM, withdraws the Issue after the Bid / Issue Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the initial public offering.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

- All monies received in the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the

purpose for which such monies have been utilised; and

- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

Our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in the Company.

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the GoI, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and SEBI Regulation, the main provisions of our Articles relating to voting rights, dividends, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

The regulations contained in Table "A" in the First Schedule of the Companies Act, 1956 shall not apply to this Company, but these Articles for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal of, alteration of, or addition to, its regulations/Articles by Special Resolution, as prescribed by the Companies Act 1956, be such as are contained in these Articles.

Capital And Increase And Reduction of Capital

Article 3

Share Capital

The Authorized Share Capital of the Company is ₹ 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,45,00,000 (Two Crores Forty Five lakhs) Equity Shares of ₹ 10/- (Rupees ten only) each and ₹ 50,00,000/- Rupees Fifty lakhs only) Preference Share Capital divided into 5,00,000 (Five lakhs) Preference Shares of ₹ 10/- (Rupees Ten only) each, with power of the Company to increase or decrease the capital.

Article 4

Increase of capital by the Company how carried into effect

The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

Article 5

New Capital same as existing capital

Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 6

Non Voting Shares

The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

Article 7

Redeemable Preference Shares

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preferenceshares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Article 8

Voting rights of preference shares

The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.

Article 9

Provisions to apply on issue of Redeemable Preference Shares

On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:

- (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption.
- (b) No such Shares shall be redeemed unless they are fully paid.
- (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed.
- (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
- (e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

Article 10

Reduction of capital

The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

- (a) the share capital;
- (b) any capital redemption reserve account; or
- (c) any security premium account.

in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

Article 11

Purchase of own Shares

The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

Article 12

Sub-division consolidation and cancellation of Shares

Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Article 13

Modification of Rights

Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

Shares, Certificates and Dematerialisation

Article 14

Restriction on allotment and return of allotment

The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Article 15

Further issue of shares

(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then:

- (a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date;
- (b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined;
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
- (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

(2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.

- (a) If a Special Resolution to that effect is passed by the Company in General Meeting; or
- (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed;

- (a) To extend the time within which the offer should be accepted; or

- (b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

- (a) To convert such debentures or loans into Shares in the Company; or
- (b) To subscribe for Shares in the Company

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.

Article 16

Shares at the disposal of the Directors

Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Article 16 A

Power to offer Shares/options to acquire Shares

- (1) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.
- (2) In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.
- (3) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.

Article 17

Application of premium received on Shares

- (1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.
- (2) The security premium account may, notwithstanding anything in clause (I) thereof be applied by the Company:
 - (a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;
 - (b) In writing off the preliminary expenses of the Company;
 - (c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or
 - (d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

Article 18

Power also to Company in General Meeting to issue Shares

In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.

Article 18A

Power of General Meeting to authorize Board to offer Shares/Options to employees

Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose.

In addition to the powers contained in Article 18A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.

Article 19

Shares at a discount

The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:

- (a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;
- (b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and

- (c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

Article 20

Installments of Shares to be duly paid

If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.

Article 21

The Board may issue Shares as fully paid-up

Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.

Article 22

Acceptance of Shares

Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member

Article 23

Deposit and call etc., to be debt payable

The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Article 24

Liability of Members

Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.

Article 25 (A)

Dematerialisation of securities

Definitions

Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository.

SEBI “SEBI” means the Securities and Exchange Board of India.

Bye-Laws “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

Depositories Act “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;

Depository “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

Record “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations “Regulations” mean the regulations made by SEBI;

Security “Security” means such security as may be specified by SEBI.

Article 25 (B)

Dematerialisation of securities

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

Article 25 (C)

Options to receive security certificates or hold securities with depository

Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.

Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allottee as the Beneficial Owner of that Security.

Article 25 (D)

Securities in depositories to be in fungible form

All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

Article 25 (E)

Rights of depositories and beneficial owners

(1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;

(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;

(4) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

Article 25 (F)

Depository To Furnish Information

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Article 25 (G)

Service of documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.

Article 25 (H)

Option to opt out in respect of any security

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Article 25 (I)

Sections 83 and 108 of the Act not to apply

Notwithstanding anything to the contrary contained in the Articles,

(1) Section 83 of the Act shall not apply to the Shares held with a Depository;

(2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

Article 26

Share certificate

(a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.

(b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.

Article 26 (A)

Limitation of time for issue of certificates

Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.

Article 27

Renewal of share certificates

No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.

PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.

Article 28

Issue of new certificate in place of one defaced, lost or destroyed

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall *mutatis mutandis* apply to Debentures of the Company.

Article 29

The first name joint holder deemed sole holder

If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.

