



VKC CREDIT AND FOREX SERVICES LIMITED

Our Company was incorporated as VKC Credit and Forex Services Private Limited on June 19, 1995 at Chennai. Subsequently, the name of our Company was changed to VKC Credit and Forex Services Limited, pursuant to which a fresh certificate of incorporation dated October 11, 2012 was issued by the Registrar of Companies, Chennai, Tamil Nadu. For details of changes of name and registered office of our Company, please see section titled "History and Corporate Structure" beginning on page 100 of the Draft Red Herring Prospectus.

Registered Office: 115/55, TTK Road, Alwarpet, Chennai 600 018, Tamil Nadu, India; **Tel. No.:** 044- 4314 4415; **Fax No.:** 044 - 4314 4416

Corporate Office: 324, T.T.K. Road, Second Floor, Alwarpet, Chennai 600 018, Tamil Nadu, India; **Tel. No.:** 044 – 43144106; **Fax No.:** 044 – 43144103

Contact Person: Mr. Sushanta Panda, Company Secretary and Compliance Officer

Website: www.vkcforex.com; **Email:** ipo@vkcforex.com

Promoters of our Company: Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy

PUBLIC ISSUE OF [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF VKC CREDIT AND FOREX SERVICES LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UPTO ₹ [•] LAKHS, CONSISTING OF A FRESH ISSUE OF [•]* EQUITY SHARES BY OUR COMPANY AGGREGATING UPTO ₹ 1,600 LAKHS ("FRESH ISSUE") AND AN OFFER FOR SALE OF UPTO 18,00,000 EQUITY SHARES BY VKC FINSOFT SOLUTIONS PRIVATE LIMITED AND DR. JAYAM KANNAN ("SELLING SHAREHOLDERS") AGGREGATING TO ₹ [•] LAKHS ("OFFER FOR SALE") AT THE ISSUE PRICE (THE OFFER FOR SALE AND FRESH ISSUE ARE TOGETHER REFERRED TO AS THE "ISSUE") OF WHICH [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [•] % AND [•] %, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

**Our Company is considering a private placement of up to 10,00,000 Equity Shares for cash consideration aggregating upto ₹ 650 lakhs, at its discretion prior to filing of the Red Herring Prospectus with the RoC ("Pre-IPO Placement"). If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.*

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED AT LEAST FIVE (5) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of any revisions in the Price Band, the Issue Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the Issue Period not exceeding ten Working Days. Any revision in the Price Band, and the revised Issue Period, if applicable, shall be widely disseminated by notification on the SME Platform of National Stock Exchange of India Limited and 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.

The Issue is being made in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations").

In terms of Rule 19(2)(b)(i) of the Securities Contracts Regulations Rules, 1957, as amended ("SCRR"), this is an issue for at least 25% of the post-Issue paid-up equity share capital. The Issue is being made through the Book Building Process wherein [•] Equity Shares shall be reserved for Market Maker. Not more than 50% of the Net Issue will be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion 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. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. The Allotment of Equity Shares to each Retail Individual Bidder shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value. The Issue Price (as determined and justified by our Company, the Selling Shareholders and the Book Running Lead Manager ("BRLM") as stated under the section titled "Basis for Issue Price" beginning on page 68 of the DRHP) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 14 of the DRHP.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company and the Selling Shareholders, having made all reasonable inquiries, accept responsibility for and confirms that the Draft Red Herring Prospectus contains all information with regard to our Company, the Selling Shareholders and the Issue, which is material in the context of this Issue; that the information contained in the Draft 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 Draft 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.

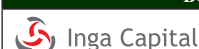
IPO GRADING

The Issue has been graded by [•] and has been assigned [•], indicating [•] through its letter dated [•]. For further details in this regard, please refer to the chapter titled "General Information" on page 43 of the DRHP.

LISTING

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on the SME Platform of the National Stock Exchange of India Limited and traded in the SME Call auction market. In-principle approval from SME Platform of the National Stock Exchange of India Limited, for listing the Equity Shares has been received pursuant to letter no. [•] dated [•]. For the purpose of this Issue, SME Platform of the National Stock Exchange of India Limited shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER



Inga Capital Private Limited

A-404, Neelam Centre,
Hind Cycle Road,
Worli, Mumbai 400 030

Tel: + 91 22 24982919

Fax: +91 22 24982956

Investor Grievance Email: investors@ingacapital.com

Contact Person: Mr. Mukesh Garg/ Mr. Kunal Thakkar

Email: vkc.ipo@ingacapital.com

Website: www.ingacapital.com

SEBI Regn. No: INM000010924

LINK INTIME

INDIA PVT LTD



(Formerly INTIME SPECTRUM REGISTRY LTD.)

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078

Tel: +91 22 2596 7878

Fax: +91 22 2596 0329

Toll free: 1800 220878

Email: vkc.ipo@linkintime.co.in

Investor Grievance mail: vkc.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Regn. Number: INR000004058

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON: [•]

BID/ISSUE CLOSURES ON: [•]*

* Our Company and the Selling Shareholders may decide to close the Issue Period for QIBs one Working Day prior to the Issue Closing Date.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in the Draft Red Herring Prospectus and references to any statute or regulations or policies shall include amendments thereto, from time to time:

Company Related Terms

Term	Description
“VKC”, “Issuer”, “we”, “us”, “our”, “the Company” and “our Company”	Refers to VKC Credit and Forex Services Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 115/55, TTK Road, Alwarpet, Chennai 600 018, Tamil Nadu, India
Articles/Articles of Association	Articles of Association of our Company, unless the context otherwise specifies
Auditors / Statutory Auditors	The statutory auditors of our Company, G Ramesh Kumar & Co, Chartered Accountants
Board/Board of Directors	The board of directors of our Company or a committee constituted thereof, unless the context otherwise specifies
Corporate Office	The corporate office of our Company located at 324, T.T.K, Road, Second Floor, Alwarpet, Chennai 600 018, Tamil Nadu, India.
Director(s)	The director(s) of our Company, unless otherwise specified
Group Companies	Companies, firms and ventures promoted by our Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act and disclosed in “Our Promoters” and “Group Companies” on page 120 and 123 of the DRHP.
Memorandum/ Association	Memorandum of association of our Company, unless the context otherwise specifies
Peer Reviewed Auditor	M/s. Sreedhar, Suresh & Rajagopalan, Chartered Accountants, holding a valid Peer Review Certificate issued by the Institute of Chartered Accountants of India and who has conducted re-audit of accounts as required under Regulation IX of Part A of Schedule VIII of SEBI ICDR Regulations and restated the financials presented in the DRHP
Promoters	The promoters of our Company, namely, Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanswamy
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2 (1)(zb) of the SEBI ICDR Regulations and as disclosed in “Our Promoters” on page 120 of the DRHP.
Registered Office	The registered office of our Company located at 115/55, TTK Road, Alwarpet, Chennai 600 018, Tamil Nadu, India

Issue Related Terms

Term	Description
Allotment/Allot/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Fresh Issue and the transfer of the Equity Shares pursuant to the Offer for Sale to successful Bidders
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Allottee(s)	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used compulsorily by QIBs and Non-Institutional Bidders and optionally by Retail Individual Bidders to make a Bid authorising a SCSB, either directly or through the Syndicate Members at Specified Cities, to block the Bid Amount in their specified bank account maintained with the SCSB

Term	Description
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bidder(s)	Prospective investors in this Issue, who intend to Bid through the ASBA process
Banker(s) to the Issue / Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as banker to an issue with whom the Escrow Account will be opened and in this case being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described under “Issue Procedure” on page 210 of the DRHP.
Bid(s)	An indication to make an offer during the Bid/Issue Period by a Bidder, to subscribe to or purchase 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
Bid/Issue Closing Date	<p>The date after which the Members of the Syndicate and the designated branches of the SCSBs shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Tamil newspaper with wide circulation.</p> <p>Our Company and the Selling Shareholders may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Tamil newspaper with wide circulation.</p>
Bid/Issue Opening Date	<p>The date on which the Members of the Syndicate and the designated branches of the SCSBs shall start accepting Bids for the Issue, which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Tamil newspaper, with wide circulation.</p> <p>Bid/Issue Opening Date shall be after at least three Working Days from the date of registering the Red Herring Prospectus with the RoC.</p>
Bid cum Application Form(s)	The form in terms of which a Bidder (including an ASBA Bidder) makes a Bid in terms of the Red Herring Prospectus and which will be considered as an application for Allotment
Bidder(s)	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form including an ASBA Bidder
Bid/Issue Period	<p>The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof</p> <p>Our Company and the Selling Shareholders may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Tamil newspaper with wide circulation.</p>
Book Building Process/Method	The book building route as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Inga Capital Private Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalized and above which no Bids will be accepted

Term	Description
Compliance Officer	The company secretary who has been appointed as compliance officer of our Company
Controlling Branch	Such branches of the SCSBs which coordinates under this Issue with the BRLM, the Registrar to the Issue and the SME Stock Exchange, a list of which is available on http://www.sebi.gov.in
Cut-off Price	Any price within the Price Band finalised by our Company and the Selling Shareholders in consultation with the Book Running Lead Manager. A Bid submitted at Cut-off Price is a valid Bid at all levels within the Price Band. Only Retail Individual Bidders are entitled to Bid at Cut-off Price.
Designated Branch(es)	Such branches of the SCSBs which shall collect the Bid cum Application Form used by ASBA Bidders and a list of which is available on the website of SEBI at www.sebi.gov.in
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 SCSB is transferred from the bank account of 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 the Equity Shares to successful Bidders
Designated Stock Exchange	SME Platform of National Stock Exchange of India Limited
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted or transferred and the size of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares
Eligible QFIs	<p>QFI shall mean a person who fulfils the following criteria:</p> <p>(i) Resident in a country that is a member of Financial Action Task Force (FATF) or a member of a group which is a member of FATF; and (ii) Resident in a country that is a signatory to IOSCO's Multilateral Memorandum of Understanding or a signatory of a bilateral Memorandum of Understanding with SEBI (iii) is not a resident in a country listed in the public statements issued by FATF from time to time on-(a) jurisdictions having a strategic Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) deficiencies to which counter measures apply (b) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies (iv) is not resident in India (v) is not registered with SEBI as Foreign Institutional Investor or Sub-account or Foreign Venture Capital Investor.</p> <p>For the purpose of above definition:</p> <p>(1) The term "Person" shall carry the same meaning under section 2(31) of the I.T. Act.</p> <p>(2) The phrase "resident in India" shall carry the same meaning as in the I.T. Act.</p> <p>(3) "Resident" in a country, other than India, shall mean resident as per the direct tax laws of the country.</p> <p>(4) "Bilateral MoU with SEBI" shall mean the bilateral MoU between SEBI and the overseas regulator that inter alia provides for information sharing arrangements.</p>

Term	Description
	(5) Member of the FATF shall not mean an Associate member of FATE.
Equity Shares	Equity shares of our Company of face value of ₹ 10 each, fully paid up, unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Selling Shareholders, the Registrar to the Issue, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
First / Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
Fresh Issue	Fresh Issue of [●] Equity Shares of face value of ₹ 10 each fully paid-up at the Issue Price by our Company aggregating to ₹ 1,600 lakhs
Issue	This public issue of [●] Equity Shares at the Issue Price aggregating upto ₹ [●] lakhs, consisting of a Fresh Issue of [●] Equity Shares aggregating to ₹ 1,600 lakhs by our Company and Offer for Sale of 18,00,000 Equity shares by the Selling Shareholders aggregating to ₹ [●] lakhs at the Issue Price.
Issue Agreement	The agreement dated December 7, 2012 entered into among our Company, the Selling Shareholders and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Material(s)	The Offer Documents, the Bid cum Application Forms, Allotment Advice, refund orders, NECS/ NEFT/ Direct Credit/ RTGS intimations or any other instruments, circulars, or advices and any amendment or supplement.
Issue Price	The final price at which the Equity Shares will be Allotted and transferred in terms of the Red Herring Prospectus and Prospectus. The Issue Price will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Manager on the Pricing Date
Issue Proceeds	The gross proceeds of the Fresh Issue that would be available to our Company after the final listing and trading approvals are received
Listing Agreement	The listing agreement to be entered into between our Company and the Stock Exchange
Market Making Agreement	Market Making Agreement dated [●] between our Company, BRLM and [●].
Market Maker	[●] will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.
Market Maker Reservation Portion	The reserved portion of [●] Equity shares of face value of ₹ 10/- each at ₹ [●] (including share premium of ₹ [●]) per Equity Share aggregating upto ₹ [●] (Rupees [●] Lakhs Only) for Market Maker in the Issue.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion available for allocation to Mutual Funds, out of the QIB Portion
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] Equity Shares of face value of ₹ 10/- each at ₹ [●] (including share premium of ₹ [●]) per Equity Share aggregating upto ₹ [●] (Rupees [●] Lakhs Only) by our Company.

Term	Description
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses, see “Objects of the Issue” on page 64 of the DRHP.
Nominated Investors	[●]
Non-Institutional Bidders	All Bidders including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for a cumulative amount more than ₹ 2,00,000
Non-Institutional Portion	The portion of the Net Issue being not less than 15% of the Net Issue consisting of [●] Equity Shares available for allocation on a proportionate basis to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Offer Document(s)	The Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, including any amendments or supplements or any notices, corrections or corrigenda in connection therewith.
Offer for Sale	The offer for sale of up to 18,00,000 Equity Shares by the Selling Shareholders at the Issue Price aggregating to ₹ [●] Lakhs
Pay-in-Period	For Bidders the period commencing on the Bid/Issue Opening Date and continuing till the Bid/Issue Closing Date
Pre-IPO Placement	Private placement of upto 10,00,000 Equity Shares and aggregating upto ₹ 650 lakhs with certain investors by our Company.
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 for the Issue will be decided by our Company and the Selling Shareholders in consultation with the BRLM and advertised at least five working days prior to the Bid/Issue Opening Date, in an English daily national newspaper, a Hindi daily national newspaper and a Tamil newspaper with wide circulation
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLM finalizes the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	The bank account opened under Section 73 of the Companies Act with the Bankers to the Issue to receive money from the Escrow Accounts on the Designated Date and where the funds transferred by the SCSBs from the ASBA Accounts shall be received
QIB Portion	The portion of the Issue, being not more than 50% of the Net Issue or [●] Equity Shares, available for allocation to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs/QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations and includes public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FII and sub-account registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual) multilateral and bilateral development financial institution, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, AIFs, 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 and the National Investment Fund set up by Government of India and insurance funds set up and managed by army, navy or air force of the Union of India and the insurance funds set up and managed by the Department of Posts, India
Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section

Term	Description
	60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made to Bidders (excluding to the ASBA Bidders).
Refund Bank	[●]
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS, as applicable
Registrar to the Issue	Registrar to this Issue, in this case being Link Intime India Private Limited.
Retail Individual Bidder/Retail Investor/Retail Bidder	Individual investors who have applied for Equity Shares for an amount not more than ₹ 2 Lakhs (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue being not less than [●] Equity Shares, being not less than 35% of the Net Issue, available for allocation to Retail Individual Bidders
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). However, QIBs and the Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
Selling Shareholders	VKC Finsoft Solutions Private Limited and Dr. Jayam Kannan
Self Certified Syndicate Bank or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in
SME Call auction market	SME securities can trade on the Stock Exchange either in the normal market (N) or in daily call auction market (C). Call auction market will include a daily call auction session at a time specified by the Stock Exchange. Shares will trade in the respective market lot defined by the Stock Exchange for each security. In call auction mechanism the order flow over a certain time period is pooled and the trades take place at the equilibrium price which is obtained through the demand supply mechanism. The unmatched orders will be cancelled after each session. The call auction session shall consist of two different phases namely: Phase I: Order Entry, modification and cancellation Phase II: Order Matching <i>For more details please refer to NSE Emerge website at http://www.nseindia.com/emerge/</i>
SME platform of NSE	Emerge, the SME Platform of NSE which was approved by SEBI as an SME Exchange on October 14, 2011 for listing of equity shares offered under Chapter XB of the SEBI ICDR Regulations.
Stock Exchange	The SME platform of National Stock Exchange of India Limited
Syndicate/ Members of Syndicate	The BRLM and the Syndicate Member(s)
Syndicate Members	An intermediary registered with SEBI to act as a syndicate member and who is permitted to carry on the activity as an underwriter, in this case being [●] and includes all the sub syndicate member(s) associated with the Issue (except in relation to references made to Underwriting/ Underwriting Agreement, Escrow Agreement and Syndicate

Term	Description
	Agreement in the Issue Materials, where in, it shall mean to exclude such sub syndicate member(s), unless otherwise specifically stated)
Syndicate Agreement	The agreement to be entered into between the Members of Syndicate, our Company and the Selling Shareholders in relation to the collection of Bids (excluding Bids by ASBA Bidders) in this Issue
Specified Cities	Bidding Centres where an ASBA Bidder can submit their Bid to the Syndicate Members in terms of SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat and such other centres as may be prescribed by SEBI from time to time.
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members or the SCSBs (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The Book Running Lead Manager and [●]
Underwriting Agreement	The agreement among the Underwriters, the Registrar to the Issue, our Company and the Selling Shareholders to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday (except during the Bid/Issue Period and announcement of Price Band where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Technical/Industry Related Terms / Abbreviations

Term	Description
Authorised Person	An authorised dealer, money changer, off-shore banking unit or any other person for the time being authorised under sub-section (1) of section 10 to deal in foreign exchange or foreign securities;
EEFC Account	EEFC Account is an account maintained in foreign currency with an Authorised Dealer i.e. a bank dealing in foreign exchange. It is a facility provided to the foreign exchange earners, including exporters, to credit 50 per cent of their foreign exchange earnings to the account, so that the account holders do not have to convert foreign exchange into Rupees and vice versa, thereby minimizing the transaction costs and exchange loss.
Foreign Currency Demand Draft	A foreign currency demand draft is one of the methods of transferring money overseas. To make payments abroad, foreign currency drafts can be issued. Banks in India will issue a foreign currency demand draft (DD) in major foreign currencies, the beneficiary can directly deposit the foreign currency demand draft in to his/her overseas saving or checking account. The demand drafts are sent for collection. Collection period varies depending on the local clearing regulations and country where the demand draft is drawn.
Forex Prepaid Travel Cards/Travel Cards	These cards are used for making payments while you are travelling abroad. These are pre-loaded and enable you to access money in the required regional currency. You can also top it up depending on your requirement. The card allows you to withdraw cash in foreign currency, check your balance and shop.
Full Fledged Money Changer	The money changer who is authorized by Reserve Bank of India and undertakes both purchase of foreign exchange and sale transactions with the public for private and business visits abroad is known as full-fledged money changer.
Global Travel Cards	A prepaid foreign exchange card.
Nostro Account	A bank account held in a foreign country by a domestic bank, denominated in the currency of that country. Nostro accounts are used to facilitate settlement of foreign exchange and trade transactions.
Telegraphic Transfer	It is an electronic means of transferring funds overseas. A transfer charge is collected while sending money.

Term	Description
Travelers Cheque	A preprinted, fixed-amount cheque designed to allow the person signing it to make an unconditional payment to someone else as a result of having paid the issuer for that privilege.

Conventional and General Terms/ Abbreviations

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AD-II	Authorised Dealer – Category II
AGM	Annual General Meeting
Alternative Investment Fund/ AIFs	As defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AML	Anti Money Laundering
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
AUD	Australian Dollar
AY	Assessment Year
BPLR	Bank Prime Lending Rate
BIFR	Board for Industrial and Financial Reconstruction
CAGR	Compounded Annual Growth Rate
CAD	Canadian Dollar
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CFT	Combating the Financing of Terrorism
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identity
DIN	Director Identification Number
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EEFC A/C	Exchange Earner's Foreign Currency Account
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
EURO	Euro
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FFMC	Full Fledged Money Changer
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board
FOREX	Foreign Exchange
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GBP	Great Britain Pound
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IPO	Initial Public Offering

Term	Description
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
KYC	Know Your Customer
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI/ Non Resident Indian	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue, except with the specific permission of the RBI.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/ ROC	Registrar of Companies, Tamil Nadu at Chennai
RONW	Return on Net Worth
Rs./ ₹/ Rupees/ INR	Indian Rupees
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	The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SICA	Sick Industrial Companies Act, 1985
State Government	The government of a state of the Union of India
Stock Exchange	National Stock Exchange of India Limited
TAN	Tax Deduction Account Number
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of

Term	Description
	America
USD/ US\$/U.S.\$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in the Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our audited restated financial statements as of and for the six months period ended on September 30, 2012 and as of and for the years ended on March 31, 2012, 2011, 2010, 2009 and 2008, prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI ICDR Regulations and which are included in the Draft Red Herring Prospectus, and set out in “Financial Information” on page 129 of the DRHP. Our Company’s financial year commences on April 1 and ends on March 31 of the next year, so all references to a particular Fiscal Year or Financial Year or FY are to the twelve-month period ended on March 31 of that year.

In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, International Financial Reporting Standards (“IFRS”) and U.S. GAAP. Our Company has not attempted to quantify those differences or their impact on the financial data included herein and you should consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP restated financial statements included in the DRHP will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in the DRHP should accordingly be limited.

Any percentage amounts, as set forth in the sections “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 14, 83 and 157 of the DRHP, respectively, and elsewhere in the Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our Company’s restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

Currency of Presentation

All references to “Rupees” or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India. Our Company has presented certain numerical information in the Draft Red Herring Prospectus in “lakhs” or in “million” units. One lakh represents 1,00,000. One million represents 10,00,000.

Further, 1 USD = ₹ 52.84, as on September 30, 2012.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout the Draft Red Herring Prospectus has been obtained from publications (including websites) available in public domain and our internal reports. These 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 market data used in the Draft Red Herring Prospectus is reliable, neither we nor the BRLM have independently verified such information or ascertained the underlying economic assumptions contained therein. The data used from these sources may have been reclassified by us for purposes of presentation. Data from various market sources may not be comparable. The extent to which the market and industry data is presented in the Draft Red Herring Prospectus is meaningful depends upon 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 market and industry sources.

NOTICE TO INVESTORS

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. 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), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act 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.

FORWARD LOOKING STATEMENTS

All statements contained in the Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, our growth and expansion, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ from our expectations, see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 14, 83 and 157 of the DRHP, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as of the date of the Draft Red Herring Prospectus. Neither our Company, the Selling Shareholders, our Directors and officers, the Book Running Lead Manager nor any of the Syndicate Members nor any of their respective affiliates has any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the Selling Shareholders and the Book Running Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchange.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in the DRHP, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below.

Unless otherwise stated, the financial information of our Company used in this section is derived from our audited financial statements under Indian GAAP, as restated.

1. *RBI has issued a show cause notice dated December 10, 2010 to show cause as to why our AD Cat II license should not be revoked.*

RBI issued a show cause notice dated December 10, 2010 to our Company to show cause as to why the AD Category – II license (“**License**”) issued in favour of our Company should not be revoked under the provisions of section 10 (3) of FEMA 1999 (“**Show Cause Notice**”).

Our Company has vide letter dated December 31, 2010 submitted its reply to the above Show Cause Notice. For further details on the proceedings in relation to the Show Cause Notice please refer to the chapter titled “Outstanding Litigation and Material Developments” on page 178 of the DRHP.

Subsequent to the issue of show cause notice as also the submission of our reply dated December 31, 2010, RBI post detailed inspection has granted the renewal of license on January 19, 2012 with stipulated conditions. No further communication has been received from RBI in this regard.

2. *We are involved in litigation proceedings and we cannot assure you that we will be successful in any or all of these matters. In the event we are unsuccessful in litigating any or all of the disputes described below, our business, reputation and results of operations may be adversely affected.*

We are party to litigations and are subject to legal notices. No assurances can be given that these proceedings will be determined in our favour. If a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have an adverse effect on our results of operations and cash flows. A classification of the legal proceedings instituted against and by us and the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below:

Litigation against us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (to the extent ascertainable) (₹) in Lakhs
1.	Civil Cases	4	4.60
2.	Income Tax Cases	6	30.82
	Total	10	35.42

Litigation by us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (to the extent ascertainable) (₹) in Lakhs (except USD)
1.	Criminal cases	16	154.97
		2	USD 42,000*
2.	Civil cases	7	104.08
3.	Compounding Application	1	Not Ascertainable
	Total	26	281.25

* Conversion rate for USD as on September 30, 2012 is ₹52.84

For further details, please see “Outstanding Litigations and Material Developments” beginning on page 178 of the DRHP.

3. ***Some of our Directors and Promoters are involved in certain legal and regulatory proceedings. An adverse outcome of these proceedings could have a negative impact on our reputation and thereby on our business, financial conditions and results of operations.***

Some of our Directors and Promoters are currently involved in certain legal and regulatory proceedings. These proceedings are pending at different levels of adjudication before various courts and tribunals. We cannot assure you that these legal proceedings will be decided in favour of our Directors and Promoters. Though we are not a direct party to some of these proceedings, an adverse outcome of these proceedings could have a negative impact on our reputation and thereby on our business, financial conditions and results of operations. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties. A summary of these legal and other proceedings is given in the following table:

Litigation against our Promoters / Directors

Names of the Promoter / Director	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (to the extent ascertainable) (₹) in lakhs
Mr. Venkatasubramanian Renganathan	Civil cases	4	0.5
Total		4	0.5

Names of the Promoter / Director	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (to the extent ascertainable) (₹) in lakhs
Mr. Nageswaran Narayanaswamy	Civil cases	3	0.5
Total		3	0.5

4. ***Our Company has filed applications under Section 621A of the Companies Act for compounding of certain offence(s) under the Companies Act. The failure to receive favourable outcome in connection with the aforesaid applications may have an adverse effect on our business and results of operations.***

Our Company has filed applications dated December 10, 2012 under section 621 A of the Companies Act, 1956 with the Registrar of Companies, Chennai, for compounding of offence under sections 212 and 217 of the Companies Act, 1956, respectively.

Our Company has not dealt with or explained the changes with regard to its then existing subsidiaries in our report of the Board of Directors for the financial year 2004, 2006 and 2007 as envisaged under section 217 of the Companies Act, 1956. Further, our Company has not attached with the balance sheet the particulars of its then existing subsidiaries as envisaged under section 212 of the Companies Act, 1956 for the financial years 2004 and 2006.

Our Company has submitted applications for compounding in connection with the aforesaid violations of section 212 and section 217 of the Companies Act, 1956 before the Registrar of Company. The failure to receive favourable outcome in connection with the aforesaid applications may have an adverse effect on our business and results of operations.

5. ***We have witnessed a declining trend in our revenue from operations from FY 2008 to FY 2012. Further our restated profit after taxation has also declined from FY 2009 to FY 2012.***

The following table depicts the decline in our revenues from operations, our restated profit after taxation and margins over last five years:

(Rs. in lakhs)					
Particulars	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
Revenue from operations (A)	1,07,816.18	1,09,859.80	1,31,484.12	1,41,326.97	1,43,232.12
Decline over previous year (%) (B)	1.86%	16.45%	6.96%	1.33%	-
Restated Profit after Taxation	37.96	45.79	46.41	133.81	54.50
Margin % (B/A)	0.035%	0.042%	0.035%	0.095%	0.038%

For further details, please refer chapter titled “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 129 and 157 of the DRHP.

We cannot assure you that we shall be able to successfully contain the declining trends in any key ratios as stated above and any further decline may adversely affect our profitability and future results.

6. *One of our Group Company is enabled by its memorandum of association to undertake activities similar to the activities conducted by our Company which may be a potential source of conflict of interest for us and which may have an adverse effect on our operations.*

Our Promoters are majority shareholders and directors on the board of one of our Group Company, VKC Finsoft Solutions Private Limited and certain other Group Companies, for further details see the section “Our Promoters” and “Group Company” on page 120 and 123, of the DRHP. Our Promoters devote some of their time and resources to VKC Finsoft Solutions Private Limited and certain of our other Group Companies. There can be no assurance that our Promoters’ role in such Group Companies does not present any conflicts of interest or potential conflicts of interest.

Further, VKC Finsoft Solutions Private Limited could offer services that are related to our business, which could lead to potential conflicts of interest. The memorandum of association of VKC Finsoft Solutions Private Limited entitles it to undertake and carry out businesses that are similar or related to our business. There can be no assurance that VKC Finsoft Solutions Private Limited will not provide comparable services, expand their presence or acquire interests in competing ventures in the locations in which we operate. As a result, a conflict of interest may occur between our business and the business of VKC Finsoft Solutions Private Limited which could have an adverse effect on our operations. For further details, please refer to the chapter titled “Our Promoters” and “Group Companies” beginning on page 120 and 123 of the DRHP.

7. *Our Company has not complied with certain Accounting Standards (AS) issued by Institute of Chartered Accountants of India. We and our Directors may be subject to adverse action/penalty by any regulatory authority for such non-compliances.*

Our Company has not complied with disclosure requirements of certain accounting standards namely:

- AS 1 (Disclosure of Accounting Policies), AS 16 (Borrowing costs), AS 18 (Related Party Disclosures), AS 19 (Accounting for Leases), AS 20 (Earnings per Share), AS 28 (Impairment of Assets) in the financial years ended on March 31, 2011, 2010, 2009 and 2008.
 - AS 2 (Valuation of Inventories) and AS 9 (Revenue Recognition) for the financial years ended on March 31, 2011, 2010 and 2009.
 - AS 13 (Accounting for Investments) for the financial years ended on March 31, 2011 and 2010.
- In addition to the above, we did not attach cash flow statements for the financial years ended on March 31, 2011, 2010, 2009 and 2008, as required under AS 3 (Cash Flow Statements) and have also not provided disclosures as required under section 22 of MSME Development Act, 2006 for FY 2008, 2009, 2010 and 2011 along with our financial statements.

Further in the financial year ended on March 31, 2008 our Company had paid an amount of ₹ 750 lakhs to Dr. Jayam Kannan on behalf of Arun Priya Services Private Limited, a Promoter Group entity, as security deposit on a property we have taken on rent however, the same was classified under the head “Fixed Assets – Leasehold property” in FY 2009 which was not in compliance with AS-19 (Accounting for Leases).

We and our Statutory Auditors believe that our financial statements present a true and fair view of our Company and its operations. We cannot assure you that we will not be subject to any prosecution by a competent regulatory authority in this regard.

8. *There were few printing errors in our financial statements for the financial years ended on March 31, 2012, 2011, 2010, 2009 and 2008. We may be subject to adverse action/ penalty by any regulatory authority for such errors.*

Our financial statements have certain printing errors like:

- a) In the audit report of FY 2012, there is a foot note disclosed to Note 13 Cash and cash equivalents inadvertently stating that balances with banks in deposit accounts includes amount of ₹ 28.29 lakhs which have original maturity of more than 12 months. We confirm that the same amount is not accounted in balances with banks in deposit accounts but is accounted under Note 10 Other noncurrent assets fixed deposit with banks maturing after 12 months. Further, under note 12 trade receivables the audit report inadvertently mentions that the trade receivable of ₹ 2,508.36 lakhs as on March 31, 2012 does not include dues from companies in which our Directors are director. The trade receivable of ₹ 2,508.36 lakhs as on March 31, 2012 includes ₹ 22.12 lakhs due from our Group Company, VKC Finsoft Solutions Private Limited, in which Mr. R. Venkatsubramanian and Mr. N. Nageswaran are directors. The above fact has been given in our restated financials.
- b) In the annual reports of FY 2011, 2010 and 2009 the accounting policy w.r.t. depreciation was erroneously disclosed as “*Depreciation is provided at the rates specified in schedule XIV of the Companies Act, 1956, on straight line method*” instead of being disclosed as “*Depreciation has been provided on straight-line method as per rates prescribed in schedule XIV to the Companies Act, 1956, on prorata basis for assets purchased during the year from the month in which it has been used for more than fifteen days*”.
- c) In the annual report for FY 2008, the accounting policy w.r.t. valuation of inventories was erroneously disclosed as “*Inventories are valued at market price as on 31.03.2008. Since the company deals in Foreign Currencies and Encashed Traveller’s Cheques the stocks are valued at the price prevailed on 31.03.2008*” instead of being disclosed as “*The inventories were quoted in the annual accounts at cost or realisable value whichever is less. The cost of inventory is calculated on weighted average cost of the respective foreign currencies. Cost comprises all cost of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition*”
- d) In the annual report for FY 2008, the disclosure w.r.t. cash flow was erroneously disclosed as “*As the Company is not a Listed Company. Cash flow statement is not required to be given*”, we confirm that our Company was required to attach the cash flow statements.
- e) In the annual report for FY 2008, the accounting policy w.r.t. leases was erroneously disclosed as “*There are no leases*”, instead of “*All lease agreements are cancellable agreements, as there are no commitments on the part of the company in case the company decides to discontinue with the arrangement. There is no certainty of renewal of the agreements beyond the initial period. There is no obligation other than payment of monthly rental on the part of the company. There is no penalty for cancellation of the agreements. As per the agreement, no restrictions are imposed on the company such as those concerning dividends, additional debt etc. Monthly rent is recognised as expenditure in the P & L Account*”.

Further, we confirm that our Company was a party to certain lease agreements and our Company had accounted the same in our financials.

- f) In the annual report for the year ended March 31, 2008 the statutory auditor has inadvertently confirmed that the Company is covered by insurance w.r.t. to the cases of fraud amounting to ₹ 42,64,434. The Company has confirmed that the insurance coverage was available only in respect of one fraud case amounting to ₹ 25,39,956 and for the other fraud case amounting to ₹ 17,24,478 the Company had no insurance coverage.
- g) In the annual report for FY 2008, the accounting policy w.r.t. intangible asset was erroneously disclosed as “*Not Applicable*”, we confirm that our Company had complied with AS -26.
- h) In the annual report for FY 2008, the accounting policy w.r.t. impairment of asset was erroneously disclosed as “*Not Applicable*”, we confirm that our Company had complied with AS -26.
- i) In the annual report for FY 2009, we confirm that the date of signing the notes to accounts has been erroneously dated July 24, 2009 instead of June 19, 2009
- j) In the annual report for FY 2010 and 2011 accounting policy w.r.t. accounting for investments was erroneously disclosed as “*The Company does not own any investments*” instead of “*Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments*”.
- k) In the annual report for FY 2010, the number of Equity Shares issued under the head “*Issued, Subscribed and Paid up:*” are 50,00,000 Equity shares and the amount corresponding to the same is ₹ 53,00,000, we confirm that the number of shares issued as at March 31, 2010 were 53,00,000 and the number specified in the annual report is a printing error.
- l) In the annual report for FY 2010, we confirm that the following disclosure in relation to inventories lying with third party in the annual report is a printing error and there are no inventories that are lying with third parties, “*The inventories have been physically verified by the management during the year at reasonable interval except material lying with third parties, where confirmations are obtained.*”

We and our Statutory Auditors believe, that our financial statements present a true and fair view of our Company and its operations, we cannot assure you that we will not be subject to any prosecution by a competent regulatory authority in this regard.