Article 30

Issue of Shares without Voting Rights

In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

Article 31

Buy-Back of Shares and Securities

Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, provision of Section 77 and SEBI (Buy back of Shares) Regulations, as may be permitted by law.

Article 32

Employees Stock Options Scheme/ Plan

The Directors shall have the power to offer, issue and allot Equity Shares or Debentures (Whether fully / partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as “the Employees”) as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.

Article 33

Sweat Equity

Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.

Article 34

Postal Ballot

The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

Article 35

Company not bound to recognize any interest in Shares other than of registered holder

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Article 36

Trust recognised

Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.

Article 37

Declaration by person not holding beneficial interest in any Shares

- (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act
- 2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the

Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act

- (3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act
- (4) Notwithstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

Article 38

Funds of Company not to be applied in purchase of Shares of the Company

No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for any Share in the Company or in its holding Company.

UNDERWRITING AND BROKERAGE

Article 39

Commission may be paid

Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.

Article 40

Brokerage

The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.

Article 41

Commission to be included in the annual return

Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

Article 42

Interest out of capital

Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the

rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Article 43

Debentures with voting rights not to be issued

- (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.
- (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.
- (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.
- (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.
- (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Article 44

Directors may make calls

- (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.
- (b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

Article 45

Notice of call when to be given

Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

Article 46

Call deemed to have been made

A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

Article 47

Directors may extend time

The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.

Article 48

Amount payable at fixed time or by installments to be treated as calls

If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

Article 49

When interest on call or installment payable

If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Article 50

Evidence in action by Company against share holder

On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 51

Payment in anticipation of calls may carry interest

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

LIEN

Article 52

Partial payment not to preclude forfeiture

Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

Article 53

Company's lien on Shares/ Debentures

The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/ Debentures wholly or in part exempt from the provisions of this Article.

Article 54

As to enforcing lien by sale

The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-

- (a) Unless a sum in respect of which the lien exists is presently payable; or
- (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer on behalf of and in the name of such Member.

- (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Article 55

Application of proceeds of sale

- (a) The proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and
- (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

Article 56

If money payable on Shares not paid notice to be given

If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Article 57

Sum payable on allotment to be deemed a call

For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.

Article 58

Form of notice

The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.

Article 59

In default of payment Shares to be forfeited

If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.

Article 60

Notice of forfeiture to a Member

When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Article 61

Forfeited Shares to be the property of the Company and may be sold etc.

Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Article 62

Member still liable for money owing at the time of forfeiture and interest

Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

Article 63

Effects of forfeiture

The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.

Article 64

Power to annul forfeiture

The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Article 65

Declaration of forfeiture

(a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.

(d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.

(e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the Shares.

Article 66

Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Article 67

Cancellation of shares certificates in respect of forfeited Shares

Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.

Article 68

Evidence of forfeiture

The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

Article 69

Validity of sale

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be

impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Article 70

Surrender of Shares

The Directors may subject to the provisions of the Act, accept a surrender of any share from any Member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

Article 71

No transfers to minors etc.

No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Article 72

Instrument of transfer

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Article 73

Application for transfer

- (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.
- (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice
- (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Article 74

Execution of transfer

The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.

Article 75

Transfer by legal representatives

A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member, be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

Article 76

Register of Members etc when closed

The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

Article 77

Directors may refuse to register transfer

Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

Article 78

Death of one or more joint holders of Shares

In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.

Article 79

Titles of Shares of deceased Member

The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.

Article 80

Notice of application when to be given

Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Article 81

Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)

Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share

or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".

Article 82

Refusal to register nominee

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Article 83

Person entitled may receive dividend without being registered as a Member

A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable of the Share.

Article 84

No fee on transfer or transmissions

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letter of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.

Article 85

Transfer to be presented with evidence of title

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Article 86

Company not liable for disregard of a notice prohibiting registration of transfer

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

SHARE WARRANTS

Article 87

Power to issue share warrants

The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon

application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Article 88

Deposit of share warrants

- (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant
- (b) Not more than one person shall be recognized as depositor of the Share warrant
- (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor

Article 89

Privileges and disabilities of the holders of share warrant

- (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

Article 90

Issue of new share warrant coupons

The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Article 91

Share may be converted into stock

The Company may, by Ordinary Resolution:

- a) Convert any fully paid up Share into stock, and
- b) Reconvert any stock into fully paid-up Shares.

Article 92

Transfer of stock

The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.

Article 93

Right of stock holders

The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends

and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.

Article 94

Regulation applicable to stock and share warrant

Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Article 95

Power to borrow

Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

Article 96

The payment or repayment of moneys borrowed

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon : such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Article 97

Bonds, Debentures, etc. to be subject to control of Directors

Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Article 98

Terms of issue of Debentures

Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

Article 99

Mortgage of uncalled capital

If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Article 100

Statutory meeting

The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.