9. *8 (eight) of our franchisee agreements are due for renewal. Non renewal of the existing franchisee agreements by the franchisees would affect our market presence and thereby adversely affect our business and results of operations.*

We are operating our business through a nationwide network of 62 branches and 26 franchisees operating through 215 outlets (*as on September 30, 2012*) and our strength lies in our ability to penetrate and cater to customers across various cities and towns across India. As on date of the DRHP, the agreements in respect to eight of our franchise outlets are due for renewal, though we have received letters expressing interest to renew the same, we cannot assure that the same will be renewed. Any failure to renew these franchisee agreements in the ordinary course of business in a timely manner or at all, could bring down our market presence (in the area where the franchisees operate) and consequently affect our ability to service and support our existing customers and may also affect our ability to bring in new clients and thereby adversely affect our business and results of operations.

10. *Our Company was unable to trace certain secretarial records, including records pertaining to the issuance of certain Equity Shares acquired by our past and present shareholders.*

We have been unable to locate the copies of certain of our secretarial records, i.e. prescribed forms filed by us with the Registrar of Companies, including, among others, in respect of the allotment of Equity Shares and changes in our authorised share capital, from incorporation until FY 1998, complete copy of the annual return filed for the FY 1996, copy of the annual return filed for the FY 2005 and copy of the balance sheet and profit and loss account filed for the year FY 2007. While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents, including from the Registrar of Companies. We cannot assure you that we will not be subject to any penalty imposed by a competent regulatory authority in this respect. Further, certain of our annual returns and

form 66 filed with RoC contains typographical errors pertaining to details of capital structure, date of previous AGM, designation of Directors, alteration of Memorandum and Articles of Association, etc. Additionally, few of our statutory registers like register of charges and fixed assets, for the period since incorporation till FY 2006 are not traceable. We cannot assure you that we will not be subject to any adverse action by a competent regulatory authority in this regard.

11. We had not constituted a nomination committee till September 26, 2012.

Being an AD Category II money changer, we are subject to supervision and regulation by RBI. RBI vide its circular number A.P. (DIR Series) Circular No. 57 dated March 9, 2009 directed the board of AD Category II to constitute nomination committee to scrutinize the declarations of the directors to determine whether the directors were 'fit and proper'. Our Company did not constitute a nomination committee during the period March 2009 to September 26, 2012 and are in breach of the RBI circular to that extent. Our Company may be subject to any adverse action including imposition of penalty by RBI or any other regulatory authority, which may adversely affect our business.

12. We have entered into, and will continue to enter into, related party transactions.

We have entered and may continue to enter into a number of related party transactions. For the six months period ended on September 30, 2012 and for Fiscal Years 2012, 2011, 2010, 2009 and 2008, we entered into related party transactions, which are detailed in the following table:

(₹ in Lakhs)

Nature of Transaction	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Remuneration						
- R. Venkatasubramanian	9.00	19.50	19.50	17.40	18.90	18.90
- N. Nageswaran	9.00	19.50	19.50	17.40	18.90	18.90
Reimbursement of expenses						
- R. Venkatasubramanian	3.86	7.12	6.78	7.43	6.63	7.36
- N. Nageswaran	2.94	6.73	5.93	6.12	7.08	6.19
Commission Paid						
Dr. Jayam Kannan	-	-	-	-	60.00	-
Loans advanced - Non Interest Bearing						
Veeyen Associates	255.00*	255.00*	255.00*	255.00*	-	-
V.K.C. Shiksha Overseas (P) Limited	5.56*	5.56*	4.75*	4.66*	-	-
V.K.C. Finsoft Soultions (P) Limited	553.96*	470.15*	330.96*	127.20*	20.72*	32.90*
Arun Priya Services (P) Ltd	-	-	-	(750.00)	750.00*	750.00*#
Shares issued including bonus						
- R. Venkatasubramanian	-	-	-	-	75.00	87.50
- N. Nageswaran	-	-	-	-	75.00	87.50
- Dr. Jayam Kannan	-	-	-	-	-	750.00
Purchase of Fixed Assets						
VKC Software Solutions (P) Ltd	-	-	-	-	-	136.28

*Represents balance as on date.

#The above loan was given to Dr. Jayam Kannan, on behalf of Arun Priya Services (P) Ltd.

For further details of our related party transactions, see the section "Financial Statements" on page 129 of the DRHP.

There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations and prospects.

13. ***In the past, our company has given interest-free unsecured loans and advances to Group Companies. Further, the Peer Reviewed Auditor in his re-audit report for six month period ended on September 30, 2012 and for FY 2012 has stated that these loans are prima facie prejudicial to the interest of the Company.***

Our Company has extended unsecured interest-free loans and advances to various Group Companies, amounting to ₹ 814.52 lakhs and ₹ 730.71 lakhs as of September 30, 2012 and March 31, 2012, respectively. As of September 30, 2012 and as of March 31, 2012, the total net worth of our Company is ₹ 1,551.61 lakhs and ₹ 1,510.04 lakhs, respectively and the interest-free loans and advances extended to Group Companies constitute 52.50% and 48.39% of the total net worth of our Company as of September 30, 2012 and March 31, 2012, respectively. These interest-free loans are extended only to Group Companies and comprise all of the unsecured loans extended by us.

The details of such unsecured loans extended by us are as under:

(₹ in Lakhs)		
Name of Party	September 30, 2012	March 31, 2012
Veeyen Associates	255.00	255.00
VKC Shiksha Overseas Private Limited	5.56	5.56
VKC Finsoft Solutions Private Limited	553.96	470.15
Total	814.52	730.71

Further, we have not signed any written agreements to document the terms and conditions of such loans, including repayment schedule. All of these entities to whom these loans and advances have been granted are either loss making or have a negative net worth. Based on the accounts of FY 2012 it is apparent that Veeyen Associates and VKC Shiksha Overseas Private Limited are not undertaking any business.

The provision of interest-free unsecured loans by us to our Group Companies in future might adversely affect our operations and imply opportunity costs on us besides possibility of loss of principal and interest. Had the said amount been invested in any safe debt instrument we would have received assured interest on the loan amount, which we do not receive from our Group Companies. For further details please refer to chapter titled 'Group Companies' on page 123 of the DRHP.

Further, the Peer Reviewed Auditor in his re-audit report for six month period ended on September 30, 2012 and for FY 2012 has stated that the interest free advance recoverable on demand to group concerns, which is prima facie prejudicial to the interest of the company.

14. ***Our business is in part dependent on our continuing relationship with our service partners.***

We, in the normal course of our business enter into arrangements with various entities including AD Category I banks for facilitating various Forex transactions. These arrangements play an important role in helping us provide a wide array of services to our customers. They not only provide us advantages in the key services segment but also to strengthen and consolidate our brand. Our business and results of operations could be adversely affected if we are unable to maintain a beneficial relationship with such entities. For further details, please refer the chapter titled "Our Business" beginning on page 83 of the DRHP.

15. ***We are dependent on our senior management team and the loss of key members or failure to attract skilled personnel may adversely affect our business.***

We believe we have a team of professionals to oversee the operations and growth of our business. Our success is substantially dependent on the expertise and continued services of our management team. Any inability on our part to attract and retain talented professionals or key managerial personnel may adversely affect our business and results of operations. For further details of our senior management team, please see the section titled "Our Management" beginning on page 107 of the DRHP.

16. ***Our Company had incurred ₹ 89.89 lakhs in FY 2007 towards branch expansions which was accounted as deferred revenue expenditure.***

Our company has classified ₹ 89.89 lakhs incurred on branch expansions in FY 2007 as deferred revenue expenses. These expenses have been amortized over a period of five years, since FY 2009. The last tranche of amortisation of ₹ 7.98 lakhs is proposed in the financial year ended March 31, 2013. Though our statutory auditors have confirmed that such a policy is not in violation of any accounting standard in force, in the future, any such expense deferment may inflate profits for that period.

17. ***We have experienced negative net cash flow from operating, investing and financing activities in past years. Any negative cash flow in the future would adversely affect our business, results of operations and financial condition.***

We had negative net cash flow from operating activities in FY 2010, from investing activities in six months ended for September 30, 2012, FY 2012, 2011, 2009 and 2008 and from financing activities in six months ended for September 30, 2012, FY 2012, 2011 and 2010. Our cash flows from operating, investing and financing activities are further detailed in the table below:

(₹ in Lakhs)

Sr. No.	Particulars	Six months period ending September 30, 2012	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
A	Net cash generated from/ (utilised from) operating activities	410.36	690.98	372.43	(203.53)	429.18	79.65
B	Net cash generated from/ (utilised in) investing activities	(42.50)	(14.62)	(30.66)	721.44	(764.06)	(167.40)
C	Net cash generated from/ (utilised in) financing activities	(150.31)	(411.49)	(147.26)	(551.16)	570.51	196.46

There can be no assurance that our net cash flow from operating, investing and financing activities will be positive in the future. Any negative cash flows in the future could adversely affect our results of operations and financial condition. For further details, please see “Financial Statements” beginning on page 129 of the DRHP.

18. ***Exchange rate fluctuations may adversely affect our results of operations.***

We are in the business of providing foreign exchange services to our customers. Accordingly, we are exposed to risks associated with foreign exchange fluctuation. Any adverse fluctuation in foreign exchange rates could affect our results of operations.

19. ***Our inability to open new branches and franchise outlets at correct locations may adversely affect our business.***

Our business is dependent on our ability to service and support our customers from proximate locations and thereby giving our customers easy access to our services. Further, it is vital for us to be present in key locations for sourcing business as we depend on these branches and franchise outlets to earn revenue. Thus any inability on our part to open new branches at correct locations may adversely affect our business and results of operations.

20. ***Premises of Alwarpet (Chennai) are jointly used by us and our group company, VKC Finsoft Solutions Private Limited. The lease is registered in the name of VKC Finsoft Solutions Private Limited and the lease rentals of this property are entirely borne by VKC Finsoft Solutions Private Limited.***

The premises situated at Jeyamkondar Apartments, door no. 40/ 12, Murray's Gate Road, Alwarpet, Chennai is jointly used by us and our group company VKC Finsoft Solutions Private Limited. The lease is registered in the name of VKC Finsoft Solutions Private Limited and the lease rentals of this property are entirely borne by VKC Finsoft Solutions Private Limited. We may continue to use the property whose rentals may be borne by our Group Entities/ Promoter Group.

21. ***Our business is concentrated in southern India and we derive 64.25%, 61.26%, 52.97% and 52.28% of our revenue from southern India for six months period ended on September 30, 2012, FY 2012, 2011 and 2010, respectively. Any breakdown of services in these areas could have a material and adverse effect on our results of operations and financial conditions.***

We derive 64.25%, 61.26%, 52.97% and 52.28% of our revenue from branches and franchisees situated in southern India for six months period ended on September 30, 2012, FY 2012, 2011 and 2010, respectively. As a result, we are exposed to risks including any change in policies relating to these states, any localized social unrest, any natural disaster and any event or development which could make business in such states less economically beneficial. Any such risk, if materializes, could have a material adverse effect on the business, financial position and results of operations of our Company.

22. ***We are subject to intense competition. If we are unable to cope effectively with competition this may have a material adverse effect on our business.***

We face competition from, competitors who operate under established brands and have presence in both India and abroad and also from the un-organized sectors. These competitors may have more financial resources than us and consequently greater capability than us to invest in expansion and also to sustain losses in the initial stages of expansion.

Besides, we also face stiff competition from established AD category I banks, who amongst others also provide money changing facility. These banks have their own existing customer base comprising of account holders, who would prefer to continue with the money changing facilities offered by these banks, as part of convenience. Consequently, it may be difficult for our Company to expand its customer base.

Our competitors have established or may be planning to establish branches and franchisees in certain areas where we operate, which could result in increased competition for patrons. A significant increase in competition, whether from one new competitor or many, could exert downward pressure on our profits, an inability to take advantage of new business opportunities and a loss of market share, all of which would adversely affect our business, financial condition, results of operations and prospects.

23. ***We have made applications for the registration of 3 trademarks with the Registry of Trade Marks. Unless our trademarks are approved and registered, we may not be able to effectively prohibit other persons from exploiting our brand, which can have material and adverse effect on our business and results of operations.***

We have filed applications, for registration of trademarks for the trademark/ logo "VKC", "VKC Forex" and "VKC Credit and Forex Services Limited". For further details please see the section "Licenses and Approvals" beginning on page 188 of the DRHP. We have invested considerable money and resources for building our brand. As on date, the application for registration of trade mark is objected for the marks "VKC" and "VKC Forex" and for the mark "VKC Credit and Forex Services Limited" the status is shown as "sent back for electronic data processing", any failure to get the above mentioned trademarks registered may prevent us from prohibiting other persons from exploiting these trademarks, which may have a material adverse effect on our business prospects. Further, our Group Entities also use our logo 'VKC' for which we do not have any specific agreement.

24. ***We have in past received out of circulation/ fake/ forged foreign currency notes and this may adversely affect our profitability and results of operations.***

Buying and selling foreign currency is our principal business. In day to day operations our Company may land up receiving out of circulation/fake/forged currency notes/travelers cheques. Though our employees are experienced in identifying out of circulation/fake/forged currency notes/travelers cheques there can be no assurance that we will be able to identify all the fake/forged currency

notes/travelers cheques when presented. In past our Company has failed to identify such notes/travelers cheques and may, in future, continue to receive such currency notes which are out of circulation/forged/fake and this may adversely affect our profitability and results of operations.

25. ***We handle cash, traveller's cheque and foreign currency cards on a regular basis and are hence exposed to the risk of fraud and misappropriation of funds.***

We deal with cash and foreign currency cards which exposes us to the risk of fraud and misappropriation of funds. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. While we have taken insurance policies, we cannot assure you that no incident of fraud or misappropriation of funds will occur in the future or our insurance policy will be sufficient to suffice the loss due to such fraud or misappropriation of funds. There has been certain instances of fraud committed by our employees in the past, for details pertaining to the same, please refer to the chapter titled “*Outstanding Litigation and Material Developments*” on page 178 of the DRHP. If such events occur again, we and/ or our Directors may be subject to regulatory action and this could have an adverse effect on the profitability of our business and it could increase cost on insurance, security systems, etc.

26. ***Our Company did not have a whole-time secretary during the period March 2008 to August 2012.***

Our Company was required to appoint a whole-time secretary under section 383A of the Companies Act and Companies (Appointment and Qualifications of Secretary) Rules, 1988, since March 2008. Our Company appointed Mr. Sushanta Panda as a whole-time secretary on August 3, 2012, during the interim period our Company did not have Company Secretary. However, our Company had taken reasonable efforts to comply with the provisions of section 383A, which if in the opinion of any regulatory authority were not enough our Company and/ or Directors may face penal action. Further, we cannot assure you that in future we shall be in a position to avoid such delays in appointment of managerial personnel required under applicable laws.

27. ***Our financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.***

As of September 30, 2012 we had secured indebtedness of ₹ 1,277.76 lakhs, and we may incur additional indebtedness in the future. We have entered into agreements for short term and long term borrowings with certain banks and financial institutions. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in ownership/control, formulation of any scheme of merger/ amalgamation / compromise/ reconstruction, material change in the management of business, avail or obtain any further loan or facility, any amendments in the Memorandum and Articles, etc and will require us to obtain prior approval of the lenders. Although we have received approvals for this Issue, we are unable to assure you that our lenders will provide us with these approvals in the future. For further details, please see “Financial Indebtedness” beginning on page 176 of the DRHP.

28. ***We do not own our registered office and our corporate office from which we operate. Any dispute in relation to the lease of our premises would have a material adverse effect on our business and results of operations.***

We do not own the premises on which our registered office and corporate office is situated. Our Company operates from rented and leased premises at various locations. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to our Company, we may suffer a disruption in our operations or have to pay increased rentals which could have a material adverse effect on our business, financial condition and results of operations.

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

We may require additional funds in connection with future business expansion and development initiatives. In addition to the net proceeds of Fresh Issue and our internally generated cash flow, we

may need additional sources of funding to meet these requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of any of our business development plans and this may affect our business and future results of operations.

30. ***We will not receive any proceeds from the Offer for Sale. The Selling Shareholders comprising of our Promoter Group will receive the entire proceeds from the Offer for Sale.***

This Issue includes an Offer for Sale of up to 18,00,000 Equity Shares aggregating to ₹ [•] lakhs by the Selling Shareholders. The proceeds of the Offer for Sale will be paid to the Selling Shareholders, who constitute our Promoter Group, and our Company will not benefit from such proceeds. We will have access only to the Fresh Issue proceeds.

31. ***Some of our Group Companies have incurred losses during the past three years.***

Some of our Group Companies have incurred losses within the last three financial years, details of which are set forth below:

(₹ in lakhs)

Particulars	Profit /(Loss) incurred for the financial year ended		
	2012	2011	2010
VKC Finsoft Solutions Private Limited	(22.78)	(54.50)	11.69
Veeyen Associates	(0.02)	(0.02)	(negligible)

Further, VKC Shiksha Overseas Private Limited, our Group Company is also a loss making company but since it is not carrying on any business activity, its profit and loss statement has not been prepared. For more details, see the section titled “Group Companies” beginning on page 123 of the DRHP.

32. ***One of our Group Companies had negative net worth during the last three years.***

One of our Group Companies VKC Shiksha Overseas Private Limited has negative net worth during the past three years, details of which are set forth below:

(₹ in lakhs)

Particulars	Net worth for the financial year ended		
	2012	2011	2010
VKC Shiksha Overseas Private Limited	(4.46)	(3.64)	(3.55)

For more details, see the section titled “Group Companies” beginning on page 123 of the DRHP.

33. ***The deployment of the proceeds of the Fresh Issue is entirely at our discretion and will not be subject to any monitoring by any external or independent monitoring agency but will be monitored by our Board of Directors.***

There will be no external or independent monitoring agency which would monitor the utilization of the proceeds of the Fresh Issue. However, our Board will monitor the utilization of these proceeds. We will disclose the details of utilization of Fresh Issue Proceeds, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclose as per the disclosure requirements of the Listing Agreement.

34. ***We rely extensively on our operating procedures and IT systems. Any failures in these systems could adversely impact our business and results of operations.***

We rely extensively on our web based software 'Eforex-on-net' for managing our money changing operations. This software integrates the entire money changing operations right from the transaction processing and accounting to risk management. Further this centralized web based software/application is implemented at all branches and ensures real time monitoring of vital information pertaining to fund/stock positions and hedging of foreign exchange sold. We are dependent upon the IT software for effective monitoring & management of stock and working capital, and any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can adversely impact our business and results of operations.

35. ***Upon completion of the Issue, our Promoters will continue to exercise significant control over our Company, which will allow them to influence the outcome of matters submitted to the shareholders for approval.***

Upon completion of this Issue, our Promoters will continue to own a significant portion of our Equity Shares. As a result, our Promoters will have the ability to exercise significant influence over all the matters requiring shareholders' approval. Our Promoters will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they may be required by applicable law to abstain from voting. Our Promoters will also be able to control most matters affecting our Company, including the appointment and removal of officers, our business strategies and policies, dividend payouts and capital structure and financing. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. Further, the interests of our Promoters could conflict with the interests of our other shareholders, and in such circumstances our Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

36. ***Our business is subject to government regulations and requires periodic approvals and renewals and changes in these regulations or in their implementation, or our failure to obtain or renew certain approvals or licenses in the ordinary course of business in a timely manner or at all, may adversely affect our operations.***

Our business is subject to RBI regulations, Shops and Establishment legislation, Employees Provident Fund and Miscellaneous Provisions Act, 1952, Employees State Insurance Act, 1952 etc. For more details on the regulations and the policies that regulate our industry, please see "Key Industry Regulations and Policies" on page 92 of the DRHP. Many of the approvals under the above said regulations are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue such permits, licenses or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and we cannot assure you that we shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/licenses/approvals. Failure by us to renew, maintain or obtain the required permits, licenses or approvals, or cancellation, suspension or revocation of any of our permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on our business. For further details, please see "Licenses and Approvals" on page 188 of the DRHP.

37. ***There are certain licenses and approvals that we have applied for, but not yet received.***

We have applied for certain licenses and approvals for which the grant / approval has not yet been received. Any failure to obtain such licenses/ approvals in a timely manner or at all may adversely affect our business, financial conditions and results of operations. For a list of licenses and approvals for which we have applied for but not yet received, please see the section titled "Licenses and Approvals" beginning on page 188 of the DRHP.

38. ***Any inability to manage our growth could disrupt our business and reduce our profitability.***

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our existing businesses as well as the development of related businesses. This 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. Continuous

expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Any inability to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

39. ***The insurance coverage taken by us may not be adequate to protect against certain business risks. This may adversely affect our financial condition and result of operations.***

Operating and managing a business involves many risks that may adversely affect our operations and the availability of insurance is therefore important to our operations. We believe that our insurance coverage is adequate to cover us. However, to the extent that any uninsured risks materialize or if it fails to effectively cover any risks, we could be exposed to substantial costs and losses that would adversely affect our financial condition. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims or that our insurers will not disclaim coverage as to any particular claim or claims. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or coinsurance requirement, could adversely affect our financial condition and results of operations. For further details, please refer "Our Business" on page 83 of the DRHP.

40. ***We propose to use the entire Fresh Issue Proceeds towards working capital, general corporate purposes and to meet the issue expenses and will use the same according to our deployment schedule. In which case, funds may remain idle for some time as and when not required.***

We intend to use entire Fresh Issue Proceeds towards working capital needs, general corporate purposes and to meet the issue expenses. Our Company proposes to utilise 75.00 % of the Issue Proceeds for fulfilling the working capital needs. We intend to deploy the Net Issue Proceeds in FY 2014 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the Fresh Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., because of which our Company may not be able to use the funds effectively. For further details on the use of the Issue Proceeds, please see the section "Objects of the Issue" beginning on page 64 of the DRHP.

41. ***Our Company and our Group Companies have availed unsecured loans, majority of which are repayable on demand.***

We have availed unsecured loans, vehicle loans and overdraft facilities aggregating to approximately ₹ 656.68 lakhs as on September 30, 2012. Further, our Group Companies have also availed unsecured loans and advances from certain entities. For further details in relation to the unsecured loans and advances, please refer the chapter "Financial Statements" beginning on page 129 of the DRHP. Unsecured loans may be called at any time by these entities. In the event that these loans are required to be re-paid on a short notice, our Company and our Group Companies may have to arrange for additional funds which may have a temporary impact on our and their financials.

External Risk Factors

1. ***We may have to comply with stricter regulations and guidelines issued by regulatory authorities in India.***

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's Forex business. Moreover new regulations may be passed that restrict our ability to do business. We cannot assure you that we will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

2. ***Any future issuance of Equity Shares by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by us may dilute your shareholding in our Company, adversely affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that we will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

3. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives appropriate trading approvals***

The Equity Shares will be listed on the Stock Exchange. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of the Equity Shares. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the stock exchanges, we are required to refund all monies collected to investors.

4. ***We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board.***

We have prepared our restated financial statements and the financial information contained in the DRHP in accordance with the accounting standards applicable in India and SEBI ICDR Regulations. Indian Accounting Practices differ in certain respects from those of IFRS. We have not presented a reconciliation of our financial statements to IFRS in the DRHP, and we do not intend in near future to reconcile future financial statements to IFRS. Furthermore, we have not quantified or identified the impact of the differences between Indian Accounting Practices and IFRS as applied to our financial statements. As there are differences between Indian Accounting Practices and IFRS, there might be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS. Prospective investors should consult their own professional advisers for an understanding of the differences between the professional standards applicable in India and IFRS and how they might affect the financial information contained in the DRHP.

5. ***Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.***

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

6. *If regional hostilities, terrorist attacks or social unrest in India increase, our business could be adversely affected and the trading price of the Equity Shares could decrease.*

The Asian region has from time to time experienced instances of civil unrest, terrorist attacks and hostilities among neighbouring countries. Military activity or terrorist attacks in India in the future could influence the Indian economy by creating a greater perception that investments in Indian companies involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy and our business and its future financial performance and the trading price of the Equity Shares.

Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

7. *After this Issue, the price of the Equity Shares may be subject to fluctuations, or an active trading market for the Equity Shares may not develop.*

The price of the Equity Shares on the Stock Exchange may fluctuate as a result of the factors, including:

- a. Volatility in the Indian and global securities market;
- b. Our Company's results of operations and performance;
- c. Performance of our Company's competitors,
- d. Adverse media reports on our Company or pertaining to the industry in which we operate;
- e. Changes in our estimates of performance or recommendations by financial analysts;
- f. Significant developments in India's economic liberalization and deregulation policies;
- g. Significant developments in India's fiscal and environmental regulations.

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for the industry and the Company. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

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

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing 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 the Equity Shares.

9. *Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Equity Shares to decrease.*

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial instability in other countries such as USA, Russia and elsewhere in the world in recent years have had limited impact on the Indian economy and India was relatively unaffected by financial and liquidity crises experienced elsewhere. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other

emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This in turn could negatively impact the movement of exchange rates and interest rates in India. In short, any significant financial disruption could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares. Further, regulatory actions to rein inflation have led to increase in interest rates, and further increases cannot be ruled out, which again may affect our results of operations.

10. *Investors may have difficulty in enforcing judgments against the Company or its management outside India.*

The Company is a limited liability company incorporated under the laws of India. All of the Directors and executive officers and the experts named in the DRHP are residents of India. Further, a substantial portion of our assets and the assets of such persons are located in India. As a result, it may not be possible for investors to affect service of process upon the Company or such persons in jurisdictions outside India or to enforce judgments obtained against it or such persons outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (the “Civil Procedure Code”). Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the laws of India in cases where such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. However, the U.K. has been declared by the Government to be a reciprocating territory. Accordingly, a judgment of a court in the U.S. may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered.

11. *Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar.*

Our financial statements are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and auditing standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of these financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or U.S. GAAP as applied to our financial statements. There may be substantial differences in our results of operations, cash flows and financial condition discussed in the DRHP, if the relevant financial statements were prepared in accordance with IFRS or U.S. GAAP instead of Indian GAAP. Prospective investors should review our accounting policies and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS or U.S. GAAP and how they might affect the financial information contained in the DRHP.

Prominent Notes:

1. Public Issue of [●] Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per equity share) ("Issue Price") aggregating upto ₹ [●] Lakhs, consisting of a Fresh Issue of [●]* Equity Shares by our Company aggregating upto ₹ 1,600 Lakhs ("Fresh Issue") and an Offer for Sale of upto 18,00,000 Equity shares by the Selling Shareholders aggregating upto ₹ [●] lakhs ("Offer for Sale") at the Issue Price (the Offer for Sale and Fresh Issue are together referred to as the "Issue") of which [●] Equity Shares of ₹ 10 each will be reserved for subscription by Market Makers to the Issue ("Market Maker Reservation Portion") the Issue less the Market Maker Reservation Portion i.e. Issue of [●] Equity Shares of ₹ 10 each is hereinafter referred to as the "Net Issue". The Issue and the Net Issue will constitute [●] % and [●]%, respectively of the post Issue paid up equity share capital of the Company.

**Our Company is considering a private placement of upto 10,00,000 Equity Shares for cash consideration aggregating upto ₹ 650 lakhs, at its discretion prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.*

2. The average cost of acquisition per Equity Share for Mr. Venkatasubramanian Renganathan is ₹ 0.86 and for Mr. Nageswaran Narayanaswamy is ₹ 0.86.
3. As of September 30, 2012 and March 31, 2012, the net worth of our Company was ₹ 1,551.61 lakhs and ₹ 1,510.04 lakhs, respectively, as per our Company's restated financial statements.
4. The net asset value per Equity Share was ₹ 29.28 as of September 30, 2012 and ₹ 28.49 as of March 31, 2012 as per our Company's restated financial statements.
5. None of our Group Companies have any business or other interests in our Company. For details of transactions with these Group Companies please see the section "Financial Statements" on page 129 of the DRHP.
6. The aggregate amount of related party transactions of our Company amounted to ₹ 783.56 (₹ 730.71 lakhs are balances as of March 31, 2012) lakhs as per the restated financial information in FY 2012 and ₹ 839.32 lakhs (₹ 814.52 lakhs are balances as of September 30, 2012) for six months period ended on September 30, 2012. For details of the related party transactions entered into by our Company, see "Related Party Transactions" in the section "Financial Statements" beginning on page 129 of the DRHP.
7. Investors may contact the Book Running Lead Manager for complaints, information, clarifications or complaints pertaining to the Issue.

There has been no financing arrangement whereby members of the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the DRHP.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Investors should note that this is only an overview and does not contain all information that should be considered before investing in our Company's Equity Shares. The information presented in this section has been obtained from publicly available documents from various sources and Company's understanding of the Industry. We may have reclassified such data for the purposes of presentation in this section. These sources generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information from the sources contained in this section has not been independently verified. Similarly, information / data, which we believe to be reliable, have not been verified by any independent agency. You should read the entire DRHP, including the information in sections "Risk Factors" and "Financial Statements" beginning on pages 14 and 129, respectively of the DRHP, before deciding to invest in our Company's Equity Shares.

OVERVIEW OF INDIAN ECONOMY

The Indian economy's performance in 2011-12 was marked by slowing growth, high inflation and widening fiscal and current account gaps. The economy grew at its slowest pace in nine years with mining, manufacturing and construction dragging growth down. Weakening of both domestic and external demand contributed to the slowdown. Importantly, in spite of slowing growth, inflation stayed high for larger part of the year. In response, the Reserve Bank persisted with tightening till October 2011 and paused before easing in April 2012. Slowing growth, high inflation and widening twin deficits, along with global flight to safety amidst a deepening euro area crisis put pressures on the financial markets and the exchange rate during the year.

The Indian economy was one of the fastest growing economies in the post-crisis period. During 2011-12, however, there was continuous deceleration of economic activity in each of the four quarters which pushed the expansion of the economy to below potential, which is the maximum level of output that the economy can sustain without creating macroeconomic imbalances. There has been a deceleration in all sub-sectors of the economy, barring 'electricity, gas and water supply' and 'community, social and personal services'.

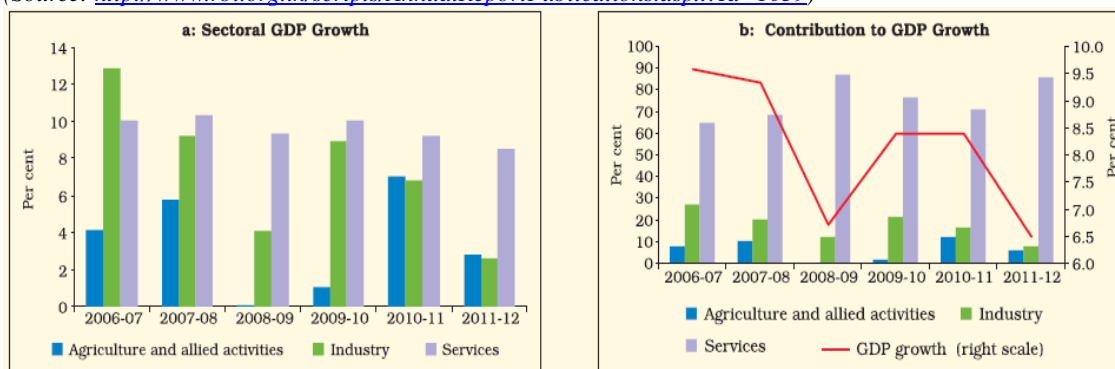
Growth slowed down due to multiple factors. One of the reasons was the persistence of inflation at a much higher level than the threshold for two successive years. Persistent and high inflation necessitated continued tightening of monetary policy. Recent research suggests that real interest (lending) rates explain only about one-third of GDP growth. As of March 2012, real weighted average lending rates, that have an inverse relationship with investment activity, were lower than they were in the pre-crisis period between 2003-04 and 2007-08, when investment boomed.

This suggests that non-monetary factors played a bigger role and accentuated the slowdown to beyond what was anticipated while tightening the monetary policy. Recession in the euro area and general uncertainty regarding the global economic climate chipped the external demand as well. Domestic policy uncertainties, governance and corruption issues amidst lack of political consensus on reforms led to a sharp deterioration in investment climate. Structural constraints emerged in key investment drivers in the infrastructure space – telecom, roads and power – which increased the disinflationary costs. High inflation kept aggregate demand and business confidence subdued.

After a sharp recovery from the global financial crisis and two successive years of robust growth of 8.4 per cent, GDP growth decelerated sharply to a nine-year low of 6.5 per cent during 2011-12. The slowdown was reflected in all sectors of the economy but the industrial sector suffered the sharpest deceleration (*Chart a*).

The slowdown in agriculture sector growth was on account of the base effect which dragged down its contribution to GDP growth by half (*Chart b*). In the case of industry, the sharp moderation in manufacturing sector growth along with decline in mining and quarrying output offset the improvement in 'electricity, gas and water supply' growth. The industrial sector's weighted percentage contribution to economic growth dropped to single digits, the first time in ten years. The moderation in services sector growth was led by sharp deceleration in 'construction' and 'trade, hotels, transport and communication'. Despite the moderation, the predominance of the services sector remains a unique feature of the overall growth story and the process of structural change in India.

(Source: <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1039>)



(Source: <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1039>)

FOREIGN EXCHANGE MARKETS

Globally, operations in the foreign exchange market started in a major way after the breakdown of the Bretton Woods system in 1971, which also marked the beginning of floating exchange rate regimes in several countries. Over the years, the foreign exchange market has emerged as the largest market in the world. The decade of the 1990s witnessed a perceptible policy shift in many emerging markets towards reorientation of their financial markets in terms of new products and instruments, development of institutional and market infrastructure and realignment of regulatory structure consistent with the liberalised operational framework. The changing contours were mirrored in a rapid expansion of foreign exchange market in terms of participants, transaction volumes, decline in transaction costs and more efficient mechanisms of risk transfer.

(Source: www.rbi.org.in/ RBI Report on Currency and finance - 2005-06, Development of Financial markets and role of the Central bank / Chapter VI –Foreign Exchange Market - page 211)

The foreign exchange market in India operates under the Central Government of India and executes wide powers to control transactions in foreign exchange. The Foreign Exchange Management Act, 1999 (FEMA) regulates the whole Foreign Exchange Market in India. Before the introduction of this Act, Foreign Exchange Market in India was regulated by Reserve Bank of India through the Exchange Control Department, by Foreign Exchange Regulation Act, 1947 (FERA). After independence, the Indian Government passed the Foreign Exchange Regulation Act, 1973 and gradually this Act became FEMA.

Foreign Exchange Rates

In the fiscal 2011-12, on month-to-month basis the rupee depreciated by 12.4 per cent from ₹ 44.97 per US dollar in March 2011 to ₹ 51.34 per US dollar in January 2012. On point to point basis it depreciated by 16.2 per cent from ₹ 44.65 per US dollar on 31 March 2011 to ₹ 53.26 per US dollar on 30 December 2011. The rupee reached a peak of ₹ 43.94 on 27 July 2011 and a low of ₹ 54.23 per US dollar on 15 December 2011, indicating depreciation of 19.0 per cent. Similarly, the monthly average exchange rate of the rupee depreciated by 11.5 per cent against the pound sterling, 9.1 per cent against the euro, and 18.7 per cent against the Japanese yen between March 2011 and December 2011.