Article 101

Annual General Meeting

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Article 102

Report statement and registers to be laid before the Annual General Meeting

The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.

Article 103

Extra-Ordinary General Meeting

All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.

Article 104

Requisitionists' meeting

(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

(2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.

(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.

(ii) the case of any other requisition, not less than two weeks before the Meeting, and

(a) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.

Article 105 (A)

Extra –Ordinary General Meeting by Board and by requisition

The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.

Article 105 (B)

When a Director or any two Members may call an ExtraOrdinary General Meeting

If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to

convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

Article 106

Contents of requisition, and number of requisitionists required and the conduct of Meeting

(1) In case of requisition the following provisions shall have effect:

(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.

(b) The requisition may consist of several documents in like form each signed by one or more requisitionists.

(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.

(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (c) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.

(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:

(i) By the requisitionists themselves; or

(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.

(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:

(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but

(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.

(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.

(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Article 107

Length of notice of Meeting

(1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.

(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:

- (i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and
 - (ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.
- PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.

Article 108

Contents and manner of service of notice

(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.

(2) Subject to the provisions of the Act notice of every General Meeting shall be given;

(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;

(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and

(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company

PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Article 109

Special and ordinary business and explanatory statement

(1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to

- (i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;
- (ii) the declaration of dividend;
- (iii) the appointment of Directors in the place, of those retiring; and
- (iv) the appointment of, and the fixing of the remuneration of the Auditors, and

(b) In the case of any other meeting, all business shall be deemed special

(2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.

PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.

(3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Article 110

Omission to give notice not to invalidate proceedings

The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

Article 111

Notice of business to be given

No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.

Article 112

Quorum

Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.

Article 113

If quorum not present when Meeting to be dissolved and when to be adjourned

If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.

Article 114

Resolution passed at adjourned Meeting

Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Article 115

Chairman of General Meeting

At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.

Article 115 (A)

Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.

Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to

be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.

Article 116

Business confined to election of Chairman whilst the Chair is vacant

No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.

Article 117

Chairman may adjourn Meeting

(a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place.

(b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

(c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting.

(d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.

Article 118

How questions are decided at Meetings

Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.

Article 119

Chairman's declaration of result of voting on show of hands

A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.

Article 120

Demand of poll

Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

Article 121

Time of taking poll

A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct

and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.

Article 122

Chairman's casting vote

In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Article 123

Appointment of scrutineers

Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.

Article 124

Demand for poll not to prevent transaction of other business

The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.

Article 125

Special notice

Where by any provision contained in the Act or in these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

VOTES OF MEMBERS

Article 126

Member paying money in advance not to be entitled to vote in respect thereof

A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.

Article 127

Restriction on exercise of voting rights of Members who have not paid calls

No Member shall exercise any voting rights in respect of any Shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Article 128

Number of votes to which Member entitled

Subject to the provisions of Article 126, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Article 129

Votes of Members of unsound mind

A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

Article 130

Votes of joint Members

If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.

Article 131

Representation of body corporate

(a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat.

(b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.

Article 132

Votes in respects of deceased or insolvent Members

Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which

he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

Article 133

Voting in person or by proxy

Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.

Article 134

Rights of Members to use votes differently

On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses

Article 135

Proxies

Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.

Article 136

Proxy either for specified meeting or for a period

An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.

Article 137

No proxy to vote on a show of hands

No proxy shall be entitled to vote by a show of hands.

Article 138

Instrument of proxy when to be deposited

The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.

Article 139

Form of Proxy

Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.

Article 140

Validity of votes given by proxy notwithstanding revocation of authority

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.

Article 141

Time for objection to vote

No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.

Article 142

Chairman of any Meeting to be the judge of Validity of any value

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

Article 143

Custody of Instrument

If any such instrument of appointment is confined to the object of appointing an attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

Article 144

Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

Article 145

First Directors

The persons hereinafter named shall be the first Directors of the Company:-

- (1) Mr. Nagji K. Rita
- (2) Mr. Virendra Singh
- (3) Mr. Vinod K. Shah

Article 146

Debenture Directors

Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.

Article 147

Nominee Director or Corporation Director

a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as "the corporation") out of any loans granted or to be granted by them to the Company or so long as the Corporation continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.

b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.

c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off.

d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..

Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such powers and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated him.

Article 148

Special Director

In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the directors may authorize such company, corporation, firm or person herein-after in this clause referred to as "collaboration" to appoint from time to time any person as director of the company (hereinafter referred to as "special director") and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter.