(Source: <http://indiabudget.nic.in>, Economic Survey – 2011-12, Chapter-1 state of the economy and prospectus (page 15))

Monthly average exchange rate of the rupee against US dollar, Pound Sterling, Euro and Japanese Yen for the period January 2012 till November 2012 is as follows:

Months	INR / 1US dollar	INR/ 1Pound Sterling	INR /Euro	INR/ 100 Japanese Yen
January, 2012	51.346	79.617	66.214	66.790
February, 2012	49.163	77.623	65.094	62.743
March, 2012	50.323	79.649	66.527	61.046
April, 2012	51.803	82.941	68.162	63.814
May, 2012	54.474	86.720	69.699	68.329

Months	INR / 1US dollar	INR/ 1Pound Sterling	INR /Euro	INR/ 100 Japanese Yen
June, 2012	56.030	87.135	70.309	70.674
July, 2012	55.495	86.517	68.252	70.281
August, 2012	55.560	87.249	68.875	70.681
September, 2012	54.606	87.866	70.126	69.908
October 2012	53.024	85.213	68.752	67.231
November 2012	54.776	87.537	70.367	67.604

(Source: www.rbi.org.in)

Market Players in the Foreign Exchange Market in India

Players in the Indian foreign exchange market include (a) Authorised Dealers (ADs), mostly banks who are authorised to deal in foreign exchange, (b) foreign exchange brokers who act as intermediaries, and (c) customers – individuals, corporates, who need foreign exchange for their transactions. Though customers are major players in the foreign exchange market, for all practical purposes they depend upon ADs and brokers. In the spot foreign exchange market, foreign exchange transactions were earlier dominated by brokers. Nevertheless, the situation has changed with the evolving market conditions, as now the transactions are dominated by ADs. Brokers continue to dominate the derivatives market.

All merchant transactions in the foreign exchange market have to be necessarily undertaken directly through ADs. However, to provide depth and liquidity to the inter-bank segment, ADs have been permitted to utilise the services of brokers for better price discovery in their inter-bank transactions.

In order to further increase the size of the foreign exchange market and enable it to handle large flows, it is generally felt that more ADs should be encouraged to participate in the market making.

(Source: www.rbi.org.in, RBI report on currency and finance (2005 – 06), Development of financial markets and role of central bank, chapter VI –foreign exchange market, page no 221)

Classification of Authorised Dealers/ FFCs:

Classification of persons / entities authorised to deal in foreign exchange and major activities undertaken by them are as under:

Sr. No.	Categories	Entities	Major Activities
1.	Authorised Dealer - Category – I	<ul style="list-style-type: none"> Commercial Banks State Co-op Banks Urban Co-op Banks 	All current and capital account transactions according to RBI directions issued from time-to-time.
2.	Authorised Dealer - Category – II	<ul style="list-style-type: none"> Upgraded FFCs Co-op. Banks Regional Rural Banks (RRBs) Others 	Specified non-trade related current account transactions and all the activities permitted to Full Fledged Money Changers and any other activity as decided by the Reserve Bank.
3.	Authorised Dealer - Category - III	<ul style="list-style-type: none"> Select Financial and other Institutions 	Transactions incidental to the foreign exchange activities undertaken by these institutions
4.	Full Fledged Money Changers (FFCs)	<ul style="list-style-type: none"> Department of Posts Urban Co-op. Banks Other FFCs 	Purchase of foreign exchange and sale for private and business visits abroad.

(Source: www.rbi.org.in, RBI Circular RBI/2005-06/314,-A.P. (DIR Series) Circular No. 25, A.P. (FL Series) Circular No. 02, dated March 6, 2006)

In India, there are around 97 Authorised Dealers in category I, 42 Authorised Dealers in category II, 9 Authorised Dealers in category III and 1,089 FFCs. (Source: www.rbi.org.in)

SUMMARY OF BUSINESS

Business Overview

We are primarily engaged in the business of money changing and provide foreign exchange services to our customers through our network of branches and franchisees. We are a RBI licensed Authorised Dealer – Category II (AD-II).

In the year 1995, we started our operations as a Full Fledged Money Changer (FFMC) in Chennai. We opened our first branch in Tirupur, Tamil Nadu in 1997. We obtained permission from RBI for sale of foreign exchange to corporates through Exchange Earner's Foreign Currency Account (EEFC A/c) in 1999. In the year 2002, we got permission from RBI for appointment of franchisees to carry out Restricted Money Changing Activity. In the year 2009, we were upgraded as an Authorised Dealer-Category -II by RBI from an FFMC. The enhancement of status from FFMC to Authorised Dealer - Category II opened a wide spectrum of activities which we can undertake; foremost among them being the ability to transact outward remittance requirements.

We currently offer the following range of products and services catering to the forex needs of travelers and other segments like banks, other Money Changers etc:

Sr. No.	Activity	Description
1.	Currency Operations	1. Sale and purchase of foreign exchange. 2. Dealing in bulk currencies. 3. Import and export of foreign currencies.
2.	Forex Prepaid Travel Cards	Sale and encashment of Forex Prepaid Travel Cards
3.	Foreign Demand Drafts & Remittance	Tie-ups with various banks for issuance of foreign currency demand drafts and remittances
4.	Travelers Cheques	Sale and encashment of travellers cheque
5.	Other Products and Services	a. Sale of international SIM and Calling Cards. b. Inward money transfer service. c. Business auxiliary and back office support services

Our company has entered into arrangements with HDFC Bank Limited, ICICI Bank Limited and few other private sector banks for forex prepaid travel cards and with IndusInd Bank Limited for issuance of foreign currency drafts and to affect outward remittances from India through telegraphic transfers. Further, our Company is one of the authorized sellers of Global Travel Cards, a prepaid foreign exchange card issued by American Express Banking Corporation in India and is also authorized to distribute Traveller's Cheques issued by American Express Travel Related Services Company. Our Company is also associated with Weizman Forex Limited (representative of Western Union Financial Services Inc.), UAE Exchange & Financial Services Limited, (agent of Money Gram Payment Systems Inc.) and BFC Forex & Financial Services Private Limited (EzRemit) for Inward Money Transfer Service to India.

Further, after appropriate approvals are received, we plan to issue forex prepaid travel card for direct sale and opening and maintenance of Nostro Account, pursuant to A P (DIR Series) Circular No-104/RBI dated April 4, 2012.

As on September 30, 2012, we have presence in 38 cities across India and operate through a network of 62 branches (including 4 airport counters) and 26 franchisees operating through 215 outlets in India.

The branch presence of our Company is indicated in the map below:



Our Company earns its profits from the spread between the buy and sell rate for foreign exchange and commissions/incentives for its services. We continue to focus on growing business volumes, maintaining revenue yield and management of costs.

The product wise revenue break up for last 3 years is as follows:

(₹ in lakhs)				
Particulars	Six months ended on September 30, 2012	FY 2012	FY 2011	FY 2010
1. Currency operations				
Retail/ Corporate	15,137.25	25,003.53	27,852.02	27,011.33
Bulk transaction - FFMC & AD	16,610.45	37,867.16	33,900.65	32,026.81
Bulk transaction – Branch	18,429.66	32,801.28	36,370.64	46,517.17
Bulk transaction – Exports	-	65.64	-	13,412.84
2. Total Prepaid card sales/ Settlement				
Prepaid Cards sales/ settlement Profit (Non	108.70	119.68	121.57	104.22

Particulars	Six months ended on September 30, 2012	FY 2012	FY 2011	FY 2010
EEFC)				
Card Encashment	4,757.21	7,530.90	5,251.46	3,405.40
3. Foreign DD and Remittance Income	191.85	219.97	92.19	61.98
4. Total TC Sales/ Settlement				
TC Sales/ Settlement Profit (Non EEFC)	0.02	21.47	48.99	178.81
TC Encashment	725.42	2,669.56	3,849.81	6,018.54
TC Encashment - Branch	208.71	1,019.34	1,955.12	2,408.10
5. Others				
Commission Received	22.35	63.98	89.45	96.72
Prepaid Card Incentive	201.68	288.84	190.86	110.74
Miscellaneous Income	56.13	144.83	137.04	131.45
Revenue from Operations	56,449.43	1,07,816.18	1,09,859.80	1,31,484.12

Competitive Strengths

1. Experienced Management Team

We are led by an experienced management team that has been dealing with foreign exchange operations for over two decades. The management team possesses the required skill, expertise and vision to continue and to expand the business of our Company. Our Management team consists of Mr. Venkatasubramanian Renganathan, Mr. Nageswaran Narayanaswamy and Mr. N Srikrishna. Mr. Venkatasubramanian Renganathan, has over two and a half decades of experience in foreign exchange, credit and advances and corporate banking. Mr. Nageswaran Narayanaswamy has over two decades of experience in foreign exchange. Mr. N Srikrishna has over 15 years of experience in forex sector and is associated with our Company since February 22, 1999. Our management team has an in-depth understanding of the foreign exchange sector and under their direction and guidance our Company has grown organically. Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy are the Promoters and Directors of our Company.

2. Effective Stock and Risk Management

We believe that effective stock and risk management has helped us in reducing inventory holdings, associated redistribution costs and exchange risk in case of foreign currency holdings. Further, risk management strategies have helped us in tackling the exchange rate volatility and thereby maintaining our margins.

3. Pan India Network & Multi Location Access

We are an Authorised Dealer – Category II money changer in India, as on September 30, 2012, we have nationwide presence in 38 cities through a network of 62 branches (including 4 airport counters), and 26 franchisees operating through 215 outlets. We believe that with such a large network, we were able to penetrate and cater to our customers across various cities and towns in India. Having such a network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to reach new customers. We believe we can leverage on this existing network for further expansion and for seamless execution of our customer requirements.

4. Track Record of our Company

Our Company has a good track record of over 15 years in the forex business. With a network of 62 branches in 38 cities (as on September 30, 2012), our Company has a very wide retail presence and is present in strategic locations pan India. This distributed network also helps our Company in term of its currency operations, where it can take advantage of the arbitrage opportunities. Further, our Company is one of the authorized seller of Global Travel Cards, a prepaid foreign exchange card issued by American Express Banking Corporation in India and is also authorized to distribute Travellers Cheques issued by American Express Travel Related Services Company.

Also as an Authorised Dealer II, our Company can issue Foreign Demand Draft / Remittance for a range of purposes as specified by RBI. This has enhanced our Company's range of services offered to the public.

5. *Strong information technology infrastructure*

We believe that our web based software 'Eforex-on-net' used for managing our money changing operations, offers us a systems integration platform for our entire money changing operations right from the transaction processing and accounting to risk management. We believe that the centralized web based software implemented at all branches ensures real time monitoring of vital information pertaining to fund/stock positions and hedging of foreign exchange sold. Our software is custom designed for our services and helps us reduce people contact time thereby increasing efficiency and enhance our processes and operational performance. Our system fully integrates businesses in every aspect bringing together different outlets with the head office and ensures effective monitoring & management of stock and working capital.

6. *Arrangement with banks*

We have arrangement with few private sector banks for issuance of co-branded forex cards. These cards have a better recognition and acceptance due to the brand recall value of the established private sector bank and also gives us competitive advantage.

THE ISSUE

The following table summarizes the Issue details:

Public Issue of	[•] Equity Shares
Consisting of	
Fresh Issue	[•]* Equity Shares
Offer for Sale	upto 18,00,000 Equity Shares
Of which	
Marker Maker Reservation Portion	[•] Equity Shares
Net Issue to the Public	[•] Equity Shares
Of which:	
QIB Portion ⁽¹⁾⁽²⁾	Not more than [•] Equity Shares
Of which:	
Mutual Fund Portion	[•] Equity Shares
Balance for all QIBs including Mutual Funds	[•] Equity Shares
Non-Institutional Portion ⁽¹⁾⁽²⁾	Not less than [•] Equity Shares
Retail Portion ⁽¹⁾⁽²⁾	Not less than [•] Equity Shares
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue*	53,00,000 Equity Shares
Equity Shares outstanding after the Issue	[•] Equity Shares
Use of proceeds of this Issue	See section titled “Objects of the Issue” on page 64 of the DRHP.

* Our Company is considering a private placement of upto 10,00,000 Equity Shares for cash consideration aggregating upto ₹650 lakhs, at its discretion prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.

⁽¹⁾ Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue portion, shall be made on a proportionate basis, except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. Under-subscription, if any, other than QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

Under subscription if any in the Market Maker Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, other than QIB portion, spill over to the extent of under-subscription shall be permitted to be met from Market Maker Reservation Portion at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

⁽²⁾ The Issue is being made through the Book Building Process wherein [•] Equity Shares shall be reserved for Market Maker. Not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs. 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 QIBs Bidders, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

SELECTED FINANCIAL INFORMATION

ANNEXURE I: STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A. Non Current Assets						
Fixed Assets						
- Tangible Assets	435.92	414.00	441.68	459.83	1226.72	461.06
- Investments in Equity Instruments	5.00	5.00	5.00	5.00	-	-
Long Term Loans and Advances	816.78	732.97	597.13	412.38	107.97	786.46
Other Non Current Assets	253.24	272.16	348.55	680.82	440.21	549.03
Total Non Current Assets (A)	1510.94	1424.13	1392.36	1558.03	1774.92	1796.55
B. Current Assets						
Inventories	434.69	242.69	259.30	270.47	455.51	539.01
Trade Receivables	3339.56	2679.39	2344.33	1364.86	1740.57	1521.39
Cash and Cash Equivalents	1022.28	804.73	539.86	345.35	378.60	142.97
Short Term Loans and Advances	185.26	175.23	182.08	168.93	102.18	186.47
Other Current Assets	41.11	41.29	7.98	7.98	7.98	57.97
Total Current Assets (B)	5022.90	3943.33	3333.56	2157.58	2684.85	2447.81
C. Non Current Liabilities						
Long Term Borrowings	187.76	147.94	250.20	9.55	136.48	201.70
Deferred Tax Liabilities (Net)	38.26	31.55	24.98	48.10	63.86	27.97
Total Non Current Liabilities (C)	226.02	179.49	275.18	57.65	200.34	229.67
D. Current Liabilities						
Short Term Borrowings	1677.58	1185.92	909.54	729.36	1400.63	1114.65
Trade Payables	3009.53	2385.75	1958.61	1361.50	1391.73	1714.45
Other Current Liabilities	69.10	106.26	110.51	140.82	87.16	89.53
Total Current Liabilities (D)	4756.21	3677.93	2978.66	2231.69	2879.52	2918.63
Net Worth (A+B-C-D)	1551.61	1510.04	1472.08	1426.29	1379.90	1096.07
Net Worth Represented By Share Holders' Funds						
E. Share Capital						
Equity Share Capital	530.00	530.00	530.00	530.00	530.00	500.00
F. Reserves And Surplus						
Securities Premium	720.00	720.00	720.00	720.00	720.00	600.00
Profit and Loss Account	301.61	260.04	222.08	176.29	129.90	(3.93)
Total Reserves And Surplus (F)	1021.61	980.04	942.08	896.29	849.90	596.07
Net Worth (E+F)	1551.61	1510.04	1472.08	1426.29	1379.90	1096.07

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of Assets and Liabilities, as restated.

ANNEXURE II: STATEMENT OF PROFIT AND LOSS, AS RESTATED

(₹ in Lakhs)

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
INCOME						
Revenue From Operations	56449.43	107816.18	109859.80	131484.12	141326.97	143232.12
Other Income	24.25	31.07	24.11	28.75	40.56	41.75
Total Revenue	56473.68	107847.25	109883.90	131512.87	141367.53	143273.87
EXPENDITURE						
Purchase of traded goods	55401.80	105541.98	107692.90	129209.57	138882.22	141469.28
(Increase)/decrease in inventories of finished goods and traded goods	(192.00)	16.61	11.17	185.05	83.49	27.92
Employee benefits expenses	473.32	899.37	816.61	759.13	749.13	659.40
Other expenses	577.55	1065.53	1046.26	1127.49	1221.62	817.76
Total Expenditure	56260.67	107523.49	109566.94	131281.23	140936.47	142974.36
Earnings before interest, tax, depreciation and amortization (EBITDA)	213.02	323.76	316.96	231.64	431.06	299.51
Depreciation	38.22	72.58	70.31	66.83	32.47	37.70
Finance Charges	106.32	173.39	203.16	119.82	192.76	115.37
Restated Profit Before Tax	68.47	77.79	43.50	44.99	205.83	146.44
Less: Tax Expenses						
Current Tax	20.19	33.26	20.83	14.35	36.12	85.76
Deferred Tax (Credit) / Charge	6.71	6.57	(23.12)	(15.76)	35.89	6.18
Total Tax Expenses	26.90	39.83	(2.29)	(1.41)	72.01	91.94
Restated Profit after Taxation	41.57	37.96	45.79	46.41	133.81	54.50

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of Profit and Loss, as restated.

ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED

(₹ in Lakhs)

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A. Cash Flow From Operating Activities						
Net profit before prior period items, tax and extraordinary items	68.47	77.79	43.50	44.99	205.83	146.44
Adjustment for:						
Depreciation	38.22	72.58	70.31	66.83	32.47	37.70
Finance Charges	106.32	173.39	203.16	119.82	192.76	115.37
Deferred Revenue Written Off	3.99	7.98	7.98	7.98	7.98	-
Loss on Sale of Fixed Assets	6.60	0.79	2.61	2.36	6.49	0.80
Interest income	(24.25)	(31.07)	(24.11)	(28.75)	(40.56)	(41.75)
Operating Cash flow before working capital changes	199.35	301.46	303.45	213.24	404.97	258.56
Adjustment for:						
(Increase)/decrease in Working Capital :						
(Increase)/decrease in inventories	(192.00)	16.61	11.17	185.05	83.49	27.92
Increase/(decrease) in Short term borrowings	491.66	276.39	180.18	(671.27)	285.98	731.90
Increase / (decrease) in trade Payables	623.79	427.14	597.10	(30.23)	(322.71)	(1864.82)
Increase/(decrease) in other current liabilities	(37.16)	(4.25)	(30.31)	53.65	(2.37)	62.52
(Increase)/decrease in other non-current Assets	18.92	68.41	324.29	(248.57)	100.84	(3.81)
Decrease / (increase) in Trade Receivables	(660.17)	(335.06)	(979.47)	375.71	(219.18)	1012.74
(Increase) / decrease in other current assets	(3.81)	(33.31)	-	-	50.00	-
(Increase) / decrease in short term loans and advances	(10.03)	6.85	(13.15)	(66.76)	84.29	(59.61)
Cash generated from / (utilised in) operations	430.55	724.24	393.26	(189.18)	465.30	165.41
Income taxes paid (net of refunds)	(20.19)	(33.26)	(20.83)	(14.35)	(36.12)	(85.76)
Net cash generated	410.36	690.98	372.43	(203.53)	429.18	79.65

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
/ (utilized) from operating activities (A)						
B. Cash flow from investing activities						
Purchase of fixed assets	(78.65)	(48.45)	(58.17)	(57.04)	(813.84)	(210.35)
Sale of fixed assets	11.90	2.76	3.40	754.74	9.22	1.20
Purchase of non-current investment	-	-	-	(5.00)	-	-
Interest received	24.25	31.07	24.11	28.75	40.56	41.75
Net cash utilized/ (generated) in investing activities (B)	(42.50)	(14.62)	(30.66)	721.44	(764.06)	(167.40)
C. Cash flow from Financing activities						
Increase/(decrease) in long term borrowings	39.82	(102.26)	240.65	(126.93)	(65.22)	158.82
(Increase)/decrease in long term loans and Advances	(83.81)	(135.84)	(184.75)	(304.41)	678.49	(596.99)
Interest paid	(106.32)	(173.39)	(203.16)	(119.82)	(192.76)	(115.37)
Proceeds from shares issued	-	-	-	-	30.00	150.00
Share Premium Received	-	-	-	-	120.00	600.00
Net cash generated from / (utilised in) financing activities (C)	(150.31)	(411.49)	(147.26)	(551.16)	570.51	196.46
Net Increase / (Decrease) in Cash and Cash Equivalents [(A)+(B)+(C)]	217.55	264.87	194.51	(33.25)	235.63	108.71
Cash and cash equivalents at the beginning of the year /period	804.73	539.86	345.35	378.60	142.97	34.26
Cash and cash equivalents at the end of the year/period	1022.28	804.73	539.86	345.35	378.60	142.97

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of Cash Flows, as restated.

The cash flow statement has been prepared under the Indirect Method as set out in Accounting Standard (AS) - 3, Cash Flow Statements, as notified under the Companies Act, 1956.

GENERAL INFORMATION

Registered Office of our Company

115/55, TTK Road,
Alwarpet, Chennai 600 018,
Tamil Nadu, India

Tel No: 044- 4314 4415

Fax No: 044 - 4314 4416

E-mail: ipo@vkcforex.com

Website: www.vkcforex.com

Corporate Identification Number: U67190TN1995PLC031910

Corporate Office of our Company

324, T.T.K, Road,
Second Floor, Alwarpet,
Chennai 600 018,
Tamil Nadu, India

Tel No: 044 – 43144106

Fax No: 044 – 43144103

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Tamil Nadu at Chennai, situated at the following address:

Block No.6, B Wing. 2nd Floor

Shastri Bhawan,
26 Haddows Road,
Chennai 600 034
Tamil Nadu, India

Board of Directors

The Board of Directors comprises of:

Name, Nationality and DIN	Designation	Age (years)	Address
Mr. Venkatasubramanian Renganathan Nationality: Indian DIN: 00823264	Chairman and Managing Director	67	1-E, River Heights, No. 315, Valluvarkottam High Road, Nungambakkam, Chennai– 600034
Mr. Nageswaran Narayanaswamy Nationality: Indian DIN: 00823349	Managing Director	59	4E, River Heights, 315, Valluvarkottam High Road, Chennai-600034
Mr. Jagadesh Sekar Nationality: Indian DIN: 02490103	Non Executive Director	37	59, N. No. 2, Jubilee Road, West Mambalam, Chennai-600033
Mr. Nagarajan Ramakrishnan Nationality: Indian DIN: 06405130	Independent Director	67	No. 1450, 40 th Street, 6 th Avenue, I-Block Anna Nagar, Chennai-600040
Mr. Narayanasami Krishnaswamy Nationality: Indian	Independent Director	78	No.5 A, Babu Road, Post Box No. 366, Tiruchirapalli-620002

DIN: 01296397			
Dr. Qudsia Gandhi	Independent Director	61	G4, MIG Block, Foreshore Estate, Chennai-600028
Nationality: Indian			
DIN: 02568631			

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

Company Secretary and Compliance Officer

Mr. Sushanta Panda

115/ 55, T.T.K, Road,
Alwarpet, Chennai 600 018,
Tamil Nadu, India

Tel: + 91 44 – 4314 4415

Fax: + 91 44 – 43144416

E-mail: ipo@vkcforex.com

Investors can contact the Compliance Officer and /or the Registrar to the Issue and / or the Book Running Lead Manager, in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allocation, credit of allotted shares in the respective beneficiary account or refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the designated branch of the relevant SCSB or the details of the Syndicate Members at Specified Cities where the Bid cum Application Form was submitted (in the event the ASBA Form was submitted through a Syndicate Member).

Book Running Lead Manager

Inga Capital Private Limited

A-404, Neelam Centre,
Hind Cycle Road,
Worli, Mumbai 400 030

Tel: + 91 22 24982919

Fax: +91 22 24982956

Investor Grievance Email: investors@ingacapital.com

Contact Person: Mr. Mukesh Garg/ Mr. Kunal Thakkar

Email: vkc.ipo@ingacapital.com

Website: www.ingacapital.com

SEBI Reg. No: INM000010924

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078

Tel: +91 22 2596 7878

Fax: +91 22 2596 0329

Toll free: 1800 220878

Email: vkc.ipo@linkintime.co.in

Investor Grievance mail: vkc.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Regn. Number: INR000004058

Domestic Legal Counsel to the Issue

Khaitan & Co

One Indiabulls Centre, Tower I,
13th Floor, 841 Senapati Bapat Marg,
Mumbai - 400 013
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Statutory Auditors

G. Ramesh Kumar & Co
28, Akila Lands,
Ganapathy Colony South Extension,
T.V. Kovil, Trichy-620 005
Tamil Nadu, India
Tel: 91 431 2432931
Fax: 91 431 2433140
Email: cagrk@yahoo.com
Firm Registration No: 003010S

Peer Reviewed Auditor

M/s. Sreedhar, Suresh & Rajagopalan
3B, Green Haven, New no. 26, Third Main Road,
Gandhi Nagar, Adyar, Chennai – 600 020
Tel: 044 - 2445 3149
Fax: 044 – 2445 3160
Email: ssrccas@yahoo.co.uk
Firm Registration No: 03957S

Market Maker

As per Regulation 106(V) of the SEBI ICDR Regulations, Inga Capital Private Limited, the BRLM, will ensure compulsory market making in the manner specified by SEBI for a minimum period of three years or such other period as may be specified from time to time from the date of listing of the Equity Shares of the Company.
[•] will act as the Market Maker.

Nominated Investor

[•] will be the Nominated Investor.

Bankers to the Issue and Escrow Collection Banks

[•]

Refund Bank

[•]

Syndicate Members

[•]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process are available at www.sebi.gov.in. Details relating to the Designated Branches of SCSBs collecting the Bid cum Application Forms are available at the above mentioned link.

Brokers to the Issue

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

Bankers to our Company

Axis Bank Limited

Corporate Banking Branch 192,
Karumuttu Nilayam, Anna Salai
Chennai 600 002
Tel: (91 44) 2857700
Fax: (91 44) 28413699
Email: cbbchennai.operationshead@axisbank.com

ICICI Bank Limited

459/1, Anna Salai,
Teynampet,
Chennai-600 018
Tel: (91 44) 42112956
Fax: (91 44) 43100016
Email: gupta.sac@icicibank.com

HDFC Bank Limited

No. 115, Dr. Radhakrishnan Salai,
Mylapore, Chennai-600 004
Tel: (91 44) 2847 7165
Fax: (91 44) 2847 7088
Email: pinky.annabraham@hdfcbank.com

Bank of Baroda

Alwarpet Branch,
New No. 169, Old No. 76,
TTK Salai, Alwarpet,
Chennai 600 018
Tel: (91 44) 2345 4226
Fax: (91 44) 2345 4227
Email: alwarp@bankofbaroda.com

Inter se allocation of responsibilities

Since Inga Capital Private Limited is the sole Book Running Lead Manager to the Issue, all the responsibilities of the Issue will be managed by them.

Credit Rating

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

IPO Grading

The Issue has been graded by [•] and assigned the “[•]” indicating [•] through its report dated [•]. The said report will be annexed to the Red Herring Prospectus as Annexure [•].

Expert Opinion

Except for the below stated reports and certificate, our Company has not obtained any expert opinions:

1. Report of the Statutory Auditor of our Company on Statement of Tax Benefits;
2. Report of Peer Reviewed Auditor on the restated financial statements presented in the DRHP and report on re-audited financial statement for financial year 2011-12 and for six months period ended on September 30, 2012;
3. Report of [•] in respect of the IPO grading of this Issue, furnishing the rationale for its grading.

Trustees

As this is an issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

Since the issue size shall not exceed ₹ 50,000 lakhs there is no requirement to appoint a Monitoring Agency for the Issue in terms of Regulation 16 of the SEBI ICDR Regulations.

Appraising Agency

None of the objects of this Issue have been appraised by an independent agency.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band.

The Issue Price will be finalized after the Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company
- The Selling Shareholders,
- The Book Running Lead Manager in this case being Inga Capital Private Limited,
- The Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with NSE and eligible to act as Underwriters. The Syndicate Member will be appointed by the Book Running Lead Manager;
- The Registrar to the Issue;
- Self Certified Syndicate Banks; and
- Escrow Collection Bank(s).

The SEBI ICDR Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein [●] Equity Shares shall be reserved for Market Maker. Not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds only. The remainder of the QIB Portion 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. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added back to the QIB Portion and allocated proportionately to QIBs (including Mutual Funds) in proportion to their Bids. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. Under-subscription, if any, in any category other than QIB portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and Selling Shareholders, in consultation with the BRLM and the Designated Stock Exchange. Our Company and the Selling Shareholders shall comply with the SEBI ICDR Regulations for this Issue. In this regard, our Company has appointed the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw their Bid(s) nor lower the size of their Bids at any stage. For further details, please refer “Terms of the Issue” on page 200 of the DRHP.

QIBs and Non-Institutional Bidders shall compulsorily submit their Bids under the “ASBA process”, which would entail blocking of funds in the investor’s bank account rather than immediate transfer of funds to the respective Escrow Accounts. Retail Individual Bidders have the option of submitting their Bids under the ASBA process or through cheques/ demand drafts.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity 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

bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	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 number of equity shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer in consultation with the BRLM will finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see “Issue Procedure – Who Can Bid?” on page 212 of the DRHP);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form (see “Issue Procedure – Other Instructions – PAN” on page 231 of the DRHP);
4. 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;
5. Ensure the correctness of your demographic details (as defined in the “Issue Procedure- Bidder’s PAN, Depository Account and Bank Account Details” on page 227 of the DRHP) given in the Bid cum Application Form, with the details recorded with your Depository Participant; and
6. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs or Syndicate Members at Specified Cities. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB or Syndicate Members at Specified Cities to ensure that the Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company and the Selling Shareholders, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time after the Bid Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published, within two days of the closure of the Issue, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the Bidders who have applied through ASBA process within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed.

If our Company/the Selling Shareholders withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI/ stock exchanges.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approval of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus.

Bid/Issue Programme

BID / ISSUE OPENS ON	[•]
BID / ISSUE CLOSES ON*	[•]

** Our Company and the Selling Shareholders may decide to close the Issue Period for QIBs one Working Day prior to the Issue Closing Date.*

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 Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs or Syndicate Members in Specified Cities, except that on the Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). On the Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Issue Closing Date, the Bidders, are advised to submit their Bids one day prior to the Issue Closing Date and, in any case, no later than 1.00 pm on the Issue Closing Date. It is clarified that Bids not uploaded in the book, would be rejected. Bids by Bidders applying through ASBA shall be uploaded by the SCSBs or Syndicate Members (for Bids submitted in Specified Cities) in the electronic system to be provided by the Stock Exchange.

In case of discrepancy of data between the Stock Exchange and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholders, the BRLM, the Syndicate Members and the SCSBs shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company and the Selling Shareholders, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid Period in accordance with the SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least five Working Days prior to the Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid Period will be extended for three additional Working Days after revision of the Price Band subject to the Bid Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the Syndicate Members. Further, the SCSBs shall also be notified by the BRLM, through the Registrar to the Issue, of any such revision.

Underwriting Agreement

Our Company has entered into an Underwriting Agreement dated [•] with the Underwriters for the Equity Shares proposed to be offered through the 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 Members do not fulfill their underwriting obligations. 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 Issue has been 100% underwritten.

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

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in Lakhs)
[•]	[•]	[•]
[•]	[•]	[•]

The above mentioned would be finalized after the pricing and actual allocation of the Equity Shares is determined.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable regulations.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount. If the Syndicate Members fails to fulfill its underwriting obligations as set out in the Underwriting Agreement, the BRLM shall fulfill the underwriting obligations in accordance with the provisions of the Underwriting Agreement.

The underwriting agreement shall list out the role and obligations of each Underwriter.

Market Making Arrangement

[•] will act as the market maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI ICDR Regulations, and its amendments from time to time and the circulars issued by the NSE and SEBI regarding this matter from time to time.

There would not be more than five market makers at any point of time and the market makers may compete with other market makers for better quotes to the investors.

Summary of the key details pertaining to the market making arrangement:

[•]

(will be updated before filing of the RHP)

CAPITAL STRUCTURE

Our share capital as of the date of the DRHP is set forth below:

Sr. No.	Particulars	Nominal value (₹)	Aggregate value at Issue Price (₹)
A	Authorised Share Capital		
	1,10,00,000 Equity Shares of face value of ₹ 10 each	11,00,00,000	
B	Issued, Subscribed and Paid Up Equity Share Capital (before the Issue)		
	53,00,000 Equity Shares of face value of ₹ 10 each ⁽¹⁾⁽²⁾	5,30,00,000	
C	Present Issue in terms of the Draft Red Herring Prospectus		
	[●] Equity Shares of face value of ₹ 10 each	[●]	[●]
	(i) Fresh Issue of [●] Equity Shares of face value of ₹ 10 each ⁽²⁾⁽³⁾		
	(ii) Offer for Sale of 18,00,000 Equity Shares of face value of ₹ 10 each ⁽⁴⁾		
	Which Comprises		
	[●] Equity Shares of face value of ₹ 10 each at a premium of ₹ [●] per Equity Share reserved as Market Maker Portion		
	Net Issue to public of [●] Equity Shares of face value of ₹ 10 each at a premium of ₹ [●] per Equity Share		
	Of which		
	QIB Portion of not more than [●] Equity Shares		
	Of which		
	Mutual Fund Portion is [●] Equity Shares		
	Other QIBs (including Mutual Funds) [●] Equity Shares		
	Non-Institutional Portion of not less than [●] Equity Shares		
	Retail Portion of not less than [●] Equity Shares		
D	Issued, Subscribed and Paid Up Equity Share Capital (after the Issue)		
	[●] Equity Shares of face value of ₹ 10 each	[●]	[●]
E	Share Premium Account		
	Before the Issue ⁽²⁾		7,20,00,000
	After the Issue		[●]

⁽¹⁾ All Equity Shares issued by our Company are fully paid-up.

⁽²⁾ Our Company is considering a private placement of upto 10,00,000 Equity Shares for cash consideration aggregating upto ₹ 650 lakhs, at its discretion prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.

⁽³⁾ The Issue, in terms of the DRHP, has been authorized by the Board of Directors pursuant to a resolution dated October 24, 2012 and by the shareholders pursuant to a resolution in an EGM held on November 7, 2012 under section 81(1A) of the Companies Act.

⁽⁴⁾ The Offer for Sale has been authorized by the Selling Shareholders pursuant to (i) a resolution dated October 24, 2012 of the board of directors of VKC Finsoft Solutions Private Limited and (ii) consent and authorisation letter dated December 7, 2012 and December 7, 2012 issued by Dr. Jayam Kannan. The Equity Shares of the Company being offered for sale as part of the Issue are in dematerialised form.

Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue portion, shall be made on a proportionate basis, except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. Under-subscription, if any, in any category other than QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

Under subscription if any in the Market Maker Reservation Portion will be added back to the Net Issue. In case of under subscription in the Net Issue, other than in QIB Portion, spill over to the extent of under subscription shall be permitted to be met from Market Maker Reservation Portion at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

For further details, please refer to the section titled “Issue Procedure” on page 210 of the DRHP.