The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.

It is clarified that every collaborator entitled to appoint a director under this Article may appoint one such person as a director and so that if more than one collaborator is so entitled there may be at any time as many special directors as the collaborators eligible to make the appointment.

Article 149

Limit on number of retaining Directors

The provisions of Articles 146, 147, 148 and 149 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.

Article 150

Alternate Director

The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to the State as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.

Article 151

Directors may fill in vacancies

The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.

Article 152

Additional Directors

The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.

Article 153

Qualification shares

A Director need not hold any qualification shares.

Article 154

Directors' sitting fees

The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

Article 155

Extra remuneration to Directors for special work

Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Board of Directors, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.

Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:

- i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- ii) by way of commission if the Company by a Special Resolution authorized such payment.

Article 156

Travelling expenses incurred by Directors on Company's business

The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for travelling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.

Article 157

Director may act notwithstanding vacancy

The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

Article 158

Board resolution necessary for certain contracts

(1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner,

any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.

- (a) For the sale, purchase or supply of goods, materials or services; or
- (b) for underwriting the subscription of any Share in or debentures of the Company;
- (c) nothing contained in clause (a) of sub-clause (1) shall affect:-
 - (i) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
 - (ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts;

(2) Notwithstanding anything else contained in sub-clause(1) hereof, a Director, relative, firm partner or private company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a Meeting within three months of the date on which the contract was entered into.

(3) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

(4) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.

(5) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

Article 159

Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Wholetime Director

When the Company:-

- (a) enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or
- (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.

Article 160

Directors of interest

a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act.

General notice of disclosure

b) A general notice, given to the Board by the Director to the effect that he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the

Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Article 161

Directors and Managing Director may contract with Company

Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.

Article 162

Disqualification of the Director

A person shall not be capable of being appointed Director of the Company if:-

- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudged an insolvent and his application is pending;
- (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
- (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or
- (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.

Article 163

Vacation of office by Directors

The office of Director shall become vacant if:-

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudged an insolvent; or
- (c) he is adjudged an insolvent; or
- (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or
- (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
- (g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
- (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of office; or

- (k) if by notice in writing to the Company, he resigns his office, or
- (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

Article 164

Vacation of office by Directors (contd.)

Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 162 hereof, the disqualification referred to in these clauses shall not take effect:

- (a) for thirty days from the date of the adjudication, sentence or order;
- (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
- (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

Article 165

Removal of Directors

(a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.

(b) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.

(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.

(d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are received by it too late for it to do so:

- (i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and
- (ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations are received by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.

(e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the: appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 163 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable, of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly.

(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

- (h) Nothing contained in this Article shall be taken:-
- (i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director, or
 - (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Article 166

Interested Directors not to participate or vote in Board's proceedings

No Director shall as a Director take part in the discussion of or vote on any contract, arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-

- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;
 - (i) in his being:
 - (a) a director of such company; and
 - (b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the Company, or
 - (ii) in his being a member holding not more than two percent of its paid-up share capital.

Article 167

Director may be director of companies promoted by the Company

A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

Article 168

Appointment of Sole Selling Agents

- a) The appointment, re-appointment and extension of the term of a sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable.
- b) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.

ROTATION AND APPOINTMENT OF DIRECTORS

Article 169

Rotation of Directors

Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.

Article 170

Retirement of Directors

Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.

Article 171

Retiring Directors

Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.

Article 172

Appointment of Technical or Executive Directors

a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors.

b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

Article 173

Ascertainment of Directors retiring by rotation and filling of vacancies

Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 174 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.

Article 174

Eligibility for re-election

A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.

Article 175

Company to fill vacancies

Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.

Article 176

Provision in default of appointment

(a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

(b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless:

- (i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost.
- (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.
- (iii) he is not qualified or is disqualified for appointment
- (iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or
- (v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.

Article 177

Company may increase or reduce the number of Directors or remove any Director

Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.

Article 178

Appointment of Directors to be voted individually

(a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it.

(b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions of the automatic re-appointment of retiring Directors in default of another appointment as herein before provided shall apply.

(c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

Article 179

Notice of candidature for office of Directors except in certain cases

(1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given at least fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director.

(2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.

(3) Every person (other than Director retiring by rotation or otherwise a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.

(4) A person other than a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a

Director under Section 252 of the Act, appointed as a Director re- appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.

Article 180

Disclosure by Directors of their holdings of their Shares and debentures of the Company

Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given.

Article 181

Votes of Body Corporate

A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company and the persons so authorized shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were an individual member of the Company and the production of a copy of the Minutes of such resolution certified by a Director or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative's appointment and of his right to vote.