Our Company has no outstanding convertible instruments as on the date of the DRHP

History of Increase in authorized Equity Share Capital of our Company

Date of Shareholder's Resolution	Increase in Authorised Share Capital (No. of Equity Shares)	Cumulative number of Equity Shares	Face Value (in ₹)	Authorized Share Capital (in ₹)
June 19, 1995 (At incorporation of our Company)	1,00,000	1,00,000	10	10,00,000
July 24, 1995	5,000	1,05,000	10	10,50,000
September 15, 1997	3,95,000	5,00,000	10	50,00,000
February 25, 2005	5,00,000	10,00,000	10	1,00,00,000
April 19, 2006	100,00,000	1,10,00,000	10	11,00,00,000

NOTES TO CAPITAL STRUCTURE

Share Capital History of our Company

1. Equity Share Capital history of our Company

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative number of Equity Shares	Cumulative Paid up Capital (₹)	Cumulative Share Premium (₹)	Nature of Consideration
June 19, 1995 (At incorporation of our Company)	4,500	10	10	4,500	45,000	-	Cash
July 14, 1995	95,500	10	10	1,00,000	10,00,000	-	Cash
July 24, 1995	5,000	10	10	1,05,000	10,50,000	-	Cash
March 1, 1998	1,95,000	10	10	3,00,000	30,00,000	-	Cash
December 27, 2002	2,00,000	10	-	5,00,000	50,00,000	-	Bonus Issue in the ratio of 2 Equity Shares for every 3 Equity Shares held
February 28, 2005	5,00,000	10	-	10,00,000	1,00,00,000	-	Bonus Issue in the ratio of 1 Equity Share for every 1 Equity Share held
March 28, 2007	7,50,000	10	-	17,50,000	1,75,00,000	-	Bonus Issue in

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative number of Equity Shares	Cumulative Paid up Capital (₹)	Cumulative Share Premium (₹)	Nature of Consideration
							the ratio of 3 Equity Shares for every 4 Equity Shares held
March 13, 2008	17,50,000	10	-	35,00,000	3,50,00,000	-	Bonus Issue in the ratio of 1 Equity Share for every 1 Equity Share held
March 13, 2008	15,00,000	10	50	50,00,000	5,00,00,000	6,00,00,000	Cash
May 9, 2008	3,00,000	10	50	53,00,000	5,30,00,000	7,20,00,000	Cash

As on date of DRHP, we have not issued any Equity Shares at a price lower than Issue Price during the preceding one year.

1. Equity Shares issued for consideration other than cash

Our Company has not issued any Equity Shares for consideration other than cash or out of revaluation reserves other than as given below. The bonus shares as per the details mentioned below were issued and allotted pursuant to capitalization of the profit and loss account.

Date of Allotment	No. of shares	Face Value (₹)	Nature of consideration	Benefits to the Issuer
December 27, 2002	2,00,000	10	Other than cash ⁽¹⁾	Nil
February 28, 2005	5,00,000	10	Other than cash ⁽²⁾	Nil
March 28, 2007	7,50,000	10	Other than cash ⁽³⁾	Nil
March 13, 2008	17,50,000	10	Other than cash ⁽⁴⁾	Nil

⁽¹⁾ Bonus issue in the ratio 2:3 allotted by our Board of Directors through a resolution dated December 27, 2002, of 1,00,000 Equity Shares each to Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy.

⁽²⁾ Bonus issue in the ratio 1:1 allotted by our Board of Directors through a resolution dated February 28, 2005, of 2,50,000 Equity Shares each to Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy.

⁽³⁾ Bonus issue in the ratio of 3:4 allotted by our Board of Directors through a resolution dated March 28, 2007, of 3,75,000 Equity Shares each to Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy.

⁽⁴⁾ Bonus issue in the ratio of 1:1 allotted by our Board of Directors through a resolution dated March 13, 2008, of 8,75,000 Equity Shares each to Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy.

Our Company has not issued or allotted any Equity Shares in terms of scheme approved under sections 391-394 of the Companies Act.

2. Build up of Promoter's shareholding

Capital Build up of the Promoters' Equity Shareholding in our Company:

Sr. No.	Date of Allotment/ transfer	Number of Equity Shares	Face Value (₹)	Issue/ Transfer Price per Equity Share (₹)	Nature of consideration (Cash, consideration on other than cash)	Nature of Transaction	% of pre-Issue Capital	% of post Issue Capital
Mr. Venkatasubramanian Renganathan								
1.	June 19, 1995	1,500	10	10	Cash	Subscription to Memorandum		
2.	July 14, 1995	31,834	10	10	Cash	Further Issue		
3.	July 24, 1995	1,666	10	10	Cash	Further Issue		
4.	March 1, 1998	40,000	10	10	Cash	Further Issue		
5.	January 16, 2001	75,000	10	10	Cash	Transfer		
6.	December 27, 2002	1,00,000	10	-	Other than cash	Bonus issue		
7.	February 28, 2005	2,50,000	10	-	Other than cash	Bonus issue		
8.	March 28, 2007	3,75,000	10	-	Other than cash	Bonus issue		
9.	March 13, 2008	8,75,000	10	-	Other than cash	Bonus issue		
10.	May 9, 2008	1,50,000	10	50	Cash	Further issue		
11.	May 16, 2008	(1,50,000)	10	50	Cash	Transfer		
	Total	17,50,000					33.02	[•]

Sr. No.	Date of Allotment/ transfer	Number of Equity Shares	Face Value (₹)	Issue / Transfer Price per Equity Share (₹)	Nature of the Consideration (Cash, consideration other than cash)	Nature of Transaction	% of pre-Issue Capital	% of post Issue Capital
Mr. Nageswaran Narayanaswamy								
1.	March 1, 1998	75,000	10	10	Cash	Allotment		
2.	January 16, 2001	75,000	10	10	Cash	Transfer		
3.	December 27, 2002	1,00,000	10	-	Other than cash	Bonus issue		
4.	February 28, 2005	2,50,000	10	-	Other than cash	Bonus issue		
5.	March 28, 2007	3,75,000	10	-	Other than cash	Bonus issue		
6.	March 13, 2008	8,75,000	10	-	Other than cash	Bonus issue		
7.	May 09, 2008	1,50,000	10	50	Cash	Further issue		
8.	May 16, 2008	(1,50,000)	10	50	Cash	Transfer		
9.	May 02, 2011	(1,000)	10	10	Cash	Transfer		
10.	July 20, 2011	1000	10	10	Cash	Transfer		
11.	August 3, 2012	(300)	10	10	Cash	Transfer		

	Total	17,49,700				33.01	[•]
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All Equity Shares were fully paid up on allotment. All Equity Shares held by our Promoters are free from pledge or any encumbrance.

3. Details of Promoters' Contribution and Lock-in:

A. Details of Promoters contribution locked in for three years

Pursuant to the Regulation 36(a) SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Issue paid up capital of our Company held by the Promoters shall be locked in as minimum Promoters' contribution for a period of three years from the date of Allotment of Equity Shares in the Issue.

The details of the Equity Shares forming part of the promoter's contribution which shall be locked in for a period of three years have been provided below:

Sr. No.	Date of Allotment/ transfer	Number of Equity Shares	Face Value (₹)	Issue/ Transfer Price per Equity Share (₹)	Nature of the transaction (Cash, consideration other than cash)	% of post Issue Capital
Mr. Venkatasubramanian Renganathan						
1.	[•]	[•]	[•]	[•]	[•]	
2.	[•]	[•]	[•]	[•]	[•]	
3.	[•]	[•]	[•]	[•]	[•]	
	Total					[•]

Sr. No.	Date of Allotment/ transfer	Number of Equity Shares	Face Value (₹)	Issue/ Transfer Price per Equity Share (₹)	Nature of the transaction (Cash, consideration other than cash)	% of post Issue Capital
Mr. Nageswaran Narayanaswamy						
1	[•]	[•]	[•]	[•]	[•]	
2	[•]	[•]	[•]	[•]	[•]	
3	[•]	[•]	[•]	[•]	[•]	
	Total					[•]

The above tables will be filled in after finalization of Issue Price.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations.

Our Company has obtained a consent from our Promoters to include such number of Equity Shares, held by them, constituting 20% of the post-Issue equity share capital of our Company as minimum Promoter's contribution subject to lock-in for three years from the date of Allotment and for lock-in of the balance pre-Issue equity share capital of our Company, held by them, for a period of one year from the date of Allotment.

B. Details of Equity Share capital locked-in for one year

In terms of the SEBI ICDR Regulations, other than 20% of the post-Issue shareholding of our Company held by the Promoters which are locked in for three years as part of the minimum Promoter's contribution, the entire pre-Issue equity share capital will be locked-in for a period of one year from the date of Allotment of the Equity Shares in the Issue, other than Equity Shares Allotted pursuant to Offer for Sale. Further, the Selling Shareholders have confirmed that such number of Equity Shares which may remain unsold post completion of the Issue will be considered for lock-in, from the date of

allotment in the Issue, for a period of one year or for such other time as may be required under the SEBI ICDR Regulations.

In case our Company allots any shares under Pre-IPO Placement, the same will be under lock-in for one year from the date of Allotment of the Equity Shares in the Issue.

C. Other requirements in respect of lock-in

As per Regulation 39 read with Regulation 36 (a) and 36(b) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or financial institutions as collateral security for loans granted by such bank or financial institution, provided that the pledge of Equity Shares can be created when the loan has been granted by such bank or financial institution for financing one or more of the objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan.

Further, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

As per Regulation 40 read with Regulation 37 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue and which are locked-in for a period of one year, may be transferred to any other person holding Equity Shares which are locked-in along with Equity Shares proposed to be transferred subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the provisions of the SEBI Takeover Regulations, as applicable.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoter may be transferred inter-se, to any Promoter or persons constituting the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the provisions of the SEBI Takeover Regulations, as applicable.

4. Details of the Shareholding of our Company

- a. The table below presents the current shareholding pattern of our Company as per clause 37 of the SME Equity Listing Agreement.

(Equity Shares of face value of ₹10/- each)

Category code	Category of Shareholder	Number of Shareholders (Pre Issue)	Total number of Equity Shares (Pre Issue)	Number of Equity Shares held in dematerialized form	Total shareholding as a percentage of total number of Equity Shares (Pre Issue)		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	3	49,99,700	48,51,200	94.33	94.33	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	1	3,00,000	3,00,000	5.66	5.66	-	-

Category code	Category of Shareholder	Number of Shareholders (Pre Issue)	Total number of Equity Shares (Pre Issue)	Number of Equity Shares held in dematerialized form	Total shareholding as a percentage of total number of Equity Shares (Pre Issue)		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others (Specify)	-	-	-	-	-	-	-
	Trust	-	-	-	-	-	-	-
	Any Other Total	-	-	-	-	-	-	-
	Sub Total(A)(1)	4	52,99,700	51,51,200	99.99	99.99	-	-
2	Foreign							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-
D	Qualified Foreign Investor	-	-	-	-	-	-	-
E	Any Others(Specify)	-	-	-	-	-	-	-
	Sub Total(A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoters and Promoters Group (A)= (A)(1)+(A)(2)	4	52,99,700	51,51,200	99.99	99.99	-	-
(B)	Public shareholding							
B 1	Institutions							
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-

Category code	Category of Shareholder	Number of Share holders (Pre Issue)	Total number of Equity Shares (Pre Issue)	Number of Equity Shares held in dematerialized form	Total shareholding as a percentage of total number of Equity Shares (Pre Issue)		Shares pledged or otherwise encumbered	
					As a percent age of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Nominated investors (as defined in Chapter XB of the SEBI ICDR Regulations)	-	-	-	-	-	-	-
(j)	Market Makers	-	-	-	-	-	-	-
(k)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-
B 2	Non-institutions							
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals	3	300	200	0.01	0.01	-	-
I	Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 lac	3	300	200	0.01	0.01	-	-
II	ii. Individual shareholders holding nominal share capital in excess of ₹1 lac.	-	-	-	-	-	-	-
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(2)	3	300	200	0.01	0.01	-	-
(B)	Total Public	3	300	200	0.01	0.01	-	-

Category code	Category of Shareholder	Number of Shareholders (Pre Issue)	Total number of Equity Shares (Pre Issue)	Number of Equity Shares held in dematerialized form	Total shareholding as a percentage of total number of Equity Shares (Pre Issue)		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
	Shareholding (B)= (B)(1)+(B)(2)							
	TOTAL (A)+(B)	7	53,00,000	51,51,400	100.00	100.00	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	7	53,00,000	51,51,400	100.00	100.00	-	-

5. The pre and post-Issue shareholding pattern of our Company is set out below:

Category	Equity Shares held Pre-Issue		Equity Shares held Post-Issue**	
	Number of Shares	% of pre-Issue Equity Share Capital	Number of Shares	% of post-Issue Equity Share Capital
A. Promoters*				
i) Mr. Venkatasubramanian Renganathan	17,50,000	33.02	17,50,000	[•]
ii) Mr. Nageswaran Narayanaswamy	17,49,700	33.01	17,49,700	[•]
Sub Total (A)	34,99,700	66.03	34,99,700	[•]
B. Promoter Group (Other than Promoter)				
i) Dr. Jayam Kannan	15,00,000	28.30	[•]	[•]
ii) VKC Finsoft Solutions Pvt. Ltd.	3,00,000	5.66	[•]	[•]
Sub Total (B)	18,00,000	33.96	[•]	[•]
Promoter and Promoter Group Total (A+ B)	52,99,700	99.99		
C. Others (others than Promoter and Promoter Group)				
i) Mr. R. D. Sukumar Babu	100	Negligible	[•]	[•]
ii) Dr. Priya Kannan	100	Negligible	[•]	[•]
iii) Ms. R. Krishna Priya	100	Negligible	[•]	[•]
Sub Total (c)	300	0.01	[•]	[•]
Public in the Issue	-	-	[•]	[•]

Category	Equity Shares held Pre-Issue		Equity Shares held Post-Issue**	
	Number of Shares	% of pre-Issue Equity Share Capital	Number of Shares	% of post-Issue Equity Share Capital
Total	53,00,000	100.00	[•]	[•]

* None of our Promoters or members of our Promoter Group shall participate in the Issue except for the Selling Shareholders offering their stake in the Company through Offer for Sale.

**The figures provided in this table shall be finalised based upon the actual subscription level in the Issue and the number of Equity Shares to be issued in the Issue, consequent to the Book Building Process.

6. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under

(a) On the date of the DRHP are as follows:

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1	Mr. Venkatasubramanian Renganathan	17,50,000	33.02
2	Mr. Nageswaran Narayanswamy	17,49,700	33.01
3	Dr. Jayam Kannan	15,00,000	28.30
4	VKC Finsoft Solutions Pvt. Ltd.	3,00,000	5.66
5	Mr. R. D. Sukumar Babu	100	Negligible
6	Dr. Priya Kannan	100	Negligible
7	Ms. R. Krishna Priya	100	Negligible
	Total	53,00,000	100.00

(b) Ten days prior to the date of the DRHP are as follows:

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1	Mr. Venkatasubramanian Renganathan	17,50,000	33.02
2	Mr. N. Nageswaran Narayanswamy	17,49,700	33.01
3	Dr. Jayam Kannan	15,00,000	28.30
4	VKC Finsoft Solutions Pvt. Ltd.	3,00,000	5.66
5	Mr. R. D. Sukumar Babu	100	Negligible
6	Dr. Priya Kannan	100	Negligible
7	Ms. R. Krishna Priya	100	Negligible
	Total	53,00,000	100.00

(c) Two years prior to the date of filing the DRHP, are as follows:

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1	Mr. R. Venkatasubramanian Renganathan	17,50,000	33.02
2	Mr. Nageswaran Narayanswamy	17,50,000	33.02
3	Dr. Jayam Kannan	15,00,000	28.30
4	VKC Finsoft Solutions Pvt. Ltd.	3,00,000	5.66
	Total	53,00,000	100.00

7. 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 depository. The details of lock-in shall also be provided to the Stock Exchange before the listing of the Equity Shares.

8. Neither, we nor our Directors or the Promoters or the BRLM have entered into any buyback and/or standby arrangements for the purchase of our Equity Shares other than the arrangements, if any, entered for market making, safety net facility as permitted by the SEBI ICDR Regulations.
9. Our Company does not have any scheme of employee stock option or employee stock purchase as on the date of DRHP.
10. An over-subscription to the extent of 10% of the Net Issue can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares in multiples of [●] Equity Shares, which is the minimum Bid size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which the post-Issue paid up capital after the Issue would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Issue paid up capital is locked-in.
11. During the past six months, except as stated below, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in promoter group (as defined under sub-clause (zb) sub-regulation (1) Regulation 2 of the SEBI ICDR Regulations) or the Directors of our Company and their immediate relatives.

Sr. No.	Name of Transferor	Name of Transferee	Date of Transaction	Face Value (₹)	Transfer Price (₹)	No. of Equity Shares	% of pre-Issue Capital
1.	Mr. Nageswaran Narayanaswamy	Mr. R. D. Sukumar Babu	August 3, 2012	10	10	100	Negligible
2.	Mr. Nageswaran Narayanaswamy	Dr. Priya Kannan	August 3, 2012	10	10	100	Negligible
3.	Mr. Nageswaran Narayanaswamy	Ms. R. Krishna Priya	August 3, 2012	10	10	100	Negligible

12. Except for the Issue and Pre-IPO Placement, our Company presently does not intend or propose any further issue of capital whether by way of issue of Equity Shares or by way of issue of bonus issue, preferential allotment, rights issue or in any other manner during the period commencing from submission of the DRHP to the Stock Exchange until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
13. The Promoter and Promoter Group, the Directors of our Company and their relatives have not financed the purchase, by any other person, of securities of the Issuer other than in the normal course of the business of any such entity / individual or otherwise during the period of six months immediately preceding the date of the DRHP.
14. As on the date of the DRHP, neither the BRLM nor their associates hold any Equity Shares.
15. Except, as otherwise disclosed in the chapter titled Objects of the Issue, we have not raised any bridge loans against the proceeds of the Issue.
16. There are no outstanding warrants, financial instruments or any rights, which would entitle the Promoters or any other shareholder or any other person any option to acquire any of the Equity Shares after the Issue.
17. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on date of the DRHP.
18. The Equity Shares issued pursuant to this Issue shall be fully paid-up.
19. Except for the Issue, we presently do not have any intention or proposal, neither have entered into negotiations nor are considering to alter our capital structure for a period of six months from the Bid

Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for our Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or otherwise, except that if we acquire companies / business or enter into joint venture(s), we may consider issuing additional capital to fund such activities or to use Equity Shares as a currency for acquisitions or participation in such joint ventures.

20. Our Promoters and members of the Promoter Group will not participate in the Issue, except for the Selling Shareholders offering their stake in the Company through Offer for Sale.
21. Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue portion, shall be made on a proportionate basis, except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. Under-subscription, if any, in any category other than QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

Under subscription if any in the Market Maker Reservation Portion will be added back to the Net Issue. In case of under subscription in the Net Issue, other than in QIB Portion, spill over to the extent of under subscription shall be permitted to be met from Market Maker Reservation Portion at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

22. Our Company, Directors, Promoters or Promoter Group, or persons connected with the Issue, shall not make any payments direct or indirect, discounts, commissions, allowances, in cash or kind or services or otherwise under this Issue except as disclosed in the DRHP.
23. As per the RBI regulations, OCBs are not allowed to participate in this Issue, except with the specific permission of the RBI.
24. As on the date of the DRHP, the total number of holders of Equity Shares is 7.
25. There shall be only one denomination of the 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.
26. There are restrictive covenants in the agreements entered into by our Company with certain lenders for short-term and long-term borrowing. For further details, please see "Risk Factors" on page 14 of the DRHP.
27. The details of the Equity Shares being offered in the Offer for Sale by the Selling Shareholders are set forth below:

Sr. No.	Name of the Selling Shareholders	No. of Shares	Percentage of pre-Issue Equity Share Capital (%)
1.	Dr. Jayam Kannan	15,00,000	28.30
2.	VKC Finsoft Solutions Private Limited	3,00,000	5.66
	Total	18,00,000	33.96

For additional information regarding the Equity Shares held by the Selling Shareholders, please see the table below:

Sr. No.	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (₹)	Issue / Acquisition Price per Equity Share	Nature of the Consideration (Cash, consideration other	Nature of Transaction	% of pre-Issue Equity Share Capital	% of post Issue Equity Share Capital
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				(₹)	than cash)			
Dr. Jayam Kannan								
1.	March 13, 2008	15,00,000	10	50	Cash	Allotment	28.30	[●]
	Total	15,00,000					28.30	[●]
VKC Finsoft Solutions Private Limited								
1.	May 16, 2008	3,00,000	10	50	Cash	Transfer	5.66	[●]
	Total	3,00,000					5.66	[●]

For further information of VKC Finsoft Solutions Private Limited, please see “Group Companies” on page 123 of the DRHP.

28. A Bidder 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 Bidder.
29. Except by way of Offer for Sale as disclosed in the DRHP, our Promoter Group will not participate in this Issue. Our Company shall ensure that the transactions in the Equity Shares entered into by the Promoters and Promoter Group during the period between the date of registering of the Red Herring Prospectus with the RoC and the date of closure of the Issue shall be reported to the Stock Exchange, within 24 hours of the transaction.

The Selling Shareholders shall not transfer their Equity Shares during the period commencing from submission of the Draft Red Herring Prospectus with Stock Exchange until the final approval on Basis of Allotment has been obtained from the Stock Exchange for the Equity Shares Allotted/ to be Allotted pursuant to the Issue except for transfer the Equity Shares held by them to demat escrow account atleast seven working days prior to Bid Opening Date or as mutually agreed between our Company, Selling Shareholder and the BRLM.

30. Since incorporation, our Company has not revalued its fixed assets.

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue by our Company and Offer for Sale by the Selling Shareholders.

Offer for Sale

This Issue includes an Offer for Sale of up to 18,00,000 Equity Shares by the Selling Shareholders. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders.

Objects of the Fresh Issue

Our Company proposes to utilise the funds which are being raised through the Fresh Issue towards funding the following objects and achieve the benefits of listing on the SME platform of NSE.

1. Working capital requirements;
2. General corporate purposes;
3. Issue Expenses

The main objects and objects incidental or ancillary to the main objects as set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Fresh Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

Sr. No.	Description	Amount (₹ in Lakhs)
1.	Gross proceeds of the Fresh Issue (“ Issue Proceeds ”)	1,600.00 [#]
2.	Less: Issue expenses	[●] [#]
3.	Net proceeds of the Fresh Issue (“ Net Proceeds ”)	[●] [#]

[#] will be updated at the time of filing of the Prospectus.

Utilization of Net Proceeds

Our Company intends to utilize the Net Proceeds towards the following objects:

Sr. No.	Particulars	Amount to be utilised (₹ in Lakhs)
1.	Working capital requirements	1,200.00
2.	General corporate purposes*	[●]
	Total	[●]

* will be updated at the time of filing of the Prospectus.

The fund requirements in the table above are based on our internal management estimates, our current plans and we may have to revise our fund requirements and deployment as a result of changes in commercial and other external factors, which may or may not be within the control of our management. This may entail revising, rescheduling and/or cancelling the fund requirements, increasing or decreasing the fund requirements for a particular object at the discretion of our management. The above mentioned requirements and deployment of funds have not been appraised by any bank or financial institution.

If the actual utilization towards the aforesaid objects is higher than what is stated above, such increased fund requirements will be financed by surplus funds, if any, available in respect of the other objects, debt and/or internal accruals and/or other sources of funds. In the event any surplus is left out of the Net Proceeds after meeting all the aforesaid objectives and Issue expenses, such surplus proceeds will be used for meeting future growth opportunities and general corporate purposes.

Our Company operates in a highly competitive and dynamic market, and may have to revise our estimates from time

to time on account of market conditions including any industry consolidation initiatives, such as potential acquisition opportunities. In the event the estimated utilisation of the Net Proceeds in a Financial Year is not completely met, the same shall be utilised in the next Financial Year.

In the event our Company intends to utilize any portion of the Net Proceeds for any purpose not stated above, such fund utilization shall be subject to shareholders' approval.

Additionally, if our Company incurs any amount towards any of the identified use of the Issue Proceeds as mentioned above, our Company will recoup such expenditure from the Issue Proceeds.

Means of Finance

Our Company proposes to meet the entire requirement of funds for the objects from the Issue Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards atleast 75% of the stated means of finance, excluding the amount to be raised from the Issue.

DETAILS OF THE OBJECTS OF THE ISSUE

1. Working Capital Requirements

Considering the existing growth rate of our Company the working capital needs of our Company are expected at approximately ₹ 1,881.29 lakhs for FY 2013 and ₹ 3,539.54 lakhs for FY 2014 as assessed based on the working of our Company. The additional working capital will be required during FY 2014, mainly for the day to day operations our Company.

Our Company intends to meet its working capital requirement to the extent of ₹ 1,200 lakhs during FY 2014 from Net Proceeds and the balance will be met from bank & other borrowings and internal accruals at an appropriate time as per the requirement.

Our existing working capital available (FY 2012), estimated working capital requirement for FY 2013 & FY 2014 and the funding for the same is as follows:

(₹ in Lakhs)			
Particulars	FY 2012 (Actual)	FY 2013 (Estimated)	FY 2014 (Estimated)
Inventories	242.69	362.91	1,084.68
Trade Receivables	2,900.20	3180.27	3,967.11
Other Current Assets and loans & advances*	645.07	808.09	836.69
Less: Trade Payables	2,385.75	2,469.99	2,348.95
Total Working Capital Requirements	1,402.21	1,881.29	3,539.54
Funding Pattern			
Bank and other Borrowings	1,185.92	1,677.58	222.46
Internal Accruals	216.29	203.71	2,117.08
IPO Proceeds	-	-	1,200.00

*Also includes deposits with banks

The assumptions for current assets and liabilities for our Company are given in the table below:

Particulars	FY 2012 (Actual)	FY 2013 (Estimated)	FY 2014 (Estimated)
Inventories for currency operations (days)	1.36	2.00	2.00
Trade Receivables - days			
Debtors - Bulk (FFMC/AD/Franchisee)	0.51	1.00	1.00
Debtors - Retail/Corporate	10.82	11.00	11.00
Debtors - Exports	-	2.00	2.00
Debtors - Prepaid Card Incentives	98.54	99.00	99.00
Debtors - Prepaid Card Encashment	6.57	7.00	7.00
Trade Payables - days			
Creditors - TC sales	3.10	3.00	3.00

Creditors - Prepaid Card sales	15.24	14.00	11.00
Creditors - Currency Bulk (FFMC/AD/Franchisee)	0.04	-	-
Creditors - Currency Retail/Corporate	2.02	2.00	2.00

2. General Corporate Purpose

Our Company proposes to utilize balance Net Proceeds aggregating ₹ [•] lakhs towards general corporate purposes, including but not limited to upgradation of infrastructure facilities, development of additional facilities, funding cost overruns, various inorganic opportunities, any form of exigencies faced by our Company, repayment of loans, working capital requirements and any other purpose as may be approved by our Board of Directors or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of our Board of Directors, will have flexibility in utilising any surplus amounts.

Any other purposes as approved by the Board of Directors.

3. Issue Related Expenses

Issue related expenses includes underwriting and Issue management fees, selling commission, distribution expenses, market making charges, legal fees, fees to advisors, printing and stationery costs, advertising expenses, listing fees payable to the Stock Exchange, and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchange. The total expenses for the Issue shall be met out of the Issue Proceeds and the break-up of the same is as follows:

Activity	Expenses* (₹ in Lakhs)	% of the Issue Expenses	% of the Issue Size
Issue management (lead management fees, underwriting, selling commission including commission paid to members of the Syndicate for procuring ASBA Bids and submitting the same with SCSBs and processing fees paid to SCSB for processing Syndicate ASBA bids**, Market Making expenses etc.)	[•]	[•]	[•]
Registrars fees & expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Other expenses (including legal advisors fee, regulatory fees and charges including fees paid to SEBI and Stock Exchange, Depositories, etc.)	[•]	[•]	[•]
Total estimated Issue expenses*	[•]	[•]	[•]

* will be incorporated after finalisation of the Issue Price

** The range of fees that the SCSBs would be entitled to for processing the ASBA Bid cum Application Forms procured by members of the Syndicate and submitted to the SCSBs under the Syndicate ASBA process would be as stated in the section "Issue Procedure" on page 210 of the DRHP.

APPRAISAL

The fund requirements are based on internal management estimates and our Company's current business plan and have not been appraised by any bank or financial institution or any other independent agency.

Deployment of Funds

Till November 15, 2012 our Company has incurred ₹ 31.56 lakhs towards Issue Expenses which has been financed from our internal accruals.

The same has been certified by M/s. G. Ramesh Kumar & Co, Chartered Accountants, vide certificate dated December 12, 2012.

Funds Deployment Schedule

Year-wise proposed deployment of Issue Proceeds as estimated by our Company is given below:

(₹ in Lakhs)

Particulars	Total Funds Required	Amount Incurred till November 15, 2012 [#]	Balance Deployment till FY 2014
Working capital	1,200.00	-	1,200.00
General corporate purposes*	[●]	-	[●]
Issue expenses*	[●]	31.56	[●]
Total	1,600.00	31.56	1,600.00

[#] Same has been certified by M/s. G. Ramesh Kumar & Co, Chartered Accountants, vide certificate dated December 12, 2012.

* will be updated at the time of filing of the Prospectus.

Interim Use of Issue Proceeds

Our Company, in accordance with the policies formulated by our Board of Directors from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the Issue Proceeds for the purposes described above, the Company intends to temporarily invest the funds in interest bearing liquid instruments, including deposits with banks or corporates or for reducing overdrafts, interim working capital requirements and investments in money market mutual funds and other financial products and interest bearing securities. Such investments would be in accordance with the investment policies or investment limits approved by the Board of Directors from time to time.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of the DRHP, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, if our Company avails a short term loan facility or a bridge loan to meet the objects then our Company will utilize Issue Proceeds to repay such short term loan facility or bridge loan, if any.

Monitoring of Utilization of Funds

There is no requirement for a monitoring agency as the Issue size is less than ₹ 50,000 lakhs. Our Board will monitor the utilization of the Net Proceeds of the Issue. Our Company will disclose the utilisation of the Net Proceeds under a separate head along with details, for all such proceeds of the Fresh Issue that have not been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of the Company for the relevant financial years subsequent to the listing.

The management of the Company will monitor the utilization of funds raised through this Public Issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall, on half-yearly basis, disclose to the Audit Committee the application of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in the Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company

The Company would be required to inform material deviations in the utilisation of Issue Proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviations/ adverse comments of the Audit Committee public through advertisement in newspapers.

Except the proceeds received from Offer for Sale portion which shall accrue to the Selling Shareholders, no part of the Issue Proceeds will be paid by our Company as consideration to the Promoters, the Directors, our Company's key management personnel or Group Entities, Promoter Group except in the usual course of business and in compliance with applicable law.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholders in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value.

Qualitative Factors

The key competitive strengths of our Company include the following:

1. Experienced Management Team
2. Effective Stock and Risk Management
3. Pan India Network & Multi Location Access
4. Track Record of our Company
5. Strong information technology infrastructure
6. Arrangement with banks

For details, please refer to the section “Our Business” on page 83 of the DRHP.

Information presented in this section is derived from our audited restated financial statements prepared in accordance with Indian GAAP. Investors should evaluate us taking into consideration our earnings and based on our growth strategy. Some of the quantitative factors, which may form the basis for computing the price, are as follows:

1. BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic and Diluted Earnings per Share

Period	EPS (₹ per Equity Share)	Weight
Year ended March 31, 2012	0.72	3
Year ended March 31, 2011	0.86	2
Year ended March 31, 2010	0.88	1
Weighted Average	0.79	
Half Year ended on September 30, 2012 [#]	0.78	

[#]September 30, 2012 figures are not annualised

Notes:

- The basic and diluted EPS have been calculated in compliance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India.*
- The face value of each equity share is ₹ 10 each.*

2. Price/ Earnings Ratio

- **Price Earnings Ratio (P/E) in relation to the Issue Price of ₹ [•] per Equity Share of ₹ 10 each**

- P/E based on basic and diluted EPS at the lower end of the Price Band is [•].
- P/E based on basic and diluted EPS at the upper end of the Price Band is [•].
- P/E based on basic and diluted EPS as per our restated financial statements for the year ended on March 31, 2012 is [•].
- Peer Group* P/E
 - Highest: 9.57

- Lowest: 5.84
- Average of Peer Group: 7.71

**Peer Group Includes Weizmann Forex Ltd. and Transcorp International Limited. For the purpose of calculation of highest, lowest and average P/E of the Peer Group, Wall Street Finance Limited, has been excluded as it has a negative P/E.*

Source: The P/E figures for the peer group is computed based on the closing price on BSE Limited taken from www.bseindia.com as on December 5, 2012 divided by Basic EPS (on a standalone basis) based on the annual reports of such companies for the year ended March 31, 2012.

3. Return on Net Worth (RONW)

Period	RONW (%)	Weight
Year ended March 31, 2012	2.51%	3
Year ended March 31, 2011	3.11%	2
Year ended March 31, 2010	3.25%	1
Weighted Average	2.83%	
Half Year ended on September 30, 2012 [#]	2.68%	

[#]September 30, 2012 figures are not annualised

Note:

The return on net worth is arrived at by dividing restated net profit after tax by restated net worth as at the end of the year/ period.

4. Minimum return on increased Net Worth required to maintain pre-Issue Basic EPS is [•].

5. Net Asset Value

Particulars	Amount (₹ per share)
Net Asset Value per Equity Share as of March 31, 2012	28.49
Net Asset Value per Equity Share as of September 30, 2012	29.28
Net Asset Value per Equity Share after the Issue	[•]
Issue Price per Equity Share	[•]

Note:

Net Asset Value per Equity Share represents Net Worth at the end of the year/ period, as restated divided by the number of Equity Shares outstanding at the end of the period/ year.

6. Comparison with Industry Peers

Name of the Company	Face Value (in ₹)	Total income ¹ (₹ in lakhs)	EPS		RONW (%)	NAV per equity share	P/E Ratio
			Basic	Diluted			
VKC Credit and Forex Services Limited ²	10	1,07,847.25	0.72	0.72	2.51	28.49	[•]
Peer Group							
Wall Street Finance Limited ³	10	3,488.60	(2.61)	(2.61)	(36.09)	8.85	- ⁴
Weizmann Forex Ltd. ³	10	4,24,100.03	17.63	17.63	32.35	54.57	5.84
Transcorp International Limited ^{3,5}	10	67,527.98	4.18	4.18	4.36	95.93	9.57

¹Our Peer Group may have different revenue recognition policy.

²Based on Restated Financial Statements (standalone) of the Company for the year ended March 31, 2012.

³Source: Annual Report for the FY 2011-12. Figures are based on audited standalone financial statements. P/E is computed based on the closing market price on BSE Limited taken from www.bseindia.com as on December 5, 2012.

⁴Since EPS is negative, P/E is stated as '- '.

⁵Only FFMC, not an AD – II license holder.

The Issue Price of ₹ [●] has been determined by our Company and the Selling Shareholders in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process. The Issue Price of ₹ [●] is [●] times of the face value. Our Company, the Selling Shareholders and the BRLM believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should review the entire DRHP, including the sections “Risk Factors”, “Industry Overview”, “Our Business” and “Financial Statements” beginning on pages 14, 72, 83 and 129 respectively of the DRHP, to get a more informed view before making any investment decision.

STATEMENT OF TAX BENEFITS

November 8, 2012

To,
The Board of Directors
VKC Credit and Forex Services Limited
115/55, TTK Road, Alwarpet,
Chennai 600 018
Tamil Nadu, India

Dear Sirs,

Statement of Special Tax Benefits available to VKC Credit and Forex Services Limited and its Shareholders

We report that on the basis of our understanding of the business activities and operations of the Company and interpretations of the current relevant laws no special tax benefits are available to VKC Credit and Forex Services Limited (the 'Company') and to the shareholders of the Company under the Income Tax Act, 1961 and other direct and indirect taxes laws, presently in force in India.

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 tax consultant with respect to the specific tax implications arising out of their participation in the issue.

This letter is intended solely for your information and for inclusion in the Draft Red Herring Prospectus in connection with the proposed issue and is not to be used, referred to or distributed for any other purpose without prior written consent.

Thanking you,

Yours faithfully,

For **G. Ramesh Kumar & Co.**
Chartered Accountants
FRN: 003010S

Sd/-
S. Sridhar F.C.A
Partner
M. No. 200/ 26484

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Investors should note that this is only an overview and does not contain all information that should be considered before investing in our Company's Equity Shares. The information presented in this section has been obtained from publicly available documents from various sources and Company's understanding of the Industry. We may have reclassified such data for the purposes of presentation in this section. These sources generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information from the sources contained in this section has not been independently verified. Similarly, information / data, which we believe to be reliable, have not been verified by any independent agency. You should read the entire DRHP, including the information in sections "Risk Factors" and "Financial Statements" beginning on pages 14 and 129, respectively of the DRHP, before deciding to invest in our Company's Equity Shares.

OVERVIEW OF INDIAN ECONOMY

The Indian economy's performance in 2011-12 was marked by slowing growth, high inflation and widening fiscal and current account gaps. The economy grew at its slowest pace in nine years with mining, manufacturing and construction dragging growth down. Weakening of both domestic and external demand contributed to the slowdown. Importantly, in spite of slowing growth, inflation stayed high for larger part of the year. In response, the Reserve Bank persisted with tightening till October 2011 and paused before easing in April 2012. Slowing growth, high inflation and widening twin deficits, along with global flight to safety amidst a deepening euro area crisis put pressures on the financial markets and the exchange rate during the year.

The Indian economy was one of the fastest growing economies in the post-crisis period. During 2011-12, however, there was continuous deceleration of economic activity in each of the four quarters which pushed the expansion of the economy to below potential, which is the maximum level of output that the economy can sustain without creating macroeconomic imbalances. There has been a deceleration in all sub-sectors of the economy, barring 'electricity, gas and water supply' and 'community, social and personal services'.

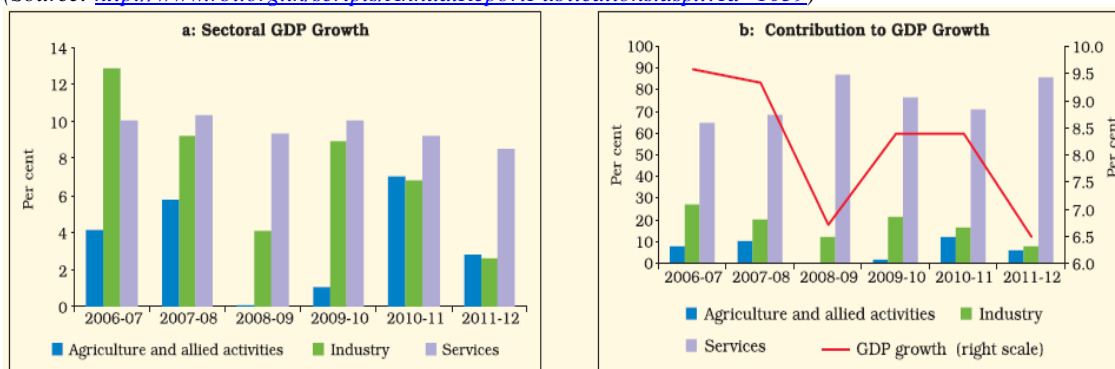
Growth slowed down due to multiple factors. One of the reasons was the persistence of inflation at a much higher level than the threshold for two successive years. Persistent and high inflation necessitated continued tightening of monetary policy. Recent research suggests that real interest (lending) rates explain only about one-third of GDP growth. As of March 2012, real weighted average lending rates, that have an inverse relationship with investment activity, were lower than they were in the pre-crisis period between 2003-04 and 2007-08, when investment boomed.

This suggests that non-monetary factors played a bigger role and accentuated the slowdown to beyond what was anticipated while tightening the monetary policy. Recession in the euro area and general uncertainty regarding the global economic climate chipped the external demand as well. Domestic policy uncertainties, governance and corruption issues amidst lack of political consensus on reforms led to a sharp deterioration in investment climate. Structural constraints emerged in key investment drivers in the infrastructure space – telecom, roads and power – which increased the disinflationary costs. High inflation kept aggregate demand and business confidence subdued.

After a sharp recovery from the global financial crisis and two successive years of robust growth of 8.4 per cent, GDP growth decelerated sharply to a nine-year low of 6.5 per cent during 2011-12. The slowdown was reflected in all sectors of the economy but the industrial sector suffered the sharpest deceleration (*Chart a*).

The slowdown in agriculture sector growth was on account of the base effect which dragged down its contribution to GDP growth by half (*Chart b*). In the case of industry, the sharp moderation in manufacturing sector growth along with decline in mining and quarrying output offset the improvement in 'electricity, gas and water supply' growth. The industrial sector's weighted percentage contribution to economic growth dropped to single digits, the first time in ten years. The moderation in services sector growth was led by sharp deceleration in 'construction' and 'trade, hotels, transport and communication'. Despite the moderation, the predominance of the services sector remains a unique feature of the overall growth story and the process of structural change in India.

(Source: <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1039>)



(Source: <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1039>)

FOREIGN EXCHANGE MARKETS

Globally, operations in the foreign exchange market started in a major way after the breakdown of the Bretton Woods system in 1971, which also marked the beginning of floating exchange rate regimes in several countries. Over the years, the foreign exchange market has emerged as the largest market in the world. The decade of the 1990s witnessed a perceptible policy shift in many emerging markets towards reorientation of their financial markets in terms of new products and instruments, development of institutional and market infrastructure and realignment of regulatory structure consistent with the liberalised operational framework. The changing contours were mirrored in a rapid expansion of foreign exchange market in terms of participants, transaction volumes, decline in transaction costs and more efficient mechanisms of risk transfer.

(Source: www.rbi.org.in/ RBI Report on Currency and finance - 2005-06, Development of Financial markets and role of the Central bank / Chapter VI –Foreign Exchange Market - page 211)

The foreign exchange market in India operates under the Central Government of India and executes wide powers to control transactions in foreign exchange. The Foreign Exchange Management Act, 1999 (FEMA) regulates the whole Foreign Exchange Market in India. Before the introduction of this Act, Foreign Exchange Market in India was regulated by Reserve Bank of India through the Exchange Control Department, by Foreign Exchange Regulation Act, 1947 (FERA). After independence, the Indian Government passed the Foreign Exchange Regulation Act, 1973 and gradually this Act became FEMA.

Foreign Exchange Rates

In the fiscal 2011-12, on month-to-month basis the rupee depreciated by 12.4 per cent from ₹ 44.97 per US dollar in March 2011 to ₹ 51.34 per US dollar in January 2012. On point to point basis it depreciated by 16.2 per cent from ₹ 44.65 per US dollar on 31 March 2011 to ₹ 53.26 per US dollar on 30 December 2011. The rupee reached a peak of ₹ 43.94 per US dollar on 27 July 2011 and a low of ₹ 54.23 per US dollar on 15 December 2011, indicating depreciation of 19.0 per cent. Similarly, the monthly average exchange rate of the rupee depreciated by 11.5 per cent against the pound sterling, 9.1 per cent against the euro, and 18.7 per cent against the Japanese yen between March 2011 and December 2011.

(Source: <http://indiabudget.nic.in>, Economic Survey – 2011-12, Chapter-1 state of the economy and prospectus (page 15))

Monthly average exchange rate of the rupee against US dollar, Pound Sterling, Euro and Japanese Yen for the period January 2012 till November 2012 is as follows:

Months	INR / 1US dollar	INR/ 1Pound Sterling	INR /Euro	INR/ 100 Japanese Yen
January, 2012	51.346	79.617	66.214	66.790
February, 2012	49.163	77.623	65.094	62.743
March, 2012	50.323	79.649	66.527	61.046
April, 2012	51.803	82.941	68.162	63.814
May, 2012	54.474	86.720	69.699	68.329

Months	INR / 1US dollar	INR/ 1Pound Sterling	INR /Euro	INR/ 100 Japanese Yen
June, 2012	56.030	87.135	70.309	70.674
July, 2012	55.495	86.517	68.252	70.281
August, 2012	55.560	87.249	68.875	70.681
September, 2012	54.606	87.866	70.126	69.908
October 2012	53.024	85.213	68.752	67.231
November 2012	54.776	87.537	70.367	67.604

(Source: www.rbi.org.in)

Market Players in the Foreign Exchange Market in India

Players in the Indian foreign exchange market include (a) Authorised Dealers (ADs), mostly banks who are authorised to deal in foreign exchange, (b) foreign exchange brokers who act as intermediaries, and (c) customers – individuals, corporates, who need foreign exchange for their transactions. Though customers are major players in the foreign exchange market, for all practical purposes they depend upon ADs and brokers. In the spot foreign exchange market, foreign exchange transactions were earlier dominated by brokers. Nevertheless, the situation has changed with the evolving market conditions, as now the transactions are dominated by ADs. Brokers continue to dominate the derivatives market.

All merchant transactions in the foreign exchange market have to be necessarily undertaken directly through ADs. However, to provide depth and liquidity to the inter-bank segment, ADs have been permitted to utilise the services of brokers for better price discovery in their inter-bank transactions.

In order to further increase the size of the foreign exchange market and enable it to handle large flows, it is generally felt that more ADs should be encouraged to participate in the market making.

(Source: www.rbi.org.in, RBI report on currency and finance (2005 – 06), Development of financial markets and role of central bank, chapter VI –foreign exchange market, page no 221)

Classification of Authorised Dealers/ FFCs:

Classification of persons / entities authorised to deal in foreign exchange and major activities undertaken by them are as under:

Sr. No.	Categories	Entities	Major Activities
5.	Authorised Dealer - Category – I	<ul style="list-style-type: none"> Commercial Banks State Co-op Banks Urban Co-op Banks 	All current and capital account transactions according to RBI directions issued from time-to-time.
6.	Authorised Dealer - Category – II	<ul style="list-style-type: none"> Upgraded FFCs Co-op. Banks Regional Rural Banks (RRBs) Others 	Specified non-trade related current account transactions and all the activities permitted to Full Fledged Money Changers and any other activity as decided by the Reserve Bank.
7.	Authorised Dealer - Category - III	Select Financial and other Institutions	Transactions incidental to the foreign exchange activities undertaken by these institutions
8.	Full Fledged Money Changers (FFCs)	<ul style="list-style-type: none"> Department of Posts Urban Co-op. Banks Other FFCs 	Purchase of foreign exchange and sale for private and business visits abroad.

(Source: www.rbi.org.in, RBI Circular RBI/2005-06/314,-A.P. (DIR Series) Circular No. 25, A.P. (FL Series) Circular No. 02, dated March 6, 2006)

In India, there are around 97 Authorised Dealers in category I, 42 Authorised Dealers in category II, 9 Authorised Dealers in category III and 1,089 FFCs. (Source: www.rbi.org.in)

MAJOR ACTIVITIES UNDERTAKEN BY AUTHORISED DEALERS IN INDIA

I. Foreign Currency Notes & Travellers Cheque:

i. Purchase and Sale of Foreign Currency Notes & Travellers Cheque:

Authorized Money Changers / franchisees may freely purchase foreign currency notes, coins and travellers cheques from residents as well as non-residents. They may purchase from other AMCs and ADs any foreign currency notes, coins and encashed travellers' cheques tendered in the normal course of business

AMCs may sell foreign exchange up to the prescribed ceiling during a financial year to persons resident in India:

- For undertaking one or more private visits to any country abroad (except Nepal and Bhutan) (currently US \$ 10,000).
- For undertaking business travel or for attending a conference or specialized training or for maintenance expenses of a patient going abroad for medical treatment or check up abroad or for accompanying as attendant to a patient going abroad for medical treatment / check up to the limits (currently US \$ 25,000 per visit).

AMCs may sell Indian Rupees to foreign tourists / visitors against International Credit Cards and shall obtain reimbursement through normal banking channels.

(Source: www.rbi.org.in, RBI Master Circular on Memorandum of Instructions governing money changing activities dated July 01, 2011, page 16- 18)

ii. Import and Export of Foreign Currency Notes:

AMCs may import foreign currency notes through the designated AD Category-I through whom the application for import is made to RBI

AMCs may export surplus foreign currency notes / encashed travellers' cheques to an overseas bank through designated Authorized Dealer Category - I in foreign exchange for realization of their value through the latter. FFCs may also export surplus foreign currency to private money changers abroad subject to the condition that either the realizable value is credited in advance to the AD Category – I bank's NOSTRO account or a guarantee is issued by an international bank of repute covering the full value of the foreign currency notes / coins to be exported. *(Source: www.rbi.org.in, RBI Master Circular on Memorandum of Instructions governing money changing activities dated July 01, 2011, page 20-21)*

II. Prepaid Travel Cards

Prepaid cards are used for making payments while one is travelling abroad. These are pre-loaded and enable one to access money in the required regional currency. One can also top it up depending on the requirement. The card allows you to withdraw cash in foreign currency, check balance and shop.

A prepaid travel card is generally usable in the place of a debit or credit card. These cards are more secure than debit or credit cards since the money is not linked to one's Bank account and has a limited balance (which limits one's financial exposure).

Earlier, only Authorised Dealer Category – I (AD Category-I) banks were permitted to issue forex pre-paid cards to residents travelling on private / business visit abroad. RBI has now permitted Authorised Dealers Category-II to issue forex pre-paid cards to residents travelling on private/business visits abroad. However, the settlement in respect of forex pre-paid cards may be effected only through AD Category-I banks.

(Source: rbi.org.in/ RBI/2011-12/488, A. P. (DIR Series) Circular No. 104, dated April 04, 2012:

III. Remittances:

Remittances refers to transfer of money from foreign country to home country or vice versa for various purposes like for Family maintenances, education, medical treatments, Business requirement etc.

Remittances are an important source of financial flows and as per World Bank estimates remittance flows into developing countries in 2011 were to the tune of US \$ 351 billion. Remittance flows into India are estimated to be of the order of US \$ 58 billion. In 2010, remittances into India accounted for 3 per cent of GDP. One of the reasons for such high inflows could be higher oil prices that helped the Gulf countries and other oil exporters, where a large number of Indian workers are employed. The depreciation of the Indian rupee in the latter half of 2011 might also have helped.

(Source: <http://indiabudget.nic.in/>, Economic Survey 2011-12, chapter 14-India and Global economy page 351)

The outward remittances refer to the process of sending money in foreign locations from the home country. The details of Outward Remittances under the Liberalised Remittance Scheme for Resident Individuals (US\$ Mn) is depicted in following table.

Outward Remittances under the Liberalised Remittance Scheme for Resident Individuals (US\$ Mn)

Purpose	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
Deposit	9.1	23.2	19.7	24.0	30.4	37.4	29.6	17.8
Purchase of immovable property	0.5	1.9	8.5	39.5	55.9	47.6	66.3	54.1
Investment in equity/debt	–	–	20.7	144.7	151.4	206.5	265.9	192.7
Gift	–	–	7.4	70.3	133.0	159.9	242.5	213.6
Donations	–	–	0.1	1.6	1.4	5.3	3.6	3.2
Travel	–	–	–	–	–	17.4	16.2	31.4
Maintenance of close relatives	–	–	–	–	–	170.9	255.2	140.8
Medical Treatment	–	–	–	–	–	18.3	5.7	3.3
Studies Abroad	–	–	–	–	–	217.8	150.1	103.2
Others**	–	–	16.4	160.4	436.0	101.8	128.6	90.9
Total	9.6	25.0	72.8	440.5	808.1	983.0	1,163.5	851.0

– Not available

* Data for 2011-12 is only for the eleven months i.e. from April 2011 to February 2012.

** Include items such as subscription to journals, maintenance of investment abroad, student loan repayments, credit card payments etc. (till 2008-09 also includes education, travel, maintenance of close relatives and medical treatment).

Note:

1. The data from 2004 to 2007 are on calendar basis and data post 2007 are on Financial Year basis.
2. Under Liberalised Remittance Scheme (LRS), currently, the residents are permitted to remit up to an amount of US \$ 2,00,000 per financial year (April-March) for any permitted current or capital account transactions or a combination of both with effect from September 26, 2007. The LRS Scheme was introduced in February 2004 to facilitate resident individuals to freely remit up to US \$ 25,000 per calendar year, which was enhanced to US \$50,000 per financial year in December 2006; to US \$ 1,00,000 per financial year in May 2007; and to US \$2,00,000 per financial year in September 2007.

(Source: www.rbi.org.in/ RBI bulletin May 2012 page no 445)

INDUSTRIES / SECTORS WHICH CONTRIBUTE TO THE GROWTH OF FOREIGN EXCHANGE MARKET IN INDIA

The following are few industries / sectors which contribute to the growth of foreign exchange market in India:

TRAVEL AND TOURISM:

Globally, an ever increasing number of destinations have opened up and invested in tourism development, turning modern tourism into a key driver of socio-economic progress through the creation of jobs and enterprises, infrastructure development and the export revenues earned. As an internationally traded service, inbound tourism has become one of the world's major trade categories. The overall export income generated by inbound tourism, including passenger transport, exceeded US\$ 1 trillion in 2010, or close to US\$ 3 billion a day (Source: *2010 International Tourism Results and Prospects for 2011*, UNWTO, 2011). For many developing countries it is one of the main sources of foreign exchange income and the number one export category, creating much needed employment and opportunities for development (Source: *2010 Tourism Report*, UNWTO, 2011). In over 150 countries tourism is one of the five top export earners, and in 60 it is the number one export. It is the main source of foreign exchange for one – third of developing countries and one - half of each Least Developed Countries (LDCs), where it accounts for upto 40% of their GDP.

According to UN World Tourism Organisation (UNWTO) (Source: *2010 International Tourism Results and Prospects for 2011*, UNWTO, 2011), the contribution of tourism to worldwide GDP is estimated to be in the region of 5%.

After a negative growth of 4.2% in international tourist arrivals in 2009, world tourism recovered in 2010 with an impressive growth rate of 6.7%. Global tourism continues to consolidate the 2010 recovery, despite the recent developments in the Middle East and North Africa as well as the tragic events in Japan. However, the impact of these events on tourism is expected to be limited to the destinations directly involved. UNWTO's growth forecast for international tourist arrivals in 2011 is between 4 to 5% (Source: *2010 International Tourism Results and Prospects for 2011*, UNWTO, 2011). Robust growth in tourism is likely to continue in the coming years also. UNWTO forecasts over one billion arrivals in 2010. Worldwide, long-distance travel is likely to grow faster (5.4% each year) than travel within regions (3.8%).

World tourist arrivals in South Asia are likely to grow faster (6.2 %) than arrivals in Europe (3.1 %) and the Asian market share of world tourism would steadily increase to 1.2 % until 2020 (Source: *UN WTO Vision 2020*). The shifts in key trends thus represent greater opportunities for developing economies. Such opportunities also offer avenues to develop niche areas such as medical tourism and rural tourism.

(Source: *Report of Working group on Tourism, 12th Five year Plan (2012 -17)*, Ministry of Tourism Government of India, pages 5 to 7)

India Travel & Tourism Overview:

Travel and Tourism is an important sector of the economy and contributes significantly to the country's GDP as well as Foreign Exchange Earnings. Tourism is not only a growth engine but also an export growth engine and employment generator.

Growth of Tourism in India

In India, the tourism sector has witnessed significant growth in recent years. During the period 2006 to 2011, the CAGRs of foreign tourist arrivals (FTAs) and foreign exchange earnings (FEEs) from tourism (in rupee terms) were 7.2 per cent and 14.7 per cent respectively.

(Source: <http://pib.nic.in/newsite/erelease.aspx?relid=81035>)

Inbound Tourism

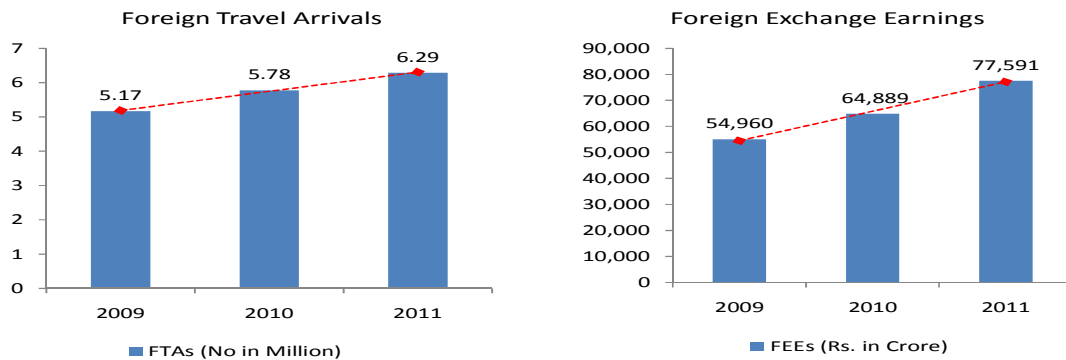
During period January to April, 2012

FTAs during the period January-April 2012 were 24.34 lakh with a growth of 8.3% as compared to the FTAs of 22.47 lakh with a growth of 12.1% during January-February 2011 over the corresponding period of 2010. FEEs from tourism in terms during January-April 2012 were 31713 crore with a growth of 28.5% as compared to the FEEs of 24676 crore with a growth of 10.8% during January-April 2011 over the corresponding period of 2010.

During period 2009-11

The number of FTAs in India witnessed an increase in 2010 as well as 2011. It increased from 5.78 million in 2010 to 6.29 million in 2011 registering a growth rate of 8.9% over 2010. Similarly in 2010, it increased to 5.78 million from 5.17 million in 2009, registering a growth rate of 11.8% over 2009.

FEEs from tourism in rupee terms during 2010 were ₹. 64,889 crore compared to ₹. 54,960 crore during 2009 with a growth rate of 18.1 per cent. Despite the slowdown and recessionary trends in the economies of Europe and America, FTAs during 2011 were 6.29 million with a growth of 8.9 per cent over 2010 and FEEs in 2011 were ₹. 77,591 crore with a growth of 19.6 per cent

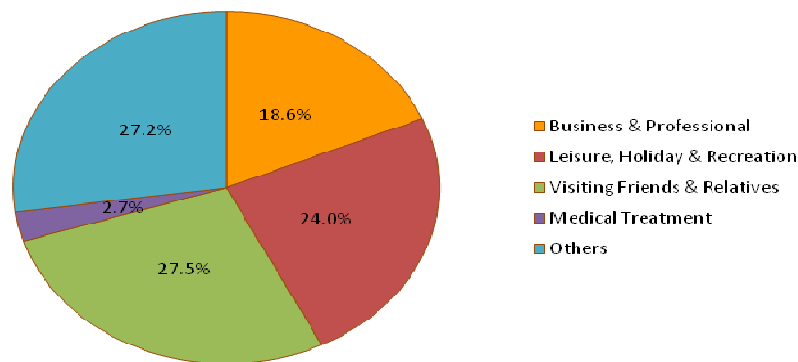


(<http://pib.nic.in/newsite/pmreleases.aspx?mincode=36>)

Classification of FTAs in India according to purpose of visit, 2010:

About 27.5% of FTAs in India during 2010 were for the purpose of 'visiting friends & relatives', followed by the purpose of 'leisure, holidays and recreation' (24.0%) and 'business and professional' (18.6%) etc.

Classification of FTAs in India According to Purpose of Visit, 2010



(Source: Bureau of Immigration, India)

(Source: <http://tourism.gov.in> / Ministry of tourism / India Tourism Statistics 2010 / <http://tourism.gov.in/writereaddata/CMSPagePicture/file/Primary%20Content/MR/pub-OR-statistics/2010Statistics.pdf>)

Outbound Tourism:

Though Ministry of Tourism is making serious efforts to attract more foreign tourists in India, during 2010, the number of Indians going abroad is almost double the FTAs in India. The Indian departure of 8.34 million in 2006 increased to 12.07 million in 2010. The growth rate observed in outbound Indian traffic in 2010 was 9% over the previous year.

(Source: Report of Working group on Tourism, 12th Five year Plan (2012 -17), Ministry of Tourism Government of India page 19)

Medical Tourism

Medical tourism is defined as travel by an ill person to another country for medical care and well-being, rehabilitation & recuperation. This has been growing rapidly since the year 2000 when the hospitals in Far East –Thailand and Singapore – started to aggressively market their services. This segment is fast becoming a worldwide, billion dollar industry. Low cost travel has taken the industry beyond the wealthy and desperate. India has witnessed a massive transformation in the Indian healthcare sector, particularly in the secondary super specialty care during the last two decades.

An assessment done by IMTA has estimated that the patient arrival to India is presently growing at greater than 30% annually i.e. an estimated 4.5 lakh patients come to India every year for medical treatment. About 60 top Indian private hospitals in 10 cities of India which have international air/flight connectivity attract international patients. Keeping in view, the benefits of medical tourism concerted efforts are required to fully tap the potential of this niche sector.

(Source: Report of Working group on Tourism, 12th Five year Plan (2012 -17), Ministry of Tourism Government of India, page 125 and 127)

Health tourism, the new entrant in the sector is a niche area where India has good potential. Medical Tourism is one of the growing segments of travel into India. The percentage of Foreign Tourist Arrivals visiting India for Medical Treatment increased from 2.2% in 2009 to 2.7% in 2010. No study has been commissioned to assess the impact of super-bug report on this sector.

(Source: <http://pib.nic.in/newsite/erelease.aspx?relid=81035> & <http://pib.nic.in/newsite/pmreleases.aspx?mincode=36>)

Education Tourism:

With the globalization of the Indian economy and growing affluence of the large middle class, study abroad is no longer just a dream for many Indian students. It is indeed a very viable option. Indian students are interested in enrolling in programs of foreign universities to pursue their higher education goals and thereby tap international career opportunities.

The Indian economy is transforming into an international powerhouse requiring India to have the best possible educational opportunities for its citizens. Indian students are interested in degrees, diplomas, and certificates offered by foreign universities at the undergraduate and graduate levels because of the excellent career prospects they offer. This demand is reflected by the number of students going to the USA, Canada, the UK, Australia, New Zealand and other countries every year for higher education.

IT AND IT ENABLED SERVICES (ITeS)

The Information Communication Technology and Electronics is the world's largest and fastest growing industry and is increasingly finding applications in all sectors of the economy. Today, India is a large, vibrant and one of the fastest growing economies in the world. As a result of impressive growth of the economy, steadily increasing purchasing power of the people and aspirations of the young, India is one of the fastest growing markets for electronic gadgets. The domestic demand for electronic hardware is estimated at US\$ 400 billion by 2020.

(Source: <http://www.indiainbusiness.nic.in> /India in Business, ITP division /Ministry of External Affairs, Government of India/Industry and service/ Information Technology and Information Technology Enabled Services (ITeS).

The IT and IT enabled services (ITeS) sector are giving India the image of a young and resilient global knowledge power. The IT and ITeS industry has four major sub-components: IT services, business process outsourcing (BPO), engineering services and research and development (R&D), and software products. As per the estimates of NASSCOM, India's IT and BPO sector (excluding hardware) revenues were US\$ 87.6 billion in 2011-12, generating direct employment for nearly 2.8 million persons and indirect employment of around 8.9 million. As a proportion of national GDP, IT and ITeS sector revenues have grown from 1.2 per cent in 1997-8 to an estimated 7.5 per cent in 2011-12.

Software exports in 2011-12 are estimated at US\$69 billion compared to US\$59 billion in 2010-11. While exports continue to dominate the IT-ITeS industry and constitute about 78.4 per cent of total industry revenue, the CAGR of the domestic sector has also been high at 12.8 per cent compared to the 14.2 per cent for exports during the Eleventh Five Year Plan period. The growth rate of the domestic sector in 2010-11 was 20.6 per cent as compared to 18.8 per cent for the export sector; in 2011-12 it was 9.7 per cent for domestic sector and 16.4 per cent for export sector. In 2012-13, as per NASSCOM estimates, export revenues are expected to grow by 11-14 per cent and domestic revenues by 13-16 per cent. These estimates are pointers to the possibilities of making further forays into the untapped domestic sector for IT and ITeS.

(Source: <http://indiabudget.nic.in/> economic survey- 2010-12, Chapter 10- Service sector, (page 241))

MEDIA AND ENTERTAINMENT:

As Indian film budgets grew bigger and bigger, producers and directors became more and more lavish and began to cross frontiers to give their viewers free foreign trips, so to say. Today, it's not just films but television serials too which are heading overseas.

Recognizing the benefits of film tourism, whereby locations are shown in films which attracts tourists with consequential effect on economic development, governments across the world are offering subsidies to film producers for shooting films in their countries.

(Source: <http://www.mib.nic.in/> XII Five year plan (2012-2017) /Report of the working group on information and Broadcasting Sector; para 2.49, page 60)

The Indian Media & Entertainment Industry grew by US\$ 12.9 billion in 2009 to US\$ 14.4 billion in 2010, a growth of 11 per cent, according to a report by the Federation of Indian Chambers of Commerce and Industry (FICCI) and research firm KPMG. The report also states that backed by positive industry sentiment and growing media consumption, the industry is estimated to achieve growth of 13 per cent in 2011 to touch US\$ 16.2 billion. As the industry braces for exciting times ahead, the sector is projected to grow at a CAGR of 14 percent to reach US\$ 28.1 billion by 2015.

(Source: <http://www.indiainbusiness.nic.in/> India in Business, ITP division /Ministry of External Affairs, Government of India/Industry and service/Media and Entertainment)

<http://www.indiainbusiness.nic.in/industry-infrastructure/service-sectors/media-entertainment.htm>

CORPORATE/ BUSINESS TRAVEL

Corporate travellers are businessmen or corporate executives travelling abroad for business and convention.

One of the most important and fastest growing segments in the Global Tourism Industry is Convention Tourism, also known as MICE –Meetings, Incentives, Conventions and Exhibitions. As per the International Congress & Convention Association (ICCA) the size of the International Convention Industry is estimated to be US \$ 280 billion. The share of India in this is only US \$ 4.8 billion. India has hosted 100 international conferences during 2010 and is at present, ranked at 31 position globally according to ICCA statistics. India has the potential to be one of the top 20 destinations in the World for hosting international conference, exhibitions and events. For this dedicated resources and innovative market campaigns are necessary to position India as an attractive MICE destination.

Hosting an International Conference at a particular destination is a high impact opportunity for a country to showcase and market the entire gamut of its soft power which includes various facets like, art and culture, literature, history, education, media, fashion and cuisines.

(Source: Report of Working group on Tourism, 12th Five year Plan (2012 -17), Ministry of Tourism Government of India, page 123)

FUTURE OUTLOOK

The recent firming up of growth fundamentals in the US coupled with policy measures in the euro area have helped abate fears of a double dip recession in the advanced economies (AEs). This has helped stabilise the troubled global financial markets. Nevertheless, signs of a mild recession in the euro area, slowdown in emerging and developing economies (EDEs) including China, and surging crude oil prices bring to the fore risks to recovery in global growth and inflation. High liquidity from the extended easy monetary policy regimes globally has associated risks for capital flows to the EDEs.

Services sector growth is likely to be conditioned by the revival in global demand and pickup in industrial growth. Overall, services growth may stay largely resilient, though some spill over may occur from the slow pace of industrial growth

(Source: Macroeconomic and Monetary Developments in 2011-12 / VII. MACROECONOMIC OUTLOOK: Modest recovery likely in 2012-13, page 44)

GDP

GDP at factor cost at constant (2004-05) prices in the year 2011-12 is estimated at ₹. 52,02,514 crore, showing a growth rate of 6.5 per cent over the Quick Estimates of GDP for the year 2010-11 of ₹. 48, 85,954 crore, released on 31st January 2012.

(Source: http://mospi.nic.in/Mospi_New/site/home.aspx /Press Information Bureau Government of India/Press Note dated may 31, 2012 /Revised Estimates Of Annual National Income, 2011-12 AND Quarterly Estimates Of Gross Domestic Product, 2011-12)

Going forward into 2012-13, assuming a normal monsoon, agricultural growth could stay close to the trend level. Industry is expected to perform better than in last year as leading indicators of industry suggest a turnaround in IIP growth. The global outlook also looks slightly better than expected earlier. Overall, the domestic growth outlook for 2012-13 looks a little better than in 2011-12. Accordingly, the baseline GDP growth for 2012-13 is projected at 7.3 per cent.

(Source: www.rbi.org.in/ RBI Monthly Bulletin May 2012, page 818)

GOVERNMENT INITIATIVES AND REGULATORY UPDATES

The Ministry of Tourism, as part of its on-going activities, releases print, electronic, online and outdoor media campaigns in the international and domestic markets, under the ‘**Incredible India**’ brand-line, to promote various tourism destinations and products showcasing India’s tourism potential in overseas markets in order to boost inbound tourism to the country.

As on April 2012, RBI has given the AD II Category dealers the following permission.

A. Issuance of Forex Prepaid Travel Cards (FPTC)

- Till recently only AD I Category banks were allowed to issue FPTC to residents travelling on private / business visits abroad
- As of April 2012, RBI has allowed AD II Category to issue FPTC to residents travelling on private / business visits abroad
- They can issue FPTC subject to adherence to KYC / AML / CFT requirements
- However, the settlement in respect of FPTC may be effected through AD Category-I banks

(Source: rbi.org.in/ RBI/2011-12/488, A. P. (DIR Series) Circular No. 104, dated April 04, 2012)

B. Maintain Nostro Accounts

To ensure greater flexibility in sending remittances AD Category-II may open Nostro Accounts subject to:

- Only one Nostro account for each currency may be opened
- Balances in the account should be utilized only for the settlement of remittances sent for permissible purposes and not for the settlement in respect of forex prepaid cards
- No idle balance shall be maintained in the said account
- They will be subject to reporting requirements as prescribed from time to time

(Source: rbi.org.in/ RBI/2011-12/488, A. P. (DIR Series) Circular No. 104, dated April 04, 2012)

(Source: rbi.org.in/ RBI/2011-12/512, A. P. (DIR Series) Circular No. 109, dated April 18, 2012)

OUR BUSINESS

Business Overview

We are primarily engaged in the business of money changing and provide foreign exchange services to our customers through our network of branches and franchisees. We are a RBI licensed Authorised Dealer – Category II (AD-II).

In the year 1995, we started our operations as a Full Fledged Money Changer (FFMC) in Chennai. We opened our first branch in Tirupur, Tamil Nadu in 1997. We obtained permission from RBI for sale of foreign exchange to corporates through Exchange Earner's Foreign Currency Account (EEFC A/c) in 1999. In the year 2002, we got permission from RBI for appointment of franchisees to carry out Restricted Money Changing Activity. In the year 2009, we were upgraded as an Authorised Dealer-Category -II by RBI from an FFMC. The enhancement of status from FFMC to Authorised Dealer - Category II opened a wide spectrum of activities which we can undertake; foremost among them being the ability to transact outward remittance requirements.