MANAGING DIRECTOR

Article 182

Powers to appoint Managing Director

Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Wholetime Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.

(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.

Article 183

Remuneration of Managing Director

Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.

Article 184

Special position of Managing Director

Subject to any contract between him and the Company, a Managing or Wholetime Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the

same provisions as to resignation and removal as the Directors of the Company and shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

Article 185

Powers of Managing Director

The Board may from time to time entrust to and confer upon a Managing Director or Whole time Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.

Article 186

The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.

Article 187

Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.

Article 188

The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as he may think fit.

Article 189

Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

Article 189 A

Appointment and powers of Manager

The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

WHOLE TIME DIRECTOR

Article 190

Power to appoint Whole Time Director and/or Whole-time Directors

Subject to the provisions of the Act and of these Articles, the Board may from time to time with such sanction of the Central Government as may be required by law appoint one or more of its Director/s or other person/s as Whole-Time Director or Whole-Time Directors of the Company out of the Directors/ persons nominated

under Article only either for a fixed term that the Board may determine or permanently for life time upon such terms and conditions as the Board may determine. The Board may by ordinary resolution and / or an agreement/s vest in such Whole-Time Director or Whole Time Directors such of the powers authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable and for such period or periods and upon such conditions and subject to such restrictions as may be determined or specified by the Board and the Board has the powers to revoke, withdraw, alter or vary all or any of such powers and / or remove or dismiss him or them and appoint another or others in his or their place or places again out of the Directors / persons nominated under Article 192 only. The Whole Time Director or Whole Time Directors will be entitled for remuneration as may be fixed and determined by the Board from time to time either by way of an ordinary resolution or a contract/s or an agreement/s under such terms not expressly prohibited by the Act.

Article 191

To what provisions Whole time Directors shall subject

Subject to the provisions of Section 255 of the Act and these Articles, a Whole Time Director or Whole Time Directors shall not, while he/they continue to hold that office, be liable to retirement by rotation but (subject to the provisions of any contract between him/they and the Company) he/ they shall be subject to the same provisions as to resignation and removal as the other Directors, and he/they shall ipso facto and immediately ceases or otherwise cease to hold the office of Director/s for any reason whatsoever save that if he/they shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Act at any Annual General Meeting and shall be re-appointed as a Director or Directors at the same meeting he/they shall not by reason only of such vacation, cease to be a Whole Time Director or Whole Time Directors.

Article 192

Seniority of Whole Time Director and Managing Director

If at any time the total number of Managing Directors and Whole Time Directors is more than one, then who shall retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Whole Time Directors and Managing Directors shall be determined by the date of their respective appointments as Whole Time Directors and Managing Directors of the Company

PROCEEDINGS OF THE BOARD OF DIRECTORS

Article 193

Meeting of Directors

The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and atleast four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.

Article 194

Quorum

(a) Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors whichever is higher. PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the Total Strength, the number of the remaining Directors that is to say, the number of remaining who are not interested) present at the Meeting being not less than two shall be the quorum during such time.

(b) for the purpose of clause(a)

"Total Strength" means total strength of the Board of Directors of the Company determined in pursuance of the Act after deducting there from number of the Directors if any, whose places may be vacant at the time, and

“Interested Directors” means any Directors whose presence cannot by reason of any provisions in the Act count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.

Article 195

Procedure when Meeting adjourned for want of quorum

If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.

Article 196

Chairman of Meeting

The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors, provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, meeting of the Director shall choose one of their members to be Chairman of such Meeting.

Article 197

Question at Board meeting how decided

Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.

Article 198

Powers of Board meeting

A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.

Article 199

Directors may appoint Committee

The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.

Article 200

Meeting of the Committee how to be governed

The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.

Article 201

Circular resolution

(a) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 201 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held.

(b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.

Article 202

Acts of Board or Certificate valid notwithstanding defect in appointment

All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

Article 203

General powers of management vested in the Board of Directors

The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Provided that the Board shall not, except with the consent of the Company in General Meeting :-

(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment of, any debt due by a Director,

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, or contribute any amount to any political party or for any political purposes to any individual or body any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater;

(i) Provided that in respect of the matters referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be

borrowed by the Board under clause (d) or, as the case may be, the total amount which may be contributed to charitable or other funds in a financial year under clause (e)

(ii) Provided further that the expression “temporary loans” in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

Article 204

Certain powers to be exercised by the Board only at Meetings

(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

- (a) the power to make calls, on shareholders in respect of money unpaid on their Shares,
- (b) the power to issue Debentures,
- (c) the power to borrow moneys otherwise than on Debentures,
- (d) the power to invest the funds of the Company, and
- (e) the power to make loans

Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:

(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.

(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.

(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

Article 205

Certain powers of the Board

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.

Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.

To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.

To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.

To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.

To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.

To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the

Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and of such amount as they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.

From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.

Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.

At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.

Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.

To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.

From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.

To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

To comply with the requirements of any local law which in their opinion it shall in the interest of the Company, be necessary or expedient to comply with.

MANAGEMENT

Article 206

Prohibition of simultaneous appointment of different categories of managerial personnel

The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely :-

- a) Managing Director and
- b) Manager.

MINUTES

Article 207

Minutes to be made

(1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:

(a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.

Article 208

Minutes to be evidence of the proceeds

(a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Books of minutes of General Meeting to be kept

(b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.

Article 209

Presumptions

Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

Article 210

Secretary

The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Appointment and Qualifications of Secretary) Rules, 1988.

Article 211

The Seal, its custody and use

(a) Seal

The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

(b) Common Seal for use outside India

The Board may for the purpose of use of the Common Seal outside India, cause a facsimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956

(c) Safe Custody of Seal

The Common Seal shall be in the safe custody of the Director or the Secretary for the time being of the Company.

(d) Affixing of Seal on deeds and instruments'

On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed.

(e) Affixing of Seal on Share Certificates

Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being.

(f) Removal of Common Seal outside the office premises

The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office for affixture and for return to safe custody to the Registered Office.

DIVIDENDS AND CAPITALISATION OF RESERVES

Article 212

Division of profits

(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares;

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

Article 213

The Company at General Meeting may declare dividend.

The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

Article 214

Dividends out of profits only

No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.

Article 215

Interim dividend

The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.

Article 216

Debts may be deducted

(a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.

Article 217

Capital paid-up in advance to carry interest, not to earn dividend

Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Article 218

Dividends in proportion to amounts paid-up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.

Article 219

No Member to receive dividend while indebted to the Company and the Company's right in respect thereof

No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.

Article 220

Effect of transfer of Shares

A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.

Article 221

Dividend to joint holders

Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

Article 222

Dividend how remitted

The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Article 223

Notice of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Shares in the manner herein provided.

Article 224

Reserves

The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Article 225

Dividend to be paid within time required by law

The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-

- (a) where the dividend could not be paid by reason of the operation of any law; or
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
- (c) where there is dispute regarding the right to receive the dividend; or
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

Article 226

Unpaid or unclaimed dividend

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Inventure Growth & Securites Limited ____ (year) Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under Section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Article 227

Set-off of calls against dividends

Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

Article 228

Dividends in cash

No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.

Article 229

Capitalisation

(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;

(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or

(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or

(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)

(3) A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.

Article 230

Board to give effect

The Board shall give effect to the resolution passed by the Company in pursuance of above Article.

Article 231

Fractional certificates

(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;

- a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and
- b) Generally do all acts and things required to give effect thereto.

(2) The Board shall have full power:

- a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also
- b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.

(3) Any agreement made under such authority shall be effective and binding on all such Members.

(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

ACCOUNTS

Article 232

Books to be kept

(1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place
- (b) all sales and purchases of goods by the Company
- (c) the assets and liabilities of the Company and
- (d) if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by the Government

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

(2) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transactions effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.

Article 233

Inspection by Members

No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.

Article 234

Statements of accounts to be furnished to General Meeting

The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.

Article 235

Right of Members or others to copies of balance sheet and Auditors' report and statement under Section 219

(1) The Company shall comply with the requirements of Section 219 of the Act.

(2) The copies of every balance sheet including the Profit & Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting.

A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.

Article 236

Accounts to be audited

Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.

Article 237

Appointment of Auditors

(1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.

(2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.

(3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:

he is not qualified for re-appointment;

he has given to the Company notice in writing of his unwillingness to be re-appointed;

a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or

where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with.

(4) Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.

(5) The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.

(6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

(7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.

Article 238

Accounts when audited and approved to be conclusive except as to errors discovered within 3 months

Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.

DOCUMENTS AND NOTICES

Article 239

To whom documents must be served or given

Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company, PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 109, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

Article 240

Members bound by documents or notices served on or given to previous holders

Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.

Article 241

Service of documents on the Company

A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.

Article 242

Authentication of documents and proceedings

Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director, or the Secretary or other authorised officer of the Company and need not be under the Seal of the Company.

REGISTERS AND DOCUMENTS

Article 243

Registers and documents to be maintained by the Company

The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:

- (a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act
- (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.
- (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.
- (d) Foreign register, if so thought fit, as required by Section 157 of the Act
- (e) Register of contracts, with companies and firm in which Directors are interested as required by Section 301 of the Act
- (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act.
- (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.
- (h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.
- (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.

- (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.