We currently offer the following range of products and services catering to the forex needs of travelers and other segments like banks, other Money Changers etc:

Sr. No.	Activity	Description
1.	Currency Operations	1. Sale and purchase of foreign exchange. 2. Dealing in bulk currencies. 3. Import and export of foreign currencies.
2.	Forex Prepaid Travel Cards	Sale and encashment of Forex Prepaid Travel Cards
3.	Foreign Demand Drafts & Remittance	Tie-ups with various banks for issuance of foreign currency demand drafts and remittances
4.	Travelers Cheques	Sale and encashment of travellers cheque
5.	Other Products and Services	a. Sale of international SIM and Calling Cards. b. Inward money transfer service. c. Business auxiliary and back office support services

Our company has entered into arrangements with HDFC Bank Limited, ICICI Bank Limited and few other private sector banks for forex prepaid travel cards and with IndusInd Bank Limited for issuance of foreign currency drafts and to affect outward remittances from India through telegraphic transfers. Further, our Company is one of the authorized sellers of Global Travel Cards, a prepaid foreign exchange card issued by American Express Banking Corporation in India and is also authorized to distribute Traveller's Cheques issued by American Express Travel Related Services Company. Our Company is also associated with Weizman Forex Limited (representative of Western Union Financial Services Inc.), UAE Exchange & Financial Services Limited, (agent of Money Gram Payment Systems Inc.) and BFC Forex & Financial Services Private Limited (EzRemit) for Inward Money Transfer Service to India.

Further, after appropriate approvals are received, we plan to issue forex prepaid travel card for direct sale and opening and maintenance of Nostro Account, pursuant to A P (DIR Series) Circular No-104/RBI dated April 4, 2012.

As on September 30, 2012, we have presence in 38 cities across India and operate through a network of 62 branches (including 4 airport counters) and 26 franchisees operating through 215 outlets in India.

The branch presence of our Company is indicated in the map below:



Our Company earns its profits from the spread between the buy and sell rate for foreign exchange and commissions/incentives for its services. We continue to focus on growing business volumes, maintaining revenue yield and management of costs.

The product wise revenue break up for last 3 years is as follows:

(₹ in lakhs)				
Particulars	Six months ended on September 30, 2012	FY 2012	FY 2011	FY 2010
1. Currency operations				
Retail/ Corporate	15,137.25	25,003.53	27,852.02	27,011.33
Bulk transaction - FFMC & AD	16,610.45	37,867.16	33,900.65	32,026.81
Bulk transaction – Branch	18,429.66	32,801.28	36,370.64	46,517.17
Bulk transaction – Exports	-	65.64	-	13,412.84
2. Total Prepaid card sales/ Settlement				
Prepaid Cards sales/ settlement Profit (Non EEFC)	108.70	119.68	121.57	104.22

Particulars	Six months ended on September 30, 2012	FY 2012	FY 2011	FY 2010
Card Encashment	4,757.21	7,530.90	5,251.46	3,405.40
3. Foreign DD and Remittance Income	191.85	219.97	92.19	61.98
4. Total TC Sales/ Settlement				
TC Sales/ Settlement Profit (Non EEFC)	0.02	21.47	48.99	178.81
TC Encashment	725.42	2,669.56	3,849.81	6,018.54
TC Encashment - Branch	208.71	1,019.34	1,955.12	2,408.10
5. Others				
Commission Received	22.35	63.98	89.45	96.72
Prepaid Card Incentive	201.68	288.84	190.86	110.74
Miscellaneous Income	56.13	144.83	137.04	131.45
Revenue from Operations	56,449.43	1,07,816.18	1,09,859.80	1,31,484.12

Competitive Strengths

1. Experienced Management Team

We are led by an experienced management team that has been dealing with foreign exchange operations for over two decades. The management team possesses the required skill, expertise and vision to continue and to expand the business of our Company. Our Management team consists of Mr. Venkatasubramanian Renganathan, Mr. Nageswaran Narayanaswamy and Mr. N Srikrishna. Mr. Venkatasubramanian Renganathan, has over two and a half decades of experience in foreign exchange, credit and advances and corporate banking. Mr. Nageswaran Narayanaswamy has over two decades of experience in foreign exchange. Mr. N Srikrishna has over 15 years of experience in forex sector and is associated with our Company since February 22, 1999. Our management team has an in-depth understanding of the foreign exchange sector and under their direction and guidance our Company has grown organically. Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy are the Promoters and Directors of our Company.

2. Effective Stock and Risk Management

We believe that effective stock and risk management has helped us in reducing inventory holdings, associated redistribution costs and exchange risk in case of foreign currency holdings. Further, risk management strategies have helped us in tackling the exchange rate volatility and thereby maintaining our margins.

3. Pan India Network & Multi Location Access

We are an Authorised Dealer – Category II money changer in India, as on September 30, 2012, we have nationwide presence in 38 cities through a network of 62 branches (including 4 airport counters), and 26 franchisees operating through 215 outlets. We believe that with such a large network, we were able to penetrate and cater to our customers across various cities and towns in India. Having such a network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to reach new customers. We believe we can leverage on this existing network for further expansion and for seamless execution of our customer requirements.

4. Track Record of our Company

Our Company has a good track record of over 15 years in the forex business. With a network of 62 branches in 38 cities (as on September 30, 2012), our Company has a very wide retail presence and is present in strategic locations pan India. This distributed network also helps our Company in term of its currency operations, where it can take advantage of the arbitrage opportunities. Further, our Company is one of the authorized seller of Global Travel Cards, a prepaid foreign exchange card issued by American Express Banking Corporation in India and is also authorized to distribute Travellers Cheques issued by American Express Travel Related Services Company.

Also as an Authorised Dealer II, our Company can issue Foreign Demand Draft / Remittance for a range of

purposes as specified by RBI. This has enhanced our Company's range of services offered to the public.

5. *Strong information technology infrastructure*

We believe that our web based software 'Eforex-on-net' used for managing our money changing operations, offers us a systems integration platform for our entire money changing operations right from the transaction processing and accounting to risk management. We believe that the centralized web based software implemented at all branches ensures real time monitoring of vital information pertaining to fund/stock positions and hedging of foreign exchange sold. Our software is custom designed for our services and helps us reduce people contact time thereby increasing efficiency and enhance our processes and operational performance. Our system fully integrates businesses in every aspect bringing together different outlets with the head office and ensures effective monitoring & management of stock and working capital.

6. *Arrangement with banks*

We have arrangement with few private sector banks for issuance of co-branded forex cards. These cards have a better recognition and acceptance due to the brand recall value of the established private sector bank and also gives us competitive advantage.

Our Strategies

1. *Widening the Network*

A good reach to customers is very important in our business. Increased revenue, profitability and visibility are the factors that drive the branch/franchisee network. Currently, we are present in key locations for sourcing business and believe that with the growth of tourism industry in India, the demand for foreign exchange will rise exponentially. Our strategy is to position and grow ourselves so as to capitalize the increased demand for foreign exchange and allied services in India.

2. *Opening of Nostro Accounts*

One of the key factors of success in our forex business is our ability to manage exchange rate fluctuations efficiently. RBI vide its circular RBI/2011-12/512, A. P. (DIR Series) Circular No. 109, dated April 18, 2012 and A P (DIR Series) Circular No-104/RBI dated April 4, 2012 has permitted AD Category II to open Nostro Accounts. We believe that with the opening and maintenance of Nostro Accounts, we would be able to manage exchange rate fluctuations more efficiently by using credit balances to make the remittances. In addition, we believe that the opening of Nostro Accounts will also help us in getting better currency rates and further enable us to issue foreign currency demand drafts or telegraphic transfers on our own.

3. *Direct Sale of Forex Prepaid Travel Cards*

Previously, only Authorised Dealer Category – I (AD Category-I) banks were permitted to issue forex pre-paid cards to residents travelling on private / business visit abroad. Pursuant to A P (DIR Series) Circular No-104/RBI dated April 4, 2012, it has now been decided to permit Authorised Dealers Category-II to issue forex pre-paid cards to residents travelling on private/business visits abroad, subject to adherence of KYC / AML / CFT requirements. We believe that the change in policy would result in increased profitability to our Company, as we would now be the issuer of the card instead of being the channel partner. We further believe that with the customization of the forex prepaid travel card to suit the customer's needs and with greater flexibility to market this product.

4. *Focus on bulk import & export of foreign currencies*

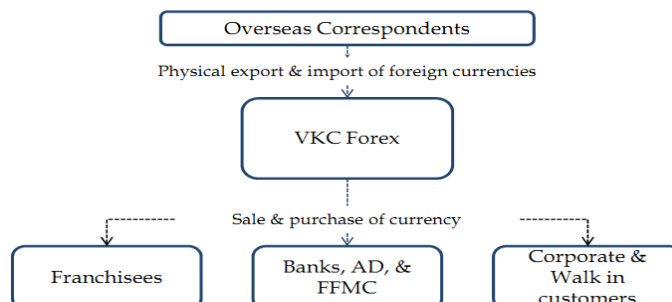
We believe that dealing in bulk import and export of foreign currencies involves huge volumes, lower risk of foreign exchange and higher profit margins. Further, we also believe that bulk import and export of foreign currencies will help us to take advantage of arbitrage opportunities and ensure that local demands are adequately met. Our strategy is to focus more on bulk import and export of foreign currencies and capitalize on the comparatively higher margins.

Our Products and Services

We currently offer the following main products and services

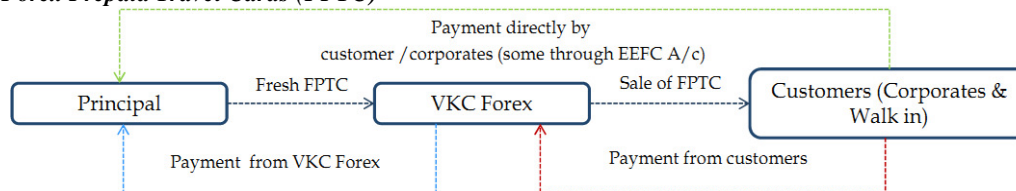
1. Currency Operations
2. Forex Prepaid Travel Cards
3. Foreign Demand Drafts & Remittance
4. Travelers Cheques
5. Other travel facilitation services

1. *Currency Operations*



Our currency operations include sale and purchase of foreign exchange to and from corporates and individuals at different branches, dealing in bulk currencies wherein the sale of foreign currencies is to banks, authorized dealers and other FFMC and import and export of foreign currencies, to meet the local demand and to take advantage of arbitrage opportunity. Our Company deals with all major currencies like USD, GBP, EURO, AUD, CAD & Japanese Yen.

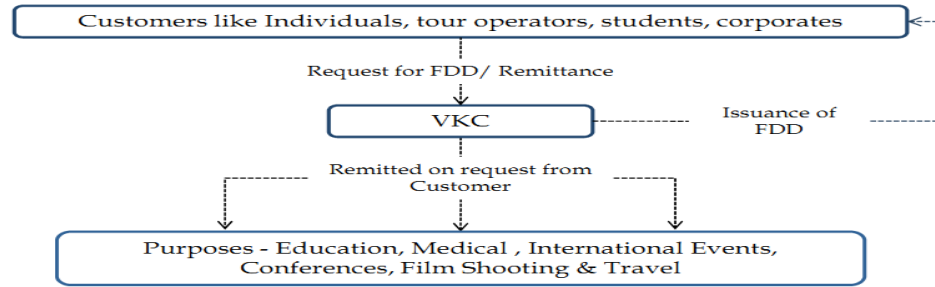
2. *Forex Prepaid Travel Cards (FPTC)*



FPTC are used for making payments while one is travelling abroad. These are pre-loaded cards that enable one to shop and withdraw cash in the required regional currency. The card can also be topped up depending on the requirement.

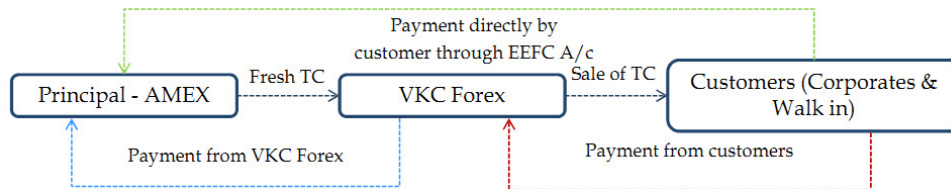
We have entered into arrangements with HDFC Bank Limited, ICICI Bank Limited and few other private sector banks (“**Principals**”) for the sale and reload of FPTC. According to the arrangement, the Principals will issue the FPTC to our Company for retailing to customers. The FPTC are available in such currencies and denominations as determined by the Principals. Further, the arrangement also provides for encashment of FPTC. In the year 2011, we have launched ‘VKC Forex Global Currency Card’ a white labeled product in association with ICICI Bank. Revenue from sale of travel cards are primarily by selling at a rate that is higher than the inter-bank rate for the day and profit is realized on settlement with Principals which is at the rate on the day of settlement. In case of EEFC payment, our Company gets only incentives from Principals, which are based on volumes and settlement period. In case of encashment of the travel cards profit is earned on account of forex rate differentials between the sale and purchase.

3. Foreign Demand Drafts and Remittance



Our Company has tie-up with IndusInd Bank Limited, for issuance of foreign currency drafts and to affect outward remittances from India through telegraphic transfers. Our Company can issue the same for various permitted transactions like education, medical, private & business travel etc, as permitted by RBI.

4. Travellers' Cheque (TC)



Our Company is authorized to distribute Traveller's Cheques issued by American Express Travel Related Services Company.

Other travel facilitation services

In addition to our main business, the below services are facilitated to customers travelling abroad:

i. Sale of International SIM and Calling Cards.

Our Company has entered into an arrangement with Peak Mobiles India Private Limited for the sale and marketing of Magellan SIM cards (International roaming SIM cards).

Under this Arrangement, our Company is appointed as the authorized distributor for the limited purpose of reselling the Magellan SIM cards. These SIM cards can be sold only to Indian citizens, who travel from India to foreign countries and are to be exclusively used for making phone calls originating from that (foreign) country and terminating in India. Our Company earns its revenue through the difference between purchase and sale price of the SIM cards/ Calling Cards.

ii. Inward Money transfer service to its customer

Inward Money Transfer to India is a fast, simple and convenient method to transfer money from anywhere in the world. We have entered into arrangements with various companies who act as agents to companies that undertake inward money transfer services in India ("Arrangements"). These agents have their country wide network of branches and sub agents in India.

Our Company pursuant to the Arrangements, agrees to provide money transfer service payments through its identified branches to the beneficiaries in full without any deduction as per the receive transaction. Our Company, in return will be entitled to a commission in respect to each of the transaction.

Our Company is associated with Weizman Forex Limited (representative of Western Union Financial Services Inc.), UAE Exchange & Financial Services Limited, (agent of Money Gram Payment Systems Inc.) and BFC Forex & Financial Services Private Limited (EzRemit) for

Inward Money Transfer Service to India.

iii. ***Business auxiliary and back office support services to insurance companies***

Our Company has tie-up with Tata AIG and few other private sector insurance companies, to provide office support services in respect of business sourced by its agents/marketing personnel/insurance companies etc. The support services include providing with infrastructure, space for display of signage, deposit the collections made by the agents and marketing personnel, maintain registers, carryout proper after sales services, event management services etc. Under the arrangement, our Company is paid a monthly service fee for the services rendered.

iv. ***Non AD II remittances***

For remittances which fall beyond the scope of Authorised Dealer category- II license, our Company provides facilitation services. We have entered into arrangements with HDFC Bank Limited, and IndusInd Bank pursuant to which we refer customers to these banks. Here the payment and documents are submitted to the bank directly by the customer. The responsibility to satisfy “KYC norms” lies with the bank. Our Company gets an incentive from the bank for such transactions.

v. ***India Travel Cards***

Our Company has an arrangement with AD category I bank (“Bank”) for the sale of India Travel Cards to inbound travellers. Pursuant to the arrangement, our Company shall accept foreign currency from the customer towards loading of the India Travel Cards along with the cost of the India Travel Card. Our Company shall in turn give the Bank the authority to directly debit our Company’s specified current account to fund the India Travel Card. The Bank is also entitled to a fixed commission in respect of sale of each India Travel Card.

Major Customers

Our major customers are Information Technology Companies, to whom we provide the services of sale and encashment of foreign currency and travel cards.

Marketing Strategy

Our company has a strong marketing team headed by Mr. N Srikrishna and comprising of over 105 employees as on September 30, 2012.

The marketing strategy that is primarily employed is direct marketing. Each branch has a sales team which scouts databases and fixes appointments and meets with potential customers. Big branches have a telemarketing person, who arranges for the meetings. Besides these, specific promotional strategies are also adopted in various places based on local needs, which include paper insertions, direct mailers, advertisement on the local cable channels, flyer campaigns in trains, malls, etc.

For the purposes of marketing, our business is bifurcated in terms of retail/corporate and bulk business.

For retail/corporate sales, the target customers are the following:

1. Tourist traveler, students & immigrants
2. Corporate houses for business travel
3. Travel agents
4. Professionals like doctors, lawyers, etc



The target customer base for bulk currency business is the following:

- a) Hotels
- b) Banks
- c) FFMC
- d) Emporiums

There is no major spending in terms of advertisements. Basic promotional expenses like placing ads in Yellow Pages, posters / flyers etc are incurred at the branch level. The generic competitive strategy has been outlined to the branches, which focuses on increasing the top line growth. The branch strategies are localized keeping in mind the above guiding principles. The targets are product wise and each branch has individual targets.

Intellectual Property

Our Company is using the following trade mark/ Logo for commercial purpose:

Sr. No	Particulars	Trade Mark/ Logo
1.	“VKC”	
2.	“VKC Forex”	
3.	“VKC Credit and Forex Services Limited”	

We have applied with the Registry for Trade Marks for registration of the above trade mark/logo. The status of the application for the marks “VKC” and “VKC Forex” is shown as objected and for the mark “VKC Credit and Forex Services Limited” the status is shown as "sent back to EDP". As of the date of the DRHP, the application for trade mark registration is pending. For further details please refer to chapter titled “Licenses and Approvals” on page 188 of the DRHP.

Information Technology

We have in-house web based software ‘Eforex-on-net’ for managing of money changing operations. ‘Eforex-on-net’ integrates the entire money changing operations right from the transaction processing and accounting to risk management. The software implemented at all branches ensures real time monitoring, by the Head office/Corporate office, of vital information pertaining to fund/stock positions and hedging of foreign exchange sold. Our system fully integrates businesses in every aspect bringing together the different branches with the head office and ensures effective monitoring & management of stock and working capital.

Competition

We face stiff competition in all of our main businesses. Many of our competitors have significantly greater financial, marketing and other resources than those available to us. We face competition from companies like Thomas Cook, Centrum Forex, Weizmann Forex and UAE Exchange. We also face competition from leading banks providing Forex services.

Insurance

We maintain insurance policies that we believe are adequate to cover us and customary for companies operating in our industry. We maintain special contingency insurance policy covering employees’ theft coverage, computer fraud or fund transfer fraud etc and fire and special perils policy.

Human Resources

As on September 30, 2012, we have a total strength of 404 employees.

Properties

Our Company does not own any property.

Our Registered Office is located at 115/55, TTK Road, Alwarpet, Chennai 600 018, Tamil Nadu, India. We have an existing lease and license agreement for our Registered Office which is valid until February 28, 2013.

Our Corporate Office is located at 324, T.T.K, Road, Second Floor, Alwarpet, Chennai 600 018, Tamil Nadu, India. We have an existing lease and license agreement for our Corporate Office which is valid until August 14, 2013.

Export Obligations

There is no export obligation on the Company as on September 30, 2012.

KEY INDUSTRY REGULATIONS AND POLICIES

A summary of the relevant regulations and policies as prescribed by the central / state governments that is applicable to the Company in India are provided herein. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

The following are the major regulations and policies applicable to our Company:

FOREIGN EXCHANGE MANAGEMENT ACT, 1999 ("FEMA")

The Company is an Authorized Dealer - Category II ("**Authorised Dealer**") under Section 10 of the Foreign Exchange Management Act, 1999. All transactions for sale / purchase of Exchange need to be undertaken within limits prescribed by RBI for each transaction as well as annual limits defined for each individual. The client has to produce certain documents / declarations which vary according to purpose for which exchange is availed. RBI also prescribes different registers carrying details of various transactions undertaken to be maintained by company and also the monthly/annual returns to be filed, concurrent audit systems.

Contravention of the RBI directives or a failure to furnish the prescribed returns can result in the imposition of penalty under Section 11(3) of FEMA. Moreover in case any contravention occurs of any provision of FEMA, or any rule, regulation, notification, direction or order issued in exercise of the powers under FEMA or of any condition subject to which an authorisation is issued by RBI, penalty will be imposed in accordance with Section 13 of FEMA. Any person who was in the charge of, or was responsible to the company for the conduct of its business is liable to be punished except if it is proven that the contravention took place without his knowledge and provided that he had exercised due diligence.

The following are various rules, regulations and policies under the FEMA issued by the Central Government that are applicable to the Company:

Foreign Exchange Management (Possession and Retention of Foreign Currency) Regulations, 2000

This regulation follows on the regulation on realization and repatriation of foreign exchange under Sections 9 (a) to (e)) of the Foreign Exchange Management Act, 1999. Under Regulation 3(i) of this regulation, an authorized person may possess foreign currency and coins without any limit within the scope of their authority.

Master Circular on Remittance Facilities for Non-Resident Indians /Persons of Indian Origin / Foreign Nationals (Master Circular No.08/2012-13 dated July 2, 2012) issued by RBI.

This master circular is issued with a sunset clause and would stand withdrawn on July 1, 2013 and be replaced by an updated master circular on the subject.

An Authorized Dealer- Category II, among other activities, is permitted to make arrangements for education abroad. This master circular provides for certain facilities for students. Students going abroad for education are treated as Non-Resident Indians ("**NRIs**") and are eligible for all the facilities available to NRIs under the Foreign Exchange Management Act, 1999. As NRIs, such students can receive remittance from India (i) up to US\$ 100,000 from close relatives in India on self declaration towards maintenance, which would include remittance towards their education also, (ii) up to USD 1 million out of sale proceeds of assets / balances in their NRO account maintained with an Authorized Dealer Bank in India and (iii) Up to USD 200,000 per financial year under the liberalized remittance scheme. Educational and other loans availed by the students going abroad as residents in India will continue to be available as per Foreign Exchange Management Act, 1999.

Master Circular on Miscellaneous Remittances from India - Facilities for Residents (Master Circular No.06 /2012-13 dated July 2, 2012) issued by RBI.

This master circular is issued with a sunset clause and would stand withdrawn on July 1, 2013 and be replaced by an updated master circular on the subject. The master circular states that the "drawal" of foreign exchange includes the use of International Credit Cards, ATM Cards and International Debit Cards etc. "Currency", *interalia*, includes ICC, IDC and ATM Cards.

The master circular provides that RBI shall grant licenses to certain entities as Authorized Dealers- Category II to undertake non trade current account transactions. The circular also specifically provides for the non-trade current accounts transactions for which Authorized Dealers- Category II are authorized to release / remit foreign exchange. The circular provides that it is not mandatory for Authorised Dealer to endorse the amount of foreign exchange sold for travel abroad on the passport of the traveller. However, release of foreign exchange is not admissible for travel to and transaction with residents of Nepal and Bhutan. The traveller should sign cheques in the presence of an authorized official in case of issue of traveller's cheques and the purchaser's acknowledgement for receipt of the travellers' cheques should be held on record. This circular also specifies the limit up to which the foreign exchange, sold to a traveller, should be in the form of foreign currency notes and coins. The Authorised Dealers should retain documents relating to the sale of foreign exchange for a period of one year. When remittance is allowed on the basis of self-declaration, the responsibility of furnishing the correct details in the application shall remain with the applicant who has certified the details for the purpose of such remittance.

An Authorised Dealer may release foreign exchange up to US\$ 100,000 on the basis of self declaration of the applicant to enable residents to avail of foreign exchange for medical treatment, education etc abroad.

An Authorised Dealer can release foreign exchange for private visits to a person for travel outside India for any purposes up to the specified limit. The unspent foreign exchange brought back to India should be surrendered within 180 days from the date of return of the traveller. Authorized dealers may remit foreign exchange at the request of an agent towards the hotel accommodation or tour arrangements of a traveller but the remittance should be out of the foreign exchange purchased by the traveller from an authorized person. Authorized dealers may open foreign currency accounts in the name of agents in India who have arrangements with hotels/ agents abroad. An Authorised Dealer may allow tour operators to remit cost of rail / road / water transportation without the prior approval of Reserve Bank of India. In case of consolidated tours of foreign tourists to the neighbouring countries, a part of the foreign exchange may be remitted for expenses to these neighbouring countries but the remittance should not be more than what originally came to India and the beneficiary country should not be Pakistan. Authorized dealers may accept payment in cash up to ₹ 50,000 against sale of foreign exchange for travel abroad. Any amount exceeding that should be received only by crossed cheques / Demand Draft / Pay Order. Authorised Dealers may allow advance remittance for import of services. Authorised Dealer may issue guarantee on behalf of their customers importing services. Under Liberalised Remittance Scheme, Authorised dealers may freely allow remittances by resident individuals up to USD 200,000 per financial year (April-March) for any permitted current or capital account transactions or a combination of both. The Reserve Bank of India will not specify the document which should be verified by the Authorised Dealer. An authorised person shall require any person wanting to transact in foreign exchange to make such a declaration and to give such information as will reasonably satisfy him that the transaction will not involve and is not designed for the purpose of any contravention or evasion of the provisions of the FEMA or any rule, regulation, notification, direction or order issued there under.

The master circular further provides guidance on redemption of unutilized balance on prepaid travel cards:

As per the practice followed by issuers, resident Indians who purchase their travel cards, are permitted refund of the unutilized foreign exchange balance only after 10 days from the date of last transaction and accordingly, this condition is stated in the "user guide". Since these cards are expected to act as substitutes for cash / Travellers Cheques, the facilities available to the user will have to be similar. Accordingly, all such Authorised Persons shall redeem the unutilized balance outstanding in the cards immediately upon request by the resident Indians to whom the cards are issued subject to retention of:

- a) The amounts that are authorized and remain unclaimed / not settled by the acquirers as of the date of redemption till the completion of the respective settlement cycle;
- b) A small balance not exceeding US\$ 100, for meeting any pipeline transactions till the completion of the respective settlement cycle; and
- c) Transaction fees / service tax payable in India in Rupees.

For the amount that are authorized but unclaimed / not settled by the acquirer, the issuer of such cards can hold such amounts until such transactions are processed / settled by the acquirers within the prescribed settlement timeframe.

This circular also details the documents required for examination and regulations regarding the issuance of International Credit/ Debit cards, acquisition of foreign securities under Employees Stock Option Plan (ESOP) details of income tax clearances etc.

MASTER CIRCULAR ON MEMORANDUM OF INSTRUCTIONS GOVERNING MONEY CHANGING ACTIVITIES

Master Circular on Memorandum of Instructions governing money changing activities (Master Circular No.10/2012-13 dated July 2, 2012) issued by RBI.

This master circular is issued with a sunset clause and would stand withdrawn on 1 July, 2013 and be replaced by an updated master circular on the subject.

Guidelines for Licensing and other Approvals for Authorised Money Chargers (AMCs)

AD-Category-II may appoint franchisees to undertake purchase of foreign currency.*

*Note:-Franchisees of AD Category-II functioning within 10 kms from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the prior approval of the Regional offices concerned of the Reserve Bank. Other franchisees of AD Category-II cannot sell foreign currency.

Guidelines for appointment of agents/franchisees by ADs category – II:-

Under the scheme of the master circular, RBI permits ADs-category-II to enter into franchisee agreements at their option for the purpose of carrying on Restricted Money Changing business i.e. conversion of foreign currency notes, coins or travellers' cheques into Indian Rupees.

A franchisee can be any entity which has a place of business and a minimum net owned fund of ₹ 10 lakh. Franchisees can undertake only Restricted Money Changing business.

ADs category –II as the franchisers are free to decide on the tenor of the arrangement as also the commission or fee through mutual agreement with the franchisee. The Agency/Franchisee agreement to be entered into should include the salient features as mentioned under the master circular. The master circular also prescribes the procedure for application, due diligence of franchisees, selection of centres, training, reporting, audit and inspection of franchisees.

Operational Instructions

Foreign exchange in any form can be brought into India freely without limit provided it is declared on the Currency Declaration Form (CDF) on arrival to the custom authorities. When foreign exchange brought in the form of currency notes or travellers cheques does not exceed US\$ 10,000 or its equivalent and/or the value of the foreign currency notes does not exceed US \$ 5,000 or its equivalent, declaration thereof on CDF is not insisted upon.

Taking out foreign exchange in any form, other than foreign exchange obtained from an Authorised Dealer or a money changer is prohibited unless it is covered by a general or special permission of RBI. Non-residents, however, have general permission to take out an amount not exceeding the amount originally brought in by them, subject to compliance with the provisions of para mentioned above.

AMCs may purchase from other AMCs and Authorised Dealers any foreign currency notes, coins and encashed traveler's cheques tendered in the normal course of business. Rupee equivalent of the amount of foreign exchange purchased should be paid only by way of crossed account payee cheque/demand draft/bankers cheque/pay order.

AMCs may sell foreign exchange up to the prescribed ceiling (currently US \$ 10,000) specified in Schedule III to the Foreign Exchange Management (Current Account Transaction) Rules, 2000 during a financial year to persons resident in India for undertaking one or more private visits to any country abroad (except Nepal and Bhutan). AMCs can sell Indian Rupees to foreign tourists against International Credit Cards and shall promptly reimburse the same. AMCs may convert into foreign currency, unspent Indian currency held by nonresidents at the time of their departure from India, provided a valid encashment certificate is produced. AMCs should issue

certificate of encashment when demanded and maintain proper records. The customers should be notified, where it is not provided, that unspent local currency held by non-residents will only be converted on the production of valid encashment certificate.

AMCs can purchase foreign currency from other AMCs but the payment should be by crossed cheques / demand draft. AMCs may sell foreign exchange to resident Indian citizens for taking private visits abroad but on the basis of the declaration given by the traveller. AMCs may sell foreign exchange to persons resident in India for business travel, conference etc. The sale of foreign exchange should only be made on personal application and identification of traveller. Any payment in excess of ₹ 50,000 should be received only by crossed cheques/demand drafts. AMCs should display the rates of exchange at a prominent place. AMCs can obtain their normal business requirement of foreign currency from other AMCs. If required, AMCs should seek the RBI's permission to import foreign exchange into India. AMCs may export excess foreign currency to an overseas bank or private money changer through an Authorised Dealer. In the event that the foreign currency obtained are fake or forged ones, the AMC may write off up to US\$ 2000 p.a. after the approval of their top management and after exhausting all other available options for recovery of the amount and with the approval of the regional branch of the RBI.

AMCs should submit to the RBI details of transactions above USD 10,000 within the tenth calendar day of each month. Under Section 12(1) of the Foreign Exchange Management Act, 1999, any officer of the RBI may inspect books of account and other documents of AMCs. AMCs should have a Concurrent Audit of the transactions undertaken by them. AMCs should apply for the renewal of license at least 3 months in advance of expiry of the license. If the AMCs want to provide money changing facility at some location other than one given in the license, special permission of the RBI is required. RBI may revoke the license granted if it is in public interest or if the terms of the license have not been fulfilled.

‘Fit and proper’ criteria for directors of FFCs / non-bank ADs Category - II

- (a) The Boards of FFCs / non-bank ADs Category - II should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria. For assessing integrity and suitability, factors like criminal record, if any, financial position, civil action initiated to pursue personal debts, refusal of admission to or expulsion from professional bodies, sanctions imposed by regulators or similar bodies, previous questionable business practices, etc. should be considered. The Board of Directors should assess ‘fit and proper’ status by calling for information by way of self-declaration, verification reports from market, etc. FFCs / non-bank ADs Category - II should obtain necessary information and declaration from the proposed / existing directors for the purpose in proforma given at the end.
- (b) The process of due diligence should be undertaken by the FFCs / non-bank ADs Category - II at the time of appointment / renewal of appointment.
- (c) The Boards of the FFCs / non-bank ADs Category - II should constitute nomination committees to scrutinize the declarations.
- (d) Based on the information provided in the signed declaration, nomination committees should decide on the acceptance or otherwise and may make references, where considered necessary to the appropriate authority / persons, to ensure their compliance with the requirements indicated.
- (e) FFCs / non-bank ADs Category - II should obtain annually as on 31st March a simple declaration that the information already provided has not undergone change and where there is any change, requisite details are furnished by the directors forthwith.
- (f) Further, the candidate should normally not exceed 70 years of age, should not be a Member of Parliament / Member of Legislative Assembly / Member of Legislative Council.
- (g) Any change in directors during the year should be reported to the Regional Office concerned of the Foreign Exchange Department, Reserve Bank of India in the specified proforma.
- (h) Comments of respective departments of the Reserve Bank will be obtained on the operations of an applicant who / whose parent organisation is already licenced / authorised by the Reserve Bank.

Renewal of AD Category II license

An application for the renewal of a money-changer's licence shall be made not later than one month, or such other period as the Reserve Bank may prescribe, before the expiry of the licence. Where a person submits an application for the renewal of his money changer's licence, the licence shall continue in force until the date on which the licence is renewed or the application is rejected, as the case may be. No application for renewal of a money-changer's licence shall be made after the expiry of the licence.

Opening of Foreign Currency Accounts by AMCs

AMCs, with the approval of the respective regional offices of the Foreign Exchange Department, may be allowed to open Foreign Currency Accounts in India, subject to the following conditions:-

- i) Only one account may be permitted at a particular centre.
- ii) Only the value of foreign currency notes/ encashed TCs exported through the specific bank and realized can be credited to the account.
- iii) Balances in the accounts shall be utilized only for settlement of liabilities on account of-
 - a) TCs sold by the AMCs and
 - b) Foreign currency notes acquired by the AMCs from AD Category-I banks.
- iv) No idle balance shall be maintained in the said account.

Opening of Nostro Account by Authorised Dealers Category-II

Authorised Dealers Category-II may open Nostro Accounts after getting one time approval from the Reserve Bank, subject to following terms and conditions.

- i) Only one Nostro account for each currency may be opened;
- ii) Balances in the account should be utilized only for the settlement of remittances sent for permissible purposes and not for the settlement in respect of forex prepaid cards;
- iii) No idle balance shall be maintained in the said account; and
- iv) They will be subject to reporting requirements as prescribed from time to time.

ANTI MONEY LAUNDERING

Prevention of Money Laundering Act, 2002 (amended by Prevention of Money-Laundering (Amendment) Act, 2005 and The Prevention of Money-Laundering (Amendment) Act, 2009)

All persons who directly or indirectly indulge in or knowingly assists or is a party or is involved in any process or activity related to the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering. Such persons shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to seven years and shall also be liable to fine which may extend to five lakh rupees and his property may be attached. All financial institution shall maintain records of transactions, the nature and value, note whether they are a single transaction or a series of them, furnish such information to the authorities as and when required and verify and maintain the identity of all clients, in the prescribed manner. The authorities are empowered to enter and examine all relevant documents of a company, seize any record or property found as a result of such search and retain such property or records for the purposes of the adjudication of the matter for a period of three months subject to any order to the contrary by the adjudicating authority constituted under the Act. The Director or any other officer not below the rank of Deputy Director authorised by him has also the power of search and seizure, provided such search shall be carried out in the prescribed manner. In the schedule of offences, class of offence has been widened to include other offence including offence covered under Section 489 A and 489 B have also been added.