Article 244

Inspection of Registers

The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

Article 245

Distribution of assets

If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

Article 246

Distribution in specie or kind

(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.

(b) If thought expedient any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were by a Special Resolution passed pursuant to Section 494 of the Act.

(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.

Article 247

Right of shareholders in case of sale

A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.

Article 248

Directors and others right to indemnity

Subject to the provisions of Section 201 of the Act, every Director or officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

Article 249

Director, officer not responsible for acts of others

Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

Article 250

Secrecy Clause

Every Director/Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or any other person employed in the business of the Company shall, if so required by the Board of Directors, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

Article 251

No Member to enter the premises of the Company without permission

No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus have been delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 11.00 a.m. to 5.00 p.m. on working days from the date of filing of the Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

Material Contracts

1. Memorandum of Understanding dated December 21, 2009 between our Company and the BRLM.
2. Memorandum of Understanding dated February 8, 2010 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated July 5, 2011 between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
4. Syndicate Agreement dated July 5, 2011 between our Company, the BRLM and the Syndicate Members.
5. Underwriting Agreement dated [●] between our Company, the BRLM and the Syndicate Members.

Material Documents for Inspection

1. Certificate of Incorporation.
2. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
3. Resolution of the Board of Directors dated October 16, 2009, authorising the Issue.
4. Resolution of the shareholders passed at the Extra Ordinary General Meeting dated December 21, 2009, authorising the Issue.
5. Consent of M/s. PHD & Associates, Chartered Accountants, the Statutory Auditor of the Company, dated July 6, 2011 for inclusion of their report in the Red Herring Prospectus.
6. Copies of the Annual Reports of our Company for the financial year ended March 31 2007, 2008 2009, 2010 and 2011.
7. Report of the Statutory Auditor dated July 6, 2011 from M/s. PHD & Associates, Chartered Accountants, on our Company's, standalone and consolidated restated audited financial statement for the financial year ended March 31 2007, 2008 2009, 2010 and 2011.
8. Copy of the Statement of Tax Benefits dated July 6, 2011 issued by M/s. PHD & Associates, Chartered Accountants.
9. Consents of IPO Grading Agencies, Bankers to the Company, BRLM, Legal Advisors to this Issue, Directors, Company Secretary, Compliance Officer, Registrars to this Issue and Escrow Collection Banks as referred to, in their respective capacities.
10. In-principle listing approvals dated March 15, 2010 and July 23, 2010 from BSE and NSE, respectively.
11. Tripartite agreement between the NSDL, our Company and the Registrar dated March 3, 2010.

12. Tripartite agreement between the CDSL, our Company and the Registrar dated October 31, 2006.
13. Due diligence Certificate dated February 8, 2010 to SEBI from the BRLM.
14. Report of the IPO Grading Agencies, Fitch Rating India Private Limited dated September 8, 2010 and ICRA Limited dated July 7, 2011.
15. Resolution of the shareholders passed at the EGM held on April 02, 2009 for the appointment of Mr. Nagji K. Rita as the Chairman and Managing Director of our Company.
16. Resolution of the shareholders passed at the EGM held on April 02, 2009 for the appointment of Mr. Virendra Singhas Whole-time Director of our Company.
17. SEBI Observation letter bearing number CFD/DILISSUES/SP/RG/OW/14418/2010 dated July 30, 2010 and reply to the same dated July 8, 2011.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the undersigned, hereby certify and declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India and / or the regulations / guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 each as amended or rules made there under or regulations issued, as the case may be. We further certify that all the disclosures and statements made in this Red Herring Prospectus are true and correct.

Signed by the Directors of the Company

Mr. Nagji K. Rita, *Chairman and Managing Director*

Mr. Virendra Singh, *Whole Time Director*

Mr. Kanji B. Rita, *Director*

Mr. Vinod K. Shah, *Director*

Mr. Pravin N. Gala, *Director*

Mr. Arun N. Joshi, *Independent Director*

Mr. Shrinivasaiyer Jambunathan, *Independent Director*

Mr. Harshawardhan M. Gajbhiye, *Independent Director*

Mr. Ajay Khera, *Independent Director*

Mr. Deepak M. Vaishnav, *Independent Director*

Signed by the Chief Financial Officer and the Company Secretary and Compliance Officer

Mr. Arvind Gala, *Chief Financial Officer*

Ms. Bhavi Gandhi, *Company Secretary and Compliance Officer*

Date: 12-07-2011

Place: Mumbai

Mr. Nagji K. Rita
Inventure Growth & Securities Limited
Viraj Towers, 201, 2nd floor,
Near Landmark, Western Express Highway,
Andheri (E),
Mumbai – 400 069