Anti Money Laundering Guidelines

The New Anti-Money Laundering Guidelines issued by RBI (A. P. (DIR Series) Circular No. 86) on February 29, 2012 amends Anti-Money Laundering guidelines for Authorised Money Changers issued vide A. P. (DIR Series) Circular No. 17 {A.P. (FL Series) Circular No.04} dated November 27, 2009. In terms of paragraph 4.3 (b) and (c) of the aforesaid circular, Authorised person's should prepare a profile for each customer, where a business relationship is established, based on risk categorisation and apply enhanced due diligence measures on higher risk customers. Under the new guidelines, our Company should take steps to identify and assess their money laundering/terrorist financing risk for customers, countries and geographical areas as also for products/ services/ transactions/delivery channels, in addition to what has been prescribed in the circular dated November 27, 2009. Authorised persons should have policies, controls and procedures, duly approved by their boards, in place to effectively manage and mitigate their risk adopting a risk-based approach as discussed above. As a corollary, Authorised person's would be required to adopt enhanced measures for products, services and customers with a medium or high risk rating.

The Anti- Money Laundering Guidelines issued by the RBI on December 2, 2005, (RBI/2005-06/224) (A.P. (DIR Series) Circular No. 18) (A.P. (FL series) Circular No.1) are applicable to the Company. According to the guidelines, the Company shall keep the prescribed identification records of its customer for the prescribed periods. The guidelines also detail norms on recognition, handling and disclosure of the specified documents. The Company shall appoint a Money Laundering Reporting Officer and report the suspicious transactions to the appropriate authority, train their staff, maintain appropriate records and make timely audits and obtain and keep in its records a certificate from the auditor that all provisions have been complied with. Further, there are also procedures set out on the purchase of foreign exchange and the establishment of business relationship with a company. Any non- compliance with the provisions would attract penal provisions of Section 11 (3) of the FEMA. The guidelines were amended vide circular A.P.(DIR Series) Circular No. 39 dated 26 June, 2006 on account of difficulties faced by the AMCs regarding the identification of and maintaining records of travellers. The recognition is given for a period of 5 years and subsequent renewals for 5 year periods and the travel agent, upon award of such recognition, shall be entitled to all concessions and incentives granted by the Government to travel agents.

Anti-Money Laundering Guidelines issued by RBI (A. P. (DIR Series) Circular No. 14) on October 17, 2007 amends Anti-Money Laundering guidelines for Authorised Money Changers issued vide A. P. (DIR Series) Circular No. 18 {A.P. (FL Series) Circular No.01} dated December 2, 2005 and A. P. (DIR Series) Circular No.39 {A. P. (FL Series) Circular No.02} dated June 26, 2006. Under the this circular, the requests for payment in cash by foreign visitors / non-resident Indians which was to be acceded to the extent of USD 2000 or its equivalent has been raised to USD 3000. Moreover, PAN Card may also be accepted as a suitable document for establishing the relationship with the company / firm.

The Income Tax Act, 1961

In addition to prescribing regulations for computation of tax liability on income, the Income Tax Act provides that any company deducting tax must apply to the assessing officer for the allotment of a tax deduction account number. Furthermore, the legislation requires every taxpayer to apply to the assessing officer for a permanent account number.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds ₹ 400,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 ("PGA") provides for payment of gratuity, to an employee, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years: (a) on his/her superannuation; (b) on his/her retirement or resignation; (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply). The PGA establishes a scheme for the payment of gratuity to employees engaged in establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 ("PBA") provides for payment of bonus on the basis of profit or productivity to people employed in factories and establishments employing twenty or more persons on any day during an accounting year. The PBA ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Under the PBA every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or ₹100, whichever is higher.

Employee's Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") aims to institute provident funds and pension funds for the benefit of employees in establishments which employ more than 20 persons and factories specified in Schedule I of the EPFA.

The Employee's State Insurance Act, 1948

The Employees State Insurance Act, 1948 ("ESIA") is applicable to all factories and to such establishments as the Central Government may notify, unless a specific exemption has been granted. The employers in such factories and establishments are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies, which are controlled by the Government, are exempt from the aforesaid requirement if the employees are receiving benefits, which are similar or superior to the benefits prescribed under the ESIA.

Shops and Establishments Legislation

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

Foreign Investment Regime

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act and the rules, regulations and notifications there under, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the FIPB is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

At present, foreign investment in companies engaged in Travel related activities and Money changing business falls under the RBI automatic approval route for FDI/NRI investment upto 100%.

HISTORY AND CORPORATE STRUCTURE

Brief History of our Company

Our Company was incorporated as a private limited company, VKC Credit and Forex Services Private Limited on June 19, 1995, under the Companies Act, 1956. Subsequently, the name of our Company was changed from VKC Credit and Forex Services Private Limited to VKC Credit and Forex Services Limited pursuant to a fresh certificate of incorporation dated October 11, 2012 issued by the Registrar of Companies, Chennai, Tamil Nadu on conversion from private to public.

Our Company opened its first branch in Tirupur in the year 1997 and within a span of fifteen years has spread across 38 cities in India, covering 62 branches and over 26 franchisees operating through 215 outlets (*as on September 30, 2012*). In the year 1999, we obtained permission from RBI for foreign exchange sales to corporate through EEFC A/c. Later in the year 2002, we got RBI approval for appointment of franchisees to carry out restrictive money changing activities and were upgraded as an Authorized Dealer Category II in the year 2009.

Our Company was allotted shares in VKC Finsoft Solutions Private Limited (formerly known as VKC Financial Services Private Limited) and VKC Software Solutions Private Limited in the FY 2004 and FY 2005, respectively which resulted in them being subsidiaries of our Company. VKC Software Solutions Private Limited was allotted shares in VKC Software Solutions Inc in the FY 2006, which resulted in it becoming a step down subsidiary of our Company. Subsequently, VKC Software Solutions Private Limited disassociated from VKC Software Solutions Inc in the FY 2007 by way of dissolution. Our Company disassociated from both VKC Software Solutions Private Limited and VKC Finsoft Solutions Private Limited in the FY 2007. Further on October 21, 2009, we incorporated a company in Australia in the name of VKC (Australia) PTY Limited under the Corporations Act, 2001, Australia, which was later deregistered on September 1, 2011.

Changes in the Registered Office of our Company

Sr. No.	Date	From	To	Reason
1.	March 24, 2000	23/5, South Beach Apartments, 4 th Seaward Road, Valmiki Nagar, Thiruvanmiyur, Chennai 600 041	115/55, TTK Road, Alwarpet, Chennai 600 018.	Administrative convenience

Main objects of our Company

1. To carry on the business as authorised dealers and/or moneychangers in foreign exchange, authorised money transfer agents and to render such services as may be permitted by RBI and to render advisory services and consultancy services in foreign exchange, export/import trade and setting up joint ventures.
2. To act as Insurance Agents/ Brokers, dealers and consultants offering comprehensive services of every nature including marketing, retailing, dealing and managing various Insurance Products- both Life and General, and offer services of Actuaries, Valuers, Risk Assessors, Loss Adjusters, Underwriters, Syndicators, Arbitrators, Surveyors and in furtherance and pursuance of which to offer advisory and agency services either by itself solely or in conjunction with other consultants, agents/brokers or organizations to Insurance Corporations, Private or Public, Indian or overseas.
3. To carry on the business of software development in various spheres including forex management, treasury management and accounting services.
4. To engage in the development, marketing, maintenance and trading of software products.
5. To carry on the business of acting as consultants and advisers in the field of software and in the field of designing, developing and implementation of internet/web portal, web hosting, internet and e-commerce.

6. To carry on the business of internet enabled trade, electronic commerce, business-to-business and business-to-customer trade both in India and abroad.
7. To provide transmission of digital images with audio, of meeting/functions and other events of individuals, firms, corporates and other entities through computer networks.

Changes in the Memorandum of Association of our Company

The following changes have been made to the Memorandum of Association of our Company since its incorporation:

Date of shareholders' Approval	Nature of change	Details of change
July 24, 1995	Increase in the Authorised share capital	Authorised share capital of our Company was increased from ₹ 10,00,000 (divided into 1,00,000 equity shares of face value of ₹ 10 each) to ₹ 10,50,000 comprising of 1,05,000 Equity Shares of face value of ₹ 10 each.
September 15, 1997	Increase in the Authorised share capital	Authorised share capital of our Company was increased from ₹ 10,50,000 (divided into 1,05,000 equity shares of face value of ₹ 10 each) to ₹ 50,00,000 comprising of 5,00,000 Equity Shares of face value of ₹ 10 each.
January 24, 2001	Alteration in the main objects clause	Addition in the main objects clause of the Memorandum of Association. The additional clause is as follows: CLAUSE IV-“To act as Insurance Agents/ Brokers, dealers and consultants offering comprehensive services of every nature including marketing, retailing, dealing and managing various Insurance Products-both Life and General, and offer services of Actuaries, Valuers, Risk Assessors, Loss Adjusters, Underwriters, Syndicators, Arbitrators, Surveyors and in furtherance and pursuance of which to offer advisory and agency services either by itself solely or in conjunction with other consultants, agents/brokers or organizations to Insurance Corporations, Private or Public, Indian or overseas.”
February 25, 2005	Increase in the Authorised share capital	Authorised share capital of our Company was increased from ₹ 50,00,000 (divided into 5,00,000 equity shares of face value of ₹ 10 each) to ₹ 1,00,00,000 comprising of 10,00,000 Equity Shares of face value of ₹ 10 each.
April 15, 2005	Alteration in the main and ancillary objects clause	Altering the main objects clause of the Memorandum of Association by adding clauses 4 to 8 after deleting existing clause 4 and by adding ancillary objects clause from 44 to 57

Date of shareholders' Approval	Nature of change	Details of change
		<p>after existing ancillary objects clause no. 43:</p> <p>4. To carry on the business of software development in various spheres including forex management, treasury management and accounting services.</p> <p>5. To engage in the development, marketing, maintenance and trading of software products.</p> <p>6. To carry on the business of acting as consultants and advisers in the field of software and in the field of designing, developing and implementation of internet/web portal, web hosting, internet and e-commerce.</p> <p>7. To carry on the business of internet enabled trade, electronic commerce, business-to-business and business-to-customer trade both in India and abroad.</p> <p>8. To provide transmission of digital images with audio, of meeting/functions and other events of individuals, firms, corporates and other entities through computer networks.</p> <p>The new ancillary clauses are as follows:</p> <p>44. To establish, acquire, set-up and run the required infrastructural facilities, equipment, satellite links, telephone, fax and all types of communication links and connections for receiving, necessary details, data, documents, analysing, processing it, remitting, forwarding the analysed and processed information, details for the purpose of the business of the company.</p> <p>45. To train persons and parties in receiving, obtaining, collecting, analysing, processing data, information, details and transmitting the same for the purpose of business of the company.</p> <p>46. To engage, employ, contract with persons, parties, firms, companies, entities including Government authorities, bodies and to engage service of professionals, technical personnels, engineers, specialists, for carrying out the businesses, services and activities of the company.</p> <p>47. To acquire and undertake the whole or any part of the business property and liabilities of any person,</p>

Date of shareholders' Approval	Nature of change	Details of change
		<p>firm or company carrying on any business similar to that of the company or which may be considered conducive to the business.</p> <p>48. Subject to the provisions of the Act, to Invest and deal with the monies of the company not immediately required for the purposes thereof upon such securities and in such manner as may from time to time be determined.</p> <p>49. To purchase such articles of all kinds, both raw and manufactured, to avail such services as may be required for the purpose of the business of the company and to make advances, payments for such purchases or services.</p> <p>50. To open any kind of account in any bank or banks and to draw, make accept, discount, endorse, execute and issue cheques, drafts, hundies, promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable and transferable instruments and trust receipts.</p> <p>51. To expend any of the monies of the company in exhibiting or otherwise advertising or making know the business and products of the company and to make any arrangements for the payments of commissions of shares of profits to, or otherwise remunerating any person or company so advertising or making known such business or products.</p> <p>52. To insure with any person against losses, damages or risk and liabilities of any kind which may affect the company either wholly or partly.</p> <p>53. To apply for purchase or otherwise acquire any patents, brevet d' invention, licences, concessions and the like, conferring any exclusive or limited right to use or any other information as to any invention which may seem capable of being used for any of the purposes of the company or the acquisition of which may seem calculated directly or indirectly for the benefit of the company and to use, exercise, develop or grant licences in respect of, or otherwise turn into account the property, rights or information so acquired.</p> <p>54. To pay for any lands,</p>

Date of shareholders' Approval	Nature of change	Details of change
		<p>immovable or movable property or assets of any kind acquired or to be acquired by the company or for any services rendered to the company and generally pay or discharge the consideration to be paid for given by the company in monies or in share (whether fully paid up or partly paid up) or debentures or debenture stock.</p> <p>55. To establish support or subscribe to any charitable or public object and any institution, society or club for the benefit of the company or its employees and to give pensions, gratuities or charities, to any person who may be served the company either as directors, officers or in other capacity or to the spouses, children or other relatives or other dependents of such person and to make payments towards insurance and form and contribute to provident fund or other benefits of any person or of their spouses, children or other relatives/dependents.</p> <p>56. To purchase or by any other means acquire any freehold, leasehold or other property or estate or interest whatsoever and any requests or privileges or easements over or in respect of any property or any buildings, offices, factories, and any property or rights whatsoever which may be necessary for or may be conveniently used with or may enhance the value of any other property of the company.</p> <p>57. To do research and development in any of the products, projects, services dealt with or proposed to be dealt with by the company.</p>
April 19, 2006	Increase in the Authorized share capital	<p>Authorised share capital of our Company was increased from ₹ 1,00,00,000 (divided into 10,00,000 equity shares of face value of ₹ 10 each) to ₹ 11,00,00,000 comprising of 1,10,00,000 Equity Shares of face value of ₹ 10 each.</p>
August 27, 2012	Alteration in the main objects clause	<p>Alteration of the main objects clause by deleting existing clause 3 and inserting the following new object clause 3 & 4 after existing clause 2:</p> <p>3. To accumulate funds and to lend, advance money or to give credit, invest or otherwise employ moneys belonging to the Company to such persons, firms or companies and on</p>

Date of shareholders' Approval	Nature of change	Details of change
		such terms as may seem expedient and to guarantee the performance of any contract or obligation of the payment of money of or by any such person, firms or companies and generally to give guarantees and indemnities 4. To act as Insurance Agents/ Brokers, dealers and consultants offering comprehensive services of every nature including marketing, retailing, dealing and managing various Insurance Products- both Life and General, and offer services of Actuaries, Valuers, Risk Assessors, Loss Adjusters, Underwriters, Syndicators, Arbitrators, Surveyors and in furtherance and pursuance of which to offer advisory and agency services either by itself solely or in conjunction with other consultants, agents/brokers or organizations to Insurance Corporations, Private or Public, Indian or overseas.
September 27, 2012	Alteration of the name clause and deletion of clause 1 and 3 of the main objects clause	Altering the name clause by deleting the word Private in clause I I. The name of the Company is VKC Credit and Forex Services Limited. II. Alteration of main objects clause by deleting the existing clause 1 and 3

Major Events and Milestones of our Company

Calendar Year	Milestone
1997	Opened first branch in Tirupur, Tamil Nadu
1999	Obtained permission from RBI for foreign exchange sales to corporates through EEFC A/C
2002	Received permission from RBI for appointment of franchisees to carryout restricted money changing activity.
2005	Opening of counter at Chennai Airport
2006	Tie up with ICICI Bank and launch of VKC Forex-ICICI Bank co- branded Travel Card.
2007	<ul style="list-style-type: none"> - Opening of counter at Trivandrum airport - Issue of Co- Branded World Money Card in association with a Multi National Company
2008	<ul style="list-style-type: none"> - Commencement of export of Foreign Currency Operations
2009	<ul style="list-style-type: none"> - Launch of Co-Branded Travel Currency Card with a private sector bank - Upgraded as Authorised Dealer- Category II
2011	Launch of VKC Forex Global Currency Card, a white labeled product in association with ICICI Bank.

Awards and achievements

Calendar Year	Awards and achievements
1999-2005 and 2007-2008	Selected for “The Summit Programme by American Express Travellers Cheque” award continuously for the period 1999-2005 and for the years 2007 & 2008.

For details on the description of our Company’s activities, products & services, competition, Key managerial personnel, the growth of our Company, please refer to the chapters titled “Our Business”, “Our Management”

and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 83, 107 and 157 of the DRHP.

Our Shareholders

As on the date of the DRHP, the total number of holders of Equity Shares is 7. For further details of our shareholding pattern, please refer to the chapter titled “Capital Structure” on page 51 of the DRHP.

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

We are primarily engaged in the business of money changing and provide foreign exchange solution to our customers through our network of branches and franchisees and are a RBI licensed AD category II. There has been no change in the major activities conducted by our Company during the last five years, which may have had a material effect on the profits/loss.

Defaults or Rescheduling of borrowings with financial institutions/ banks

As on date of the DRHP, there have been no defaults or rescheduling of borrowings with the financial institutions / banks in the past by our Company.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

Subsidiaries

As on date our Company does not have any subsidiaries.

Capital raising through equity and debt

For details of the equity capital raising of our Company, please refer to the chapter titled "*Capital Structure*" on page 51 of the DRHP.

Injunction or Restraining Order

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

Shareholders’ and joint venture agreement

Our Company has not entered into any shareholders’ or joint venture agreements.

Strategic partners

Our Company does not have any strategic partners.

Financial partners

As on the date of the DRHP, apart from the various arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

OUR MANAGEMENT

Board of Directors

The Articles of Association requires our Company to appoint not less than 3 Directors and not more than twelve Directors. Our Company currently has 6 directors.

The following table sets forth details of the Board of Directors as of the date of the DRHP:

Name, Designation Father's Name, Address, Occupation, Term and DIN	Nationality	Date of Appointment as Director	Age (Years)	Other Directorships/Partnerships / Proprietorship
Mr. Venkatasubramanian Renganathan Designation: Chairman and Managing Director S/o Mr. Renganathan Address: 1-E, River Heights, No. 315, Valluvarkottam High Road, Nungambakkam, Chennai – 600034 Occupation: Business Term: 3 years from October 24, 2012 DIN: 00823264	Indian	June 19, 1995	67	1. VKC Finsoft Solutions Private Limited 2. VKC Shiksha Overseas (P) Ltd 3. Veeyen Associates
Mr. Nageswaran Narayanaswamy Designation: Managing Director S/o Mr. S. Narayanaswamy Address: 4E, River Heights, 315, Valluvar Kottam High Road, Chennai-600034 Occupation: Business Term: 3 years from October 24, 2012 DIN: 00823349	Indian	September 01, 1997	59	1. VKC Finsoft Solutions Private Limited. 2. VKC Shiksha Overseas (P) Limited. 3. Garbba Rakshambigai Fertility Centre Private Limited. 4. All India Association of Authorised Money Changers and Money Transfer Agents. 5. Veeyen Associates
Mr. Jagadesh Sekar Designation: Non-executive Director S/o Mr. Rajamanickam Sekar	Indian	September 27, 2012	37	Nil

Name, Designation Father's Name, Address, Occupation, Term and DIN	Nationality	Date of Appointment as Director	Age (Years)	Other Directorships/Partnerships / Proprietorship
Address: 59, N. No. 2, Jubilee Road, West Mambalam, Chennai- 600033 Occupation: Service Term: Liable to retire by rotation DIN: 02490103				
Mr. Nagarajan Ramakrishnan Designation: Independent Director S/o Mr. Nagarajan Address: No. 1450, 40 th Street, 6 th Avenue, I-Block Anna Nagar, Chennai- 600040 Occupation: NA Term: Liable to retire by rotation DIN: 06405130	Indian	October 16, 2012	67	Nil
Mr. Narayanasami Krishnaswamy Designation: Independent Director S/o Mr. Krishnaswamy Narayanasami Address: No. 5-A, Babu Road, Post Box No. 366, Tiruchirapalli-620002 Occupation: Chartered Accountant Term: Liable to retire by rotation DIN: 01296397	Indian	October 16, 2012	78	1. Sanguchakra Hotels Private Limited. 2. N. Krishnaswamy & Co, Chartered Accountants
Dr. Qudsia Gandhi Designation: Independent Director S/o Mr. Mohammed	Indian	October 16, 2012	61	1. A.M.N Facility Management Services Private Limited. 2. Shriram Housing Finance Limited

Name, Designation Father's Name, Address, Occupation, Term and DIN	Nationality	Date of Appointment as Director	Age (Years)	Other Directorships/Partnerships / Proprietorship
Ibrahim Address: G4, MIG Block, Foreshore Estate, Chennai- 600028 Occupation: NA Term: Liable to retire by rotation DIN: 02568631				

Brief Profiles of our Directors

Mr. Venkatasubramanian Renganathan, our Promoter, is the founder of our Company. He is currently our Chairman & Managing Director. He has completed SSC in the year 1961. He was previously associated with State Bank of India. He has over 27 years of experience in the banking sector and possesses varied experience in areas of foreign exchange, credit and advances and corporate banking.

Mr. Nageswaran Narayanaswamy, is the Promoter of our Company. He holds a bachelor's degree in Commerce from the University of Madras and a diploma in financial management from Indira Gandhi National Open University. He has previously been associated with State Bank of India and has over 20 years of experience in foreign exchange. He has joined the Board of Directors of our Company in the year 1997 and is currently the Managing Director of our Company.

Mr. Jagadesh Sekar, is a Non Executive Director of our Company. He holds a bachelor's degree in Commerce from the University of Madras and a master's degree in Business Administration from the University of Madras. He also holds a GNIIT certification from NIIT. He has been heading the marketing activity of VKC Finsoft Solutions for the last 12 years. He has joined the Board of Directors of our Company in the year 2012.

Mr. Narayanasami Krishnaswamy, is an Independent Director of our Company. He holds a bachelor's degree in Commerce from the University of Madras. He is a fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and the Institute of Chartered Accountants, Nepal. He is also an associate member of the Chartered Institute of Secretaries, London and the Institute of Costs Accountants of India. He has over 45 years experience in auditing, financial controls, management accounting, management consultancy etc. He has joined the Board of Directors of our Company in the year 2012.

Mr. Nagarajan Ramakrishnan, is an Independent Director of our Company. He holds a bachelors degree and a master's degree in Science from the University of Madras. He also holds a master's degree in business administration from the University of Delhi. He has over 35 years of experience in Indian Administrative Service and has worked in four public sector government companies. He has joined the Board of Directors of our Company in the year 2012.

Dr. Qudsia Gandhi, is an Independent Director of our Company. He holds a masters degree in arts from the University of Madras. He has over 35 years of experience in Indian Administrative Services and has worked in different public sector undertakings. He has joined the Board of Directors of our Company in the year 2012.

None of our Directors hold current and/ or past directorship(s) for any period during the last five years from the date of the DRHP in listed companies whose shares have been or were suspended from being traded on the BSE Limited and the National Stock Exchange of India Limited.

Further, none of our Directors hold current and/ or past directorship(s) in listed companies who have been / were delisted from stock exchanges.

Relationship between Directors

None of our Directors are related to each other.

There are no arrangements or any understanding with major shareholders, customers, suppliers or others pursuant to which any of our Directors were selected as a Director or member of senior management.

Remuneration of our Directors for Financial Year 2011-2012

(In ₹ lakhs)

Sr. No.	Name of the Director	Sitting Fees	Salaries / Perquisites	Reimbursements of Expenses	Total
1	Mr. Venkatasubramanian Renganathan	Nil	19.50	7.12	26.62
2	Mr. Nageswaran Narayanaswamy	Nil	19.50	6.73	26.23

Shareholding of our Directors in our Company

Save and except as disclosed below, none of our Directors have any shareholding in our Company as on the date of the DRHP.

Director	No. of Equity Shares	% of Pre Issue Equity Share Capital	% of Post Issue Equity Share Capital
Mr. Venkatasubramanian Renganathan	17,50,000	33.02	[●]
Mr. Nageswaran Narayanaswamy	17,49,700	33.01	[●]

Our Articles of Association do not require our Directors to hold any qualification Equity Shares in our Company.

Payment or benefit to directors / officers of our Company

Except as disclosed in the “Statement of Related Party Transactions, as Restated” in Annexure XXI of “Financial Statements” on page 129 of the DRHP, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers/directors except the normal remuneration for services rendered as Directors, officers or employees.

Interests 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 other remuneration and reimbursement of expenses payable to them under our Articles of Association, and/or to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Some of our Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms and trusts, in which they are interested as directors, members, partners or trustees.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm and trust in which they are partners or trustees

All our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except Mr. Venkatasubramanian Renganathan, Chairman and Managing Director and Mr. Nageswaran Narayanaswamy, Managing Director no other Directors of our Company are interested in the promotion of our Company.

Our Directors have no interest in any property acquired by our Company within two years of the date of the DRHP.

Our Directors are not interested in the appointment of BRLM, Market Maker, Underwriters, Registrar to the Issue and Bankers to the Issue or any other intermediaries registered with SEBI or stock exchange.

We have not entered into any service contracts with our Directors providing for benefits upon termination of employment.

Except as stated in this chapter or in section “Statement of Related Party Transactions, as Restated” in Annexure XXI of the chapter titled “Financial Statements” on page 129 of the DRHP and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Compensation and benefits to the Chairman and Managing Director

Mr. Venkatasubramanian Renganathan was appointed as the Chairman and Managing Director, vide shareholders resolution dated November 7, 2012 and Board Resolution dated October 24, 2012 for a period up to 3 years.

The terms of appointment of Mr. Venkatasubramanian Renganathan inter-alia are as follows:

1. **Basic Salary:** 1,20,000 per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of our Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 40% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family.
4. **Leave Travel Allowance** for self and family, in accordance with Rules of our Company.
5. **Club Fees:** Membership of one Club in India (including admission and membership fee)
6. Other Allowance to an amount equivalent to Annual Basic salary.
7. **Reimbursement of Expenses:** Entertainment, travelling and all other expenses incurred for the business of our Company shall be reimbursed as per rules of our Company.
8. **Car & Telephone:** Our Company shall provide car with driver and telephone at the residence of the Chairman and Managing Director for business purposes of our Company.
9. **PF Contribution:** Contribution to Provident Fund shall be as per rules of our Company and applicable laws.
10. **Gratuity:** Gratuity payable shall be as per rules of our Company and applicable laws.
11. **Performance Incentive:** Upto 10% of the net profit of our Company per annum subject to maximum of ₹4,00,000

Compensation and benefits to the Managing Director

Mr. Nageswaran Narayanaswamy was appointed as a Managing Director, vide shareholders resolution dated November 7, 2012 and Board Resolution dated October 24, 2012, for a period up to 3 years.

The terms of appointment of Mr. Nageswaran Narayanaswamy are as follows:

1. **Basic Salary:** 1,20,000 per month with authority to the Board of Directors (which expression shall include a Committee thereof) to revise the basic salary from time to time taking into account the performance of our Company.
2. **Housing:** Fully furnished residential accommodation, the cost of which shall not exceed 40% of the basic salary per annum or House Rent Allowance in lieu thereof.
3. **Medical Expenses:** Reimbursement of medical expenses incurred in India and abroad (including insurance premium for medical and hospitalization policy, if any) on actual basis for self and family.
4. Leave Travel Allowance for self and family, in accordance with Rules of our Company.
5. **Club Fees:** Membership of one Club in India (including admission and membership fee)
6. Other Allowance to an amount equivalent to Annual Basic salary.
7. **Reimbursement of Expenses:** Entertainment, travelling and all other expenses incurred for the business of our Company shall be reimbursed as per rules of our Company.
8. **Car & Telephone:** Our Company shall provide car with driver and telephone at the residence of the Managing Director for business purposes of our Company.
9. **PF Contribution:** Contribution to Provident Fund shall be as per rules of our Company and applicable laws.
10. **Gratuity:** Gratuity payable shall be as per rules of our Company and applicable laws.
11. **Performance Incentive:** Upto 10% of the net profit of our Company per annum subject to maximum of ₹4,00,000

Changes in our Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason for change
Mr. Jagadesh Sekar	September 27, 2012	-	Appointment
Mr. Narayanasami Krishnaswamy	October 16, 2012	-	Appointment
Mr. Nagarajan Ramakrishnan	October 16, 2012	-	Appointment
Dr. Qudisia Gandhi	October 16, 2012	-	Appointment
Mr. Venkatasubramanian Renganathan	October 24, 2012	-	Change in designation
Mr. Nageswaran Narayanaswamy	October 24, 2012	-	Change in designation

Borrowing powers of the Board

Our Articles, subject to the provisions of the Companies Act, authorise the Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. However, the Board of Directors shall not without the sanction of our members, borrow money (apart from temporary loans/facilities obtained or to be obtained from Company's bankers in ordinary course of business) exceeding the aggregate of the paid up capital and free reserves of our Company.

Corporate Governance

The provisions of the listing agreement to be entered into with the SME platform of National Stock Exchange of India Limited ("SME Equity Listing Agreement") with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchange. As of the date of the DRHP, our Company has taken steps to comply with the provisions of Clause 52 of the SME Equity Listing Agreement, including with respect to composition of the board of directors, the appointment of independent directors, the constitution of the Audit Committee, Shareholders/Investors Grievance Committee and Remuneration

Committee. The Board functions either on its own or through various committees constituted to oversee specific operational areas.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 52 of the SME Equity Listing Agreement.

The Chairman of the Board is an Executive Director. The Board of Directors comprises of 6 Directors, of which 2 are Executive Directors, 1 is Non Executive Director and 3 are Independent Directors.

Our Company has constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

Audit Committee

The Audit Committee was constituted at our Board Meeting held on October 24, 2012. The Audit Committee comprises:

Name of Directors	Status
Mr. Narayanasami Krishnaswamy	Chairman
Mr. Nagarajan Ramakrishnan	Member
Mr. Qudsia Gandhi	Member
Mr. Nageswaran Narayanaswamy	Member

The terms of reference of the Audit Committee include the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
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. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. 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.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. 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.

8. Discussion with internal auditors any significant findings and follow up there on.
9. 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.
10. 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.
11. 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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Shareholder/Investors Grievance Committee

The Shareholder/Investor Grievance Committee was constituted at our Board Meeting held on October 24, 2012. The Shareholder/Investor Grievance Committee comprises:

Name of Directors	Status
Mr. Nagarajan Ramakrishnan	Chairman
Dr. Qudsia Gandhi	Member
Mr. Jagadesh Sekhar	Member

The terms of reference of the Shareholder/Investor Grievance Committee include the following:

1. Investor relations and the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, annual report, non-receipt of declared dividends.
2. Approve requests for share transfers and transmission and those pertaining to rematerialisation of shares/ sub-division/ consolidation/ issue of renewed and duplicate share certificates etc.
3. Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares and bonds issued by our Company.
4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Remuneration Committee

The Remuneration Committee was constituted at our Board Meeting held on October 24, 2012. The Remuneration Committee comprises:

Name of Directors	Status
Mr. Narayanasami Krishnaswamy	Chairman
Mr. Nagarajan Ramakrishnan	Member
Dr. Qudsia Gandhi	Member
Mr. Jagadesh Sekar	Member

The terms of reference of the Remuneration Committee include the following:

1. Framing suitable policies and systems to ensure that there is no violation, by an Employee of the Company of any applicable laws in India or overseas, including:

- The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995.
2. Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payments.
 3. Perform such functions as are required to be performed under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
 4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Other Committees

IPO Committee

The IPO Committee was constituted at our Board Meeting held on October 24, 2012. The IPO Committee comprises:

Name of Directors	Status
Mr. Nageswaran Narayanaswamy	Member
Mr. Jagadesh Sekar	Member
Mr. Venkatasubramanian Renganathan	Member

The terms of reference of the IPO Committee include the following:

- (a) to decide on the actual size of the public offer, including any offer for sale by promoters/shareholders, reservation for market maker (s) and/or reservation for nominated investor (s), exercise of any green shoe (over-allotment) option and/or reservation on a competitive basis, timing, pricing and all the terms and conditions of the issue of the shares and to accept any amendments, modifications, variations or alterations thereto;
- (b) to appoint and enter into arrangements/ agreements with the book running lead managers, co-mangers to the issue, underwriters to the issue, syndicate members to the issue, stabilizing agent, brokers to the issue, escrow collection bankers to the issue, registrars, legal advisors, market makers, nominated investors and any other agencies, intermediaries or persons required in connection with the issue of shares by the Company and other relevant requirements;
- (c) to finalize and settle and to execute and deliver or arrange the delivery of the draft offering document the draft red herring prospectus, red herring prospectus, final prospectus- including the preliminary international wrap and final international wrap, if required, for marketing of the Issue in jurisdictions outside India, syndicate agreement, underwriting agreement, escrow agreement, market making agreement, agreement with nominated investor and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the issue of shares by the Company;
- (d) to open one or more separate current account(s) with a scheduled bank(s) to receive applications along with application monies in respect of the Issue or any other account with any name and style as required during or after the process of the forthcoming IPO of the Company;
- (e) to open one or more public Issue account(s) / escrow account(s) / refund account(s) of the Company for the handling of IPO proceeds, refunds for the Issue;
- (f) to approve/issue all notices, including any advertisement(s) in such newspapers as it may deem fit and proper about the future prospects of the company and the proposed issue conforming to the guidelines/ regulations issued by SEBI and such other applicable authorities;

- (g) to make any applications to the Foreign Investment Promotion Board, Reserve Bank of India and such other authorities, as may be required, for the purpose of issue of shares by the Company to non-resident investors such as Non-Resident Indians and Foreign Institutional Investors;
- (h) to make applications for listing of the equity shares of the Company in one or more SME stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned SME stock exchange(s);
- (i) to finalize the basis of allocation and to allot the shares to the successful allottees;
- (j) to enter the names of the allottees in the Register of Members of our Company;
- (k) to settle any question, difficulty or doubt that may arise in connection with the IPO including the issue and allotment of the equity shares attached thereto, as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;
- (l) to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Issue;
- (m) to authorise and approve the incurring of expenditure and payment of fees in connection with the IPO of the Company;
- (n) to approve and adopt the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, and any other offering document for the public issue as required under Section 60, Section 60B and other relevant provisions of the Companies Act, 1956 and to file the same with the Registrar of Companies (“ROC”) and SEBI, as the case may be, and to make any corrections or alterations therein;
- (o) to affix the common seal of the Company on all documents as may be required by law, in relation to the Issue, and in terms of the article 164 of the Articles of Association of the Company;
- (p) to do all such acts, deeds and things as may be required to dematerialise the Equity Shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection; and
- (q) 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 Equity Shares as permissible in law, issue of share certificates in accordance with the relevant rules.