August 19, 2010

Dear Mr. Rita:

Re: IPO Grading for Inventure Growth & Securities Limited, in connection with an initial public offering of 70,00,000 equity shares (the “Shares”)

You have requested the IPO Grading described above from Fitch Ratings India Pvt. Ltd. (“**Fitch India**”). This IPO Grading is a point-in-time assessment and does not constitute a credit rating by Fitch India of Inventure Growth & Securities Limited or, for the avoidance of doubt, of the Shares. Our procedures for issuing a credit rating differ from the procedures used to issue the IPO Grading. In addition, a point-in-time assessment will not be monitored by Fitch India and therefore will not be updated to reflect changed circumstances or information that may affect the IPO Grading referred to in this letter.

This letter notifies you that, based largely upon our assessment of the fundamental financial strength of Inventure Growth & Securities Limited, Fitch India assigns an IPO Grading for Inventure Growth & Securities Limited of ‘2 (ind)’, out of a maximum of ‘5 (ind)’.

This IPO Grading is based on the information and documents provided to us by you and other parties. Fitch India relies on all these parties for the accuracy of such information and documents. Fitch India did not audit or verify the truth or accuracy of such information and does not take responsibility for the appropriateness of the information provided and used in our analysis. Fitch India provides this IPO Grading “as is” and does not represent, warrant or guarantee (i) the accuracy, correctness, integrity, completeness or timeliness of any part of this IPO Grading, or (ii) that this IPO Grading and the information and analyses contained in, and constituting a part of, this IPO Grading will fulfill any of your or any third party’s particular purposes or needs.

Fitch India is not your advisor, nor is Fitch India providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. This IPO Grading should not be viewed as a replacement for such advice or services. Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between you and us or between us and any third party, including, without limitation, any user of this IPO Grading.

As set out in the Fitch India fee letter, dated November 24th 2009, (i) Fitch India is not responsible for any underwriting, credit, loan, purchase, strategic or investment decision, or damages or other losses resulting from use of this IPO Grading and (ii) none of Fitch India, its officers, employees, affiliated companies and their officers and employees shall have any liability in contract, tort, or otherwise (including, without limitation, for any direct indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits) in relation to the use of this IPO Grading by any third party. The report providing this IPO Grading is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by you and your agents in connection with the sale of the Shares. In providing this IPO Grading, Fitch India is not making any recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or

security or to undertake any investment strategy with respect to any investment, loan, or security of any issuer. This IPO Grading does not comment on the suitability of the issue process, the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Any person who uses this IPO Grading does so entirely at its own risk. Investors are advised to obtain individual financial advice based on their risk profile before taking any action based on this IPO Grading.

We are pleased to have had the opportunity to provide this IPO Grading to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,



Ananda Bhoulmik
Senior Director



Rakesh Valecha
Senior Director



Ref No: 2011-12/MUM/286

July 7, 2011

M/s Inventure Growth & Securities Limited
VIRAJ TOWER, 2nd Floor,
Near Andheri Flyover,
Western Express Highway,
Andheri East,
Mumbai – 400 069

Dear Sir,

Re : ICRA Grading of Initial Public Offer (“IPO”) through fresh issue of 70,00,000 Equity Shares of Rs. 10 each to be issued by Inventure Growth & Securities Limited

Please refer to your mandate dated 27th June 2011 for grading the IPO of Inventure Growth & Securities Limited. The Rating Committee of ICRA, after due consideration, has assigned a grading of **“IPO Grade 2”*** (pronounced as IPO grade two) grading to the captioned IPO programme. This grading indicates below average fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as **IPO Grade 2**. We would appreciate if you can sign on the duplicate copy of this letter and send it to us as a token of your confirmation about the use of this letter. The rationale for assigning the above grading will be sent to you in due course.

This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

...2

* IPO fundamentals are graded on a five point scale from Grade 5 (indicating strong fundamentals) to Grade 1 (indicating poor fundamentals)



ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the issue graded, as above, is not placed by you within a period of 6 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 6 months.

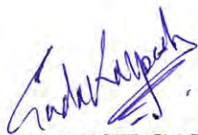
You are required to keep us forthwith informed of any developments (including any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing or proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts) which may have a direct or indirect impact on the grading assigned to the aforesaid IPO programme.


In determining the grading, ICRA has relied on the information available/made available to it by your company and ICRA does not guarantee the completeness or accuracy of such information on which the grading is based

We thank you for your kind cooperation extended during the course of the grading exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
for ICRA Limited


KALPESH GADA
Senior Vice President


KARTHIK SRINIVASAN
Senior Vice President &
Co-Head Financial Sector Ratings