Nomination Committee

The Nomination Committee was constituted at our Board Meeting held on September 27, 2012. The Nomination Committee comprises:

Name of Directors	Status
Mr. Nageswaran Narayanaswamy	Chairman
Mr. Venkatasubramanian Renganathan	Member

The terms of reference of the Nomination Committee inter alia include the following:

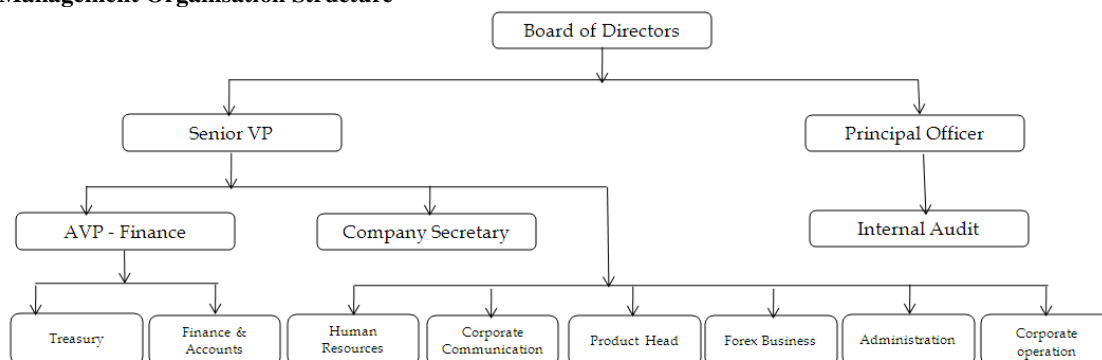
1. The nomination committee shall undertake a process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria for assessing integrity and suitability, factors like criminal record, if any, financial position, civil action initiated to pursue personal debts, refusal of admission to or expulsion from professional bodies, sanctions imposed by regulators or similar bodies.

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 Exchange.

Mr. Sushanta Panda, 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



Key Management Personnel

All key management personnel are permanent employees of our Company. The details of our key management personnel are as follows:

Mr. N Srikrishna, Senior Vice President, aged 41 years, is associated with our Company since February 22, 1999. He holds a bachelors degree in science (chemistry) from the University of Madras and a post graduate diploma in business management from Indian Institute of Management, Calcutta. He has over 15 years of experience in forex sector. Prior to joining our Company he worked as Team Leader at Synergy Forexpress Limited. He is currently the Senior Vice President, Marketing of our Company. He was paid a compensation of ₹ 20.92 lakhs during the financial year 2011-2012.

Mr. A Ravindra Pandian, Assistant Vice President, aged 44 years, joined our Company on September 25, 2009. He holds a bachelors degree in commerce from the University of Madras and a master's degree in business administration from Annamalai University. He also holds a post graduate diploma in software marketing from Annamalai University. He has also cleared the intermediate examination of the Institute of Chartered Accountants of India. He has experience of more than 24 years in ERP management, finance, MIS & control through systems in a multi location environment. Prior to joining our Company, he was working in Precision Techconet Private Limited as a Business Analyst. He is currently the Assistant Vice President of our Company and is in charge of the finance and accounts of our Company. He was paid a compensation of ₹ 6.44 lakhs during the financial year 2011-2012.

Mr. Chethan S.A, Assistant Vice President, aged 33 years, joined our Company on December 1, 2005. He holds a master degree in foreign trade from Pondicherry University and has a diploma in business administration from the Department of Technical Education and a post graduate diploma in global sales and marketing management from National Institute of sales. He has also completed a one year international business programme from Indian Institute of Management, Calcutta. He has more than 10 years of experience. Prior to joining our Company, he was a Marketing Consultant at Fine Confectioneries Private Limited. He is currently the Assistant Vice President- Marketing of our Company, responsible for marketing in the regions of Karnataka and North India. He was paid a compensation of ₹ 11.03 lakhs during the financial year 2011-2012.

Mr. Binu Paulose, Assistant Vice President Sales, aged 39 years, joined our Company on January 16, 2010. He holds a bachelor's degree in commerce from Mahatma Gandhi University. He has experience of more than 15 years in financial services sector including 12 years experience in money changing business. Prior to joining our Company, he was the Area Sales Manager, Foreign Exchange Services at ICICI Bank Limited. He is currently Assistant Vice President, Sales, (Area Head- western region) of our Company, responsible for overall

business growth, business strategies, administration, recruitment and training of resources of Maharashtra, Gujarat, Goa and Madhya Pradesh region. He was paid a compensation of ₹ 10.50 lakhs during the financial year 2011-2012.

Mr. G. Saravanabhavan, Assistant Vice President, aged 38 years, joined our Company on July 12, 1999. He holds a bachelor's degree in commerce from the University of Madras. Prior to joining our Company, he worked as a dealer in online trading at Insight Share Brokers (P) Limited. He is currently the Assistant Vice President of our Company, responsible for developing marketing and operational team in Tamil Nadu. He was paid a compensation of ₹ 7.50 lakhs during the financial year 2011-2012.

Mr. J Rajharaman, Principal Officer, aged 42 years, joined our Company on February 22, 2007. He holds a bachelors degree and masters degree in science from Sri Sathya Sai Institute of Higher Learning. He has work experience of around 20 years, of which 17 years is in marketing sector. Prior to joining our Company, he worked as a branch manager with Wall Street Finance Limited. He has also worked with LKP Forex Limited, Dennis Chem Lab Limited and Karvin Pharmaceuticals (P) Limited. He is currently the Principal Officer of our Company, responsible for ensuring compliance with regulatory guidelines. He was paid a compensation of ₹ 4.91 lakhs during the financial year 2011-2012.

Mr. Vijay Shekaran Swamy, Assistant Vice President, aged 35 years, joined our Company on May 07, 2012. He holds a master's degree in business studies from Bharati Vidyapeeth University and a post graduate diploma in advertising and public relations management from Symbiosis International Education Centre. He has work experience of over 10 years in multiple sectors like banking and finance, consultancy for foreign trade services and consumer goods. Prior to joining our Company, he worked as Chief Coordinator of Pune team (Pune franchise for World Series Hockey organized by IHF and Nimbus Sports India). He is currently the Assistant Vice President of our Company responsible for development of business of the Company. He has joined our Company in May 2012, hence no remuneration was payable for the financial year 2011-2012.

Mr. Sushanta Kumar Panda, Company Secretary and Compliance Officer, aged 34 years, joined our Company on August 3, 2012. He holds a bachelors degree in commerce from Utkal University. He is an associate member of Institute of Company Secretaries of India. Prior to joining our Company, he worked as Assistant Manager, Company Secretary and Taxation with Ortel Communications Limited. He is currently the Company Secretary and Compliance Officer of our Company. He has joined our Company in August 2012, hence no remuneration was payable for the financial year 2011-2012.

Relationship between Key Management Personnel

None of the key management personnel of our Company are related to each other.

Family relationships of Directors with Key Management Personnel

None of our Directors are related to our key management personnel.

Arrangements and Understanding with Major Shareholders

None of our key management personnel have been selected pursuant to any arrangement or understanding with any of our major shareholders, customers, suppliers or others.

Shareholding of the Key Management Personnel

None of our key management personnel have any shareholding in our Company as on the date of the DRHP.

Bonus or profit sharing plan of the Key Management Personnel

Our Company does not have a performance linked bonus or a profit sharing plan for the key management personnel. The payment of any performance linked bonus is at the discretion of the management.

Interest of Key Management Personnel

The key management personnel of our Company do not have any interest in our Company other than to the extent of their respective shareholding as disclosed above and the remuneration or benefits to which they are

entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Changes in the Key Management Personnel

The changes in the key management personnel of our Company in the last three years are as follows:

Name of the Key Management Personnel	Designation	Date of change	Reason
Mr. Binu Paulose	Assistant Vice President Sales	January 16, 2010	Appointment
Mr. Diptendra Chakraborty	Assistant Vice President – Northern Region	September 5, 2011	Resignation
Mr. Ananth Reddy	Assistant Vice President – Andhra Region	September 22, 2011	Resignation
Mr. Vijay Shekaran Swamy	Assistant Vice President	May 7, 2012	Appointment
Mr. Sushanta Kumar Panda	Company Secretary and Compliance Officer	August 3, 2012	Appointment

Employee Stock Option Plan / Employee Stock Purchase Scheme

Our Company does not have any scheme of employee stock option or employee stock purchase.

Loans taken by Directors / Key Management Personnel

Mr. A Ravindra Pandian and Mr. J. Rajharaman has taken loan from our Company. The amount outstanding as on September 30, 2012 is ₹ 45,000 and ₹ 10,000, respectively.

OUR PROMOTERS

The Promoters of our Company are Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy.



Mr. Venkatasubramanian Renganathan, aged 67 years, is Chairman and Managing Director of our Company. He is a resident Indian national.

His voter identification card number is URT0691519;

His driving license number is TN58 19770000562.



Mr. Nageswaran Narayanaswamy, aged 59 years, is the Managing Director of our Company. He is a resident Indian national.

His voter identification card number is TN/03/009/0282301;

His driving license number is TN02 20010006962.

For detailed profile and other details, please see the chapter “Our Management” beginning on page 107 of the DRHP.

Our Company confirms that the permanent account number, bank account number and passport number of Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy shall be submitted to the Stock Exchange at the time of filing the DRHP with them.

Interests of Promoters and Common Pursuits

The Promoters are interested in our Company to the extent of their shareholding and benefits accruing on account of such shareholding. For details on the shareholding of the Promoters in our Company, see the chapter “Capital Structure” beginning on page 51 of the DRHP.

Further, the Promoters are also Directors and may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. For further details see the chapter titled “Our Management” beginning on page 107 of the DRHP.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the DRHP in which the Promoters are directly or indirectly interested and no payments have been made to the Promoters in respect of the contracts, agreements or arrangements which are proposed to be made with the Promoters including the properties purchased by our Company other than in the normal course of business and except as disclosed in the chapter titled “Financial Statements” beginning on page 129 of the DRHP.

Further, except VKC Finsoft Solutions Private Limited whose MoA enable it to undertake activities similar to those conducted by our Company; the Promoters do not have any interest in any other venture that is involved in any activities similar to those conducted by our Company.

Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict of interest as and when it may arise.

Payment of benefits to the Promoters

Except as stated in “Statement of Related Party Transactions, as Restated” in chapter “Financial Statements” beginning on page 155 of the DRHP, there has been no payment of benefits to the Promoters during the two years preceding the filing of the DRHP.

Confirmations

None of the Promoters have been declared as a willful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by the Promoters in the past and no proceedings for violation of securities laws are pending against them.

Further, none of the Promoters or the Promoter Group or the Directors has been debarred from accessing the capital markets for any reasons by SEBI or any other entity.

Further, none of our Promoters was or is a promoter, director or person in control of any other Company which is debarred from accessing the capital markets under any order or directions made by the Board.

Companies with which the Promoters have disassociated in the last three years

The Promoters have not disassociated from any company during the preceding three years from the date of the DRHP except as stated below:

Mr. Venkatasubramanian Renganathan, our Promoter, had incorporated a company in Hong Kong in the name and style of VKC Forex (HK) Limited on September 11, 2009. The same was registered under the registration number 1372496. Subsequently, Mr. Venkatsubramanian Renganathan deregistered the said company on February 24, 2012.

Mr. Nageswaran Narayanaswamy, our Promoter was associated as director and shareholder with VKC Software Solutions Private Limited, VKC Software Solutions Private Limited had filed an application in the FY 2011 for striking off its name from the register under easy exit scheme of registrar of companies. The current status of the company as per registrar of companies is “strike off”.

Change in the management and control of the Issuer

There has been no change in the management and control of our Company during the last three years.

Promoter Group

In addition to our Promoters named above, the following persons form part of the Promoter Group:

1. The Individuals who are part of the Promoter Group

Name of the Promoter	Name of the relative of the Promoter	Relationship with the Promoter
Mr. Venkatasubramanian Renganathan	Ms. Sarala(Deceased)	Mother
	Mr. Srinivasan Renganathan (Deceased)	Father
	Ms. Meenakshi	Spouse
	Mr. Karthick Venkatasubramanian	Son
	Mr. R Ramachandran	Brother
	Mr. R. Sankaranarayanan	Brother
	Mr. R. Krishnan	Brother
	Ms. Sitalakshmi Rajamani	Sister
	Ms. Gomathi Srinivasan	Sister
	Ms. Balambal Venkataraman (Deceased)	Mother of the Spouse
	Mr. Venkatraman (Deceased)	Father of the Spouse
	Mr. V. Kannan	Brother of the Spouse

Name of the Promoter	Name of the relative of the Promoter	Relationship with the Promoter
	Mr. V. Venkatasubramanian	Brother of the Spouse
	Ms. Rajalakshmi Moorthy	Sister of the Spouse
	Ms. Chellamal Gopalakrishnan	Sister of the Spouse
	Ms. Bhanumathi Venkataraman	Sister of the Spouse
Mr. Nageswaran Narayanaswamy	Ms. Parvatham Narayanaswamy (Deceased)	Mother
	Mr. Narayanaswamy(Deceased)	Father
	Ms. Padma Nageswaran	Spouse
	Ms. Shalini Nageswaran	Daughter
	Mr. Savithran Nageswaran	Son
	Ms. Jayam Kannan	Sister
	Ms. Padma	Sister
	Ms. Nalini	Sister
	Ms. Lakshmi Sethuraman	Mother of the Spouse
	Mr. Sethuraman	Father of the Spouse
	Mr. S.Ramesh	Brother of the Spouse
	Mr. S. Murali	Brother of the Spouse
	Mr. S. Kumar	Brother of the Spouse
	Mr. S. Viswanathan	Brother of the Spouse
	Ms. Geetha	Sister of the Spouse

2. Entities forming part of the Promoter Group

Companies

1. VKC Finsoft Solutions Private Limited
2. VKC Shiksha Overseas Private Limited
3. Garbba Rakshambigai Fertility Centre Private Limited
4. Arun Priya Services Private Limited

HUF

Nil

Partnership Firms (including limited liability partnership)

M/S. Veeyen Associates

Trusts

Nil

GROUP COMPANIES

Companies forming part of Group Companies

None of the companies forming part of Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, except VKC Software Solutions Private Limited which was struck off, none of our Group Companies had remained defunct and for which application was made to the Registrar of Companies for striking off the name of the company. Further, all the Group Companies are unlisted companies and they have not made any public/ rights issue of securities in the preceding three years.

The details of Group Companies are set forth below:

1. VKC Finsoft Solutions Private Limited (“VKC Finsoft”)

Corporate Information

VKC Finsoft (U67190TN2000PTC044187) was incorporated on February 16, 2000 under the Companies Act, as VKC Financial Services Private Limited. The name of VKC Finsoft was changed to its present name i.e., VKC Finsoft Solutions Private Limited with effect from June 5, 2008. The registered office of VKC Finsoft is situated at 115/55, TTK Road, Alwarpet, Chennai- 600018.

VKC Finsoft is authorized by the main objects of its Memorandum of Association to:

1. To provide financial services, advice, facilities of every description, services capable of being provided by bankers, stockbrokers, investment and fund managers, promoters and managers of unit trusts and other investment media, insurance brokers, underwriters, issue houses, custodial services, marketing of financial and money market related instruments.
2. To act as financial consultants, and provide advice, consultancy in various fields, general, administrative, secretarial, commercial, financial, legal, industrial, labour, public relations, advertisement, resource management, scientific, technical, direct and indirect taxation and other levies, quality control, project management, data processing and management.
3. To carry on the business as authorised dealers and/or moneychangers in foreign exchange, authorised money transfer agents and to render such services as may be permitted by RBI and to render advisory services and consultancy services in foreign exchange, export/import trade and setting up joint ventures.
4. To act as Insurance Agents/Brokers, dealers and consultants offering comprehensive services of every nature including marketing, retailing, dealing and managing various Insurance products - both life and general, and offer services of actuaries, valuers, risk assessors, loss adjusters, underwriters, syndicators, arbitrators, surveyors and in furtherance and pursuance of which to offer advisory and agency services either by itself solely or in conjunction with other consultants, agents/brokers or organizations to Insurance corporations, private or public, Indian or overseas.
5. To carry on the business of purchase, development and customization and marketing of software products related to management of foreign exchange exposures by importers and exporters and operations of authorized dealers, moneychangers, money transfer agents and foreign exchange brokers and consultants and others.

Board of Directors

The directors of VKC Finsoft as on September 30, 2012 are Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy.

Capital Structure

The Capital Structure of VKC Finsoft as on September 30, 2012 is as follows:

	No. of equity shares of ₹ 10 each
Authorised capital	1,00,000

Issued, subscribed and paid-up capital	1,00,000
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Shareholding pattern

The Shareholding Pattern of VKC Finsoft as on September 30, 2012 is as follows:

Name of the Shareholder	Number of Shares (Equity shares of face value of ₹ 10 each)	Percentage of Shareholding
Mr. Venkatasubramanian Renganathan	45,125	45.12
Mr. Nageswaran Narayanaswamy	54,875	54.88
Total	1,00,000	100.00

Financial performance

The summary of audited financial information of VKC Finsoft for the last three Fiscals are as follows:

Particulars	Fiscal 2012	Fiscal 2011	Fiscal 2010
Equity Share Capital (in ₹ lakhs)	10.00	10.00	10.00
Reserves and Surplus (in ₹ lakhs)			
	69.60	92.37	146.88
Total Income (in ₹ lakhs)	239.84	136.25	144.62
Profit/(Loss) after Tax (in ₹ lakhs)	(22.78)	(54.51)	11.69
Earnings Per Share (EPS)	(22.78)	(54.51)	11.69
Net Asset Value (NAV) per share	79.60	102.37	156.88

Note: The face value of the equity share is ₹10 per share.

2. VKC Shiksha Overseas Private Limited (“VKC Shiksha”)

Corporate Information

VKC Shiksha (U93000TN2009PTC072379) was incorporated on July 24, 2009 under the Companies Act, as VKC Shiksha Overseas Private Limited. The registered office of VKC Shiksha is situated at 115/55, T.T. K Road, Alwarpet, Chennai-600018.

VKC Shiksha is authorized by the main objects of its Memorandum of Association to:

- To carry on the business of providing in India or abroad consultancy, advisory services for undertaking education in Indian and Foreign Universities, Colleges, Institutions, organising tie-ups with Indian and Foreign Universities, provide brochures, prospectus, admission forms for Indian and Foreign Universities, provide consultancy for obtaining visa and other incidental facilities for students intending to go abroad for higher education to different countries, arrange and guide for obtaining scholarships, loan facilities, facilitate in preparing transcripts and other necessary documentation as required for admission purposes, and to enter into agreement with person wishing to migrate from India under the general skills, business, student and work permits for business, vocation, study and for any other purpose and to provide organize and arrange for national and international orientation programs and career fairs, set-up coaching facility for guiding students, obtain admissions in Foreign Universities, to guide, arrange and provide for accommodation to students travelling abroad and to offer placement services and other services for migrator/s from India to any part of the world and educate them about immigration, education system, housing and life in general in the respective country.
- To carry on business to establish, undertake, aid, develop, manage, foster and engage in enrolling, running consultancy, training and coaching centers, through technological network to access worldwide resources in advanced educational programs, provide inter-active communication amongst educationists, teachers, speakers, students, act as a specialized institution to identify, develop and provide and implement a wide range of advisory services,

on a commercial format in India or abroad.

3. To act as education consultant, to or provide consultancy services to any individual, partnership, body corporates or other organisations on matters that falls within, or are of nature that are within, and area of expertise of the company.

Board of Directors

The directors of VKC Shiksha as on September 30, 2012 are Mr. Venkatasubramanian Renganathan and Mr. Nageswaran Narayanaswamy.

Capital Structure

The Capital Structure of VKC Shiksha as on September 30, 2012 is as follows:

	No. of equity shares of face value of ₹ 10 each
Authorised capital	1,00,000
Issued, subscribed and paid-up capital	10,000

Shareholding pattern

The Shareholding Pattern of VKC Shiksha as on September 30, 2012 is as follows:

Name of the Shareholder	Number of Shares (Equity shares of face value of ₹ 10 each)	Percentage of Shareholding
Mr. Venkatasubramanian Renganathan	5,000	50.00
Mr. Nageswaran Narayanaswamy	5,000	50.00
Total	10,000	100.00

Financial performance

The summary of audited financial information of VKC Shiksha for the last three Fiscals are as follows:

Particulars	Fiscal 2012*	Fiscal 2011*	Fiscal 2010*
Equity Share Capital (in ₹lakhs)	1.00	1.00	1.00
Reserves and Surplus # (in ₹lakhs)	(5.46)	(4.65)	(4.56)
Total Income(in ₹lakhs)	-	-	-
Profit/(Loss) after Tax (in ₹lakhs)	-	-	-
Earnings Per Share (EPS) (in ₹)	-	-	-
Net Asset Value (NAV) per share (in ₹)	(44.60)	(36.46)	(35.58)

Note: The face value of the equity share is ₹10 per share.

* As there are no transactions of VKC Shiksha for the above years, no profit and loss account was prepared

#Net off pre-operative expenses

VKC Shiksha has negative networth in FY 2012, 2011 and 2010.

3. Veeyen Associates

Veeyen Associates is an unregistered partnership firm. It was constituted on September 15, 1998 and has its principal place of business at No.4, 6th Cross Street, United India colony, Kodambakkam, Chennai- 600 024. It is engaged in the business of financial services.

Name of the partners and their profit sharing ratio as on the date of the Draft Red Herring Prospectus are as follows:

Name of the Partners	Profit sharing ratio (%)
Mr. Venkatasubramanian Renganathan	50
Mr. Nageswaran Narayanaswamy	50
Total	100

Financial Performance

The summary of un-audited balance sheet and profit & loss statement of Veeyen Associates for the last three Fiscals are as follows:

Particulars	Fiscal 2012	Fiscal 2011	Fiscal 2010
Income (in ₹lakhs)	-	-	-
Profit/(Loss) after Tax (in ₹lakhs)	(0.02)	(0.02)	(negligible)
Partners capital (in ₹lakhs)	0.22	0.24	0.25

Group Companies having negative net worth

Except VKC Shiksha none of our Group Companies have negative net worth.

Interests of our Group Companies

None of our Group Companies are interested in the promotion of our Company. Except as disclosed in the chapter titled “*Financial Statements*” on page 129 of the DRHP and to the extent of their shareholding in our Company, our Group Companies do not have any other interest in our Company, including in relation to property or land acquired by our Company. Further, we have entered into agreement with VKC Finsoft and VKC Shiksha for sharing of our Registered Office with them vide agreement dated October 1, 2012. We charge a sum of ₹ 2,000 per month as rent from each of them.

Sales or Purchase between us and our Group Companies

There have been no sales or purchases between us and our Group Companies except as stated under “Statement of Related Party Transactions, as Restated” in chapter “Financial Statements” beginning on page 129 of the DRHP.

Sales or Purchase between us and the Promoter Group

Except as disclosed under “Statement of Related Party Transactions, as Restated” in chapter “Financial Statements” beginning on page 155 of the DRHP, there have been no sales or purchases between us and the Promoter Group.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, please refer to the section “Financial Statements - Statement of Related Party Transactions, as restated” beginning on page 155 of the DRHP.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, general financial conditions, capital requirements, results of operations, contractual obligations and overall financial position, applicable Indian legal restrictions, our Articles of Association and other factors considered relevant by the Board of Directors.

The Company has not paid any dividends in the past and it has no stated dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements which we may enter into to finance our various requirements.

**SECTION V: FINANCIAL INFORMATION
FINANCIAL STATEMENTS**

**AUDITOR'S REPORT ON THE RESTATED FINANCIAL STATEMENT OF VKC CREDIT AND
FOREX SERVICES LIMITED**

December 11, 2012

The Board of Directors
VKC Credit and Forex Services Limited
No. 115 / 55 First Floor
T.T.K. Road, Alwarpet
Chennai – 600 018

Dear Sirs,

1. We have examined the attached financial information of VKC Credit and Forex Services Limited (the 'Company') as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI Regulations'), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated November 8, 2012 in connection with the proposed issue of equity shares of the Company.

This information has been extracted by the management from the audited financial statements for six months ended on September 30, 2012 and audited financial years ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 and books of accounts underlying those financial statements and other records of the Company, to the extent considered necessary, for the presentation of the restated accounts under the requirements of the revised schedule VI of the Act, in relation to the years ended March 31, 2011, 2010, 2009 and 2008. We have re-audited the financial statements of the Company for the six months ended on September 30, 2012 and the financial year ended on March 31, 2012 as per the requirements of SEBI Regulations which were audited by M/s G. Ramesh Kumar & Co, Chartered Accountants. The audit for the financial year ended March 31, 2008 was conducted by previous auditor M/S. Gopinath & Sharma, Chartered Accountants and for the financial years ended March 31, 2011, March 31, 2010 and March 31, 2009 by M/S. G. Ramesh Kumar & Co, Chartered Accountants and reliance has been placed on the financial statements audited by them.

Accordingly, our examination of the restated financial information of the Company for the financial years ended on March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 are based solely on financial statements audited by respective auditors.

The financial information for the above years/ period was examined for the purpose of re-audit for the six months ended on September 30, 2012 and the financial year ended on March 31, 2012 & review/restatement in accordance with revised Schedule VI in relation to the years ended March 31, 2011, 2010, 2009 and 2008 in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit/review to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

2. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we further report that:
 - a) The Statement of Assets and Liabilities, as restated as at September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 restated and examined by us, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in 'Notes on adjustments for Restated Financial Statements' (Refer Annexure V).

- b) The Statement of Profit and Loss, as restated and the Statement of Cash Flows, as restated for the six months ended on September 30, 2012 and the financial years ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 restated and examined by us, as set out in Annexures II and III respectively to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in 'Notes on adjustments for Restated Financial Statements' (Refer Annexure V).
3. Based on the above, and also as per the reliance placed on the financial statements audited by previous auditors, M/s. Gopinath & Sharma, Chartered Accountants for the financial year ended on March 31, 2008 and M/s. G. Ramesh Kumar & Co, Chartered Accountants for the financial years ended on March 31, 2011, March 31, 2010 and March 31, 2009. We are of the opinion that the restated financial information have been made after the following:
- i. As there was no change in any accounting policy during any of these years/ period for which restated financials has been prepared no adjustments has been made in this regard;
 - ii. adjustments for the material amounts in the respective financial years/period to which they relate;
 - iii. the restated profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate;
 - iv. There are no qualifications in the auditor's reports on the financial statements of the Company as at and for the six months ended on September 30, 2012 and each of the financial years ended on March 31, 2012, 2011, 2010, 2009 and 2008 which require any adjustments to the restated accounts; and
 - v. There are no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
4. We have also examined the following other financial information as set out in the Annexures prepared by the management and approved by the Board of Directors for the years/ period ended on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.
- i. Statement of Other Income, as restated, as appearing in Annexure VI;
 - ii. Statement of Share Capital, as restated, as appearing in Annexure VII;
 - iii. Statement of Reserves and Surplus, as restated, as appearing in Annexure VIII;
 - iv. Statement of Long Term Borrowings, as restated, as appearing in Annexure IX;
 - v. Statement of Short Term Borrowings, as restated, as appearing in Annexure X ;
 - vi. Statement of Loans and Advances, as restated, as appearing in Annexure XI;
 - vii. Statement of Trade Receivables, as restated, as appearing in Annexure XII;
 - viii. Statement of Other Current Assets, as restated, as appearing in Annexure XIII
 - ix. Statement of Other Non-Current Assets and Other Current Liabilities, as restated, as appearing in Annexure XIV;
 - x. Statement of Capitalization, as restated, as appearing in Annexure XV;
 - xi. Statement of Accounting Ratios, as restated, as appearing in Annexure XVI;
 - xii. Statement of Tax Shelter, as restated, as appearing in Annexure XVII;
 - xiii. Statement of Dividend, as restated, as appearing in Annexure XVIII;

- xiv. Statement of Contingent Liability, as restated, as appearing in Annexure XIX;
 - xv. Statement of Investment, as restated, as appearing in Annexure XX; and
 - xvi. Statement of Related Party Transactions, as restated, as appearing in Annexure XXI
5. The report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by current statutory auditors or earlier auditor's.
 6. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
 7. In our opinion the financial information contained in Annexure I to XXI of this report read along with the Significant Accounting Policies and Notes on adjustments for Restated Financial Statements (Refer Annexure IV and V) prepared after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Paragraph B, Part II of Schedule II of the Act and the SEBI Regulations.
 8. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

For Sreedhar, Suresh & Rajagopalan
Chartered Accountants

V. Suresh
Partner
ICAI M No: 026525
FRN: 003957S

ANNEXURE I: STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A. Non Current Assets						
Fixed Assets						
- Tangible Assets	435.92	414.00	441.68	459.83	1226.72	461.06
- Investments in Equity Instruments	5.00	5.00	5.00	5.00	-	-
Long Term Loans and Advances	816.78	732.97	597.13	412.38	107.97	786.46
Other Non Current Assets	253.24	272.16	348.55	680.82	440.21	549.03
Total Non Current Assets (A)	1510.94	1424.13	1392.36	1558.03	1774.92	1796.55
B. Current Assets						
Inventories	434.69	242.69	259.30	270.47	455.51	539.01
Trade Receivables	3339.56	2679.39	2344.33	1364.86	1740.57	1521.39
Cash and Cash Equivalents	1022.28	804.73	539.86	345.35	378.60	142.97
Short Term Loans and Advances	185.26	175.23	182.08	168.93	102.18	186.47
Other Current Assets	41.11	41.29	7.98	7.98	7.98	57.97
Total Current Assets (B)	5022.90	3943.33	3333.56	2157.58	2684.85	2447.81
C. Non Current Liabilities						
Long Term Borrowings	187.76	147.94	250.20	9.55	136.48	201.70
Deferred Tax Liabilities (Net)	38.26	31.55	24.98	48.10	63.86	27.97
Total Non Current Liabilities (C)	226.02	179.49	275.18	57.65	200.34	229.67
D. Current Liabilities						
Short Term Borrowings	1677.58	1185.92	909.54	729.36	1400.63	1114.65
Trade Payables	3009.53	2385.75	1958.61	1361.50	1391.73	1714.45
Other Current Liabilities	69.10	106.26	110.51	140.82	87.16	89.53
Total Current Liabilities (D)	4756.21	3677.93	2978.66	2231.69	2879.52	2918.63
Net Worth (A+B-C-D)	1551.61	1510.04	1472.08	1426.29	1379.90	1096.07
Net Worth Represented By Share Holders' Funds						
E. Share Capital						
Equity Share Capital	530.00	530.00	530.00	530.00	530.00	500.00
F. Reserves And Surplus						
Securities Premium	720.00	720.00	720.00	720.00	720.00	600.00
Profit and Loss Account	301.61	260.04	222.08	176.29	129.90	(3.93)
Total Reserves And Surplus (F)	1021.61	980.04	942.08	896.29	849.90	596.07
Net Worth (E+F)	1551.61	1510.04	1472.08	1426.29	1379.90	1096.07

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of Assets and Liabilities, as restated.

ANNEXURE II: STATEMENT OF PROFIT AND LOSS, AS RESTATED

(₹ in Lakhs)

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
INCOME						
Revenue From Operations	56449.43	107816.18	109859.80	131484.12	141326.97	143232.12
Other Income	24.25	31.07	24.11	28.75	40.56	41.75
Total Revenue	56473.68	107847.25	109883.90	131512.87	141367.53	143273.87
EXPENDITURE						
Purchase of traded goods	55401.80	105541.98	107692.90	129209.57	138882.22	141469.28
(Increase)/decrease in inventories of finished goods and traded goods	(192.00)	16.61	11.17	185.05	83.49	27.92
Employee benefits expenses	473.32	899.37	816.61	759.13	749.13	659.40
Other expenses	577.55	1065.53	1046.26	1127.49	1221.62	817.76
Total Expenditure	56260.67	107523.49	109566.94	131281.23	140936.47	142974.36
Earnings before interest, tax, depreciation and amortization (EBITDA)	213.02	323.76	316.96	231.64	431.06	299.51
Depreciation	38.22	72.58	70.31	66.83	32.47	37.70
Finance Charges	106.32	173.39	203.16	119.82	192.76	115.37
Restated Profit Before Tax	68.47	77.79	43.50	44.99	205.83	146.44
Less: Tax Expenses						
Current Tax	20.19	33.26	20.83	14.35	36.12	85.76
Deferred Tax (Credit) / Charge	6.71	6.57	(23.12)	(15.76)	35.89	6.18
Total Tax Expenses	26.90	39.83	(2.29)	(1.41)	72.01	91.94
Restated Profit after Taxation	41.57	37.96	45.79	46.41	133.81	54.50

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of Profit and Loss, as restated.

ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED

(₹ in Lakhs)

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A. Cash Flow From Operating Activities						
Net profit before prior period items, tax and extraordinary items	68.47	77.79	43.50	44.99	205.83	146.44
Adjustment for:						
Depreciation	38.22	72.58	70.31	66.83	32.47	37.70
Finance Charges	106.32	173.39	203.16	119.82	192.76	115.37
Deferred Revenue Written Off	3.99	7.98	7.98	7.98	7.98	-
Loss on Sale of Fixed Assets	6.60	0.79	2.61	2.36	6.49	0.80
Interest income	(24.25)	(31.07)	(24.11)	(28.75)	(40.56)	(41.75)
Operating Cash flow before working capital changes	199.35	301.46	303.45	213.24	404.97	258.56
Adjustment for:						
(Increase)/decrease in Working Capital :						
(Increase)/decrease in inventories	(192.00)	16.61	11.17	185.05	83.49	27.92
Increase/(decrease) in Short term borrowings	491.66	276.39	180.18	(671.27)	285.98	731.90
Increase / (decrease) in trade Payables	623.79	427.14	597.10	(30.23)	(322.71)	(1864.82)
Increase/(decrease) in other current liabilities	(37.16)	(4.25)	(30.31)	53.65	(2.37)	62.52
(Increase)/decrease in other non-current Assets	18.92	68.41	324.29	(248.57)	100.84	(3.81)
Decrease / (increase) in Trade Receivables	(660.17)	(335.06)	(979.47)	375.71	(219.18)	1012.74
(Increase) / decrease in other current assets	(3.81)	(33.31)	-	-	50.00	-
(Increase) / decrease in short term loans and advances	(10.03)	6.85	(13.15)	(66.76)	84.29	(59.61)
Cash generated from / (utilised in) operations	430.55	724.24	393.26	(189.18)	465.30	165.41
Income taxes paid (net of refunds)	(20.19)	(33.26)	(20.83)	(14.35)	(36.12)	(85.76)
Net cash generated	410.36	690.98	372.43	(203.53)	429.18	79.65

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
/ (utilized) from operating activities (A)						
B. Cash flow from investing activities						
Purchase of fixed assets	(78.65)	(48.45)	(58.17)	(57.04)	(813.84)	(210.35)
Sale of fixed assets	11.90	2.76	3.40	754.74	9.22	1.20
Purchase of non-current investment	-	-	-	(5.00)	-	-
Interest received	24.25	31.07	24.11	28.75	40.56	41.75
Net cash utilized/ (generated) in investing activities (B)	(42.50)	(14.62)	(30.66)	721.44	(764.06)	(167.40)
C. Cash flow from Financing activities						
Increase/(decrease) in long term borrowings	39.82	(102.26)	240.65	(126.93)	(65.22)	158.82
(Increase)/decrease in long term loans and Advances	(83.81)	(135.84)	(184.75)	(304.41)	678.49	(596.99)
Interest paid	(106.32)	(173.39)	(203.16)	(119.82)	(192.76)	(115.37)
Proceeds from shares issued	-	-	-	-	30.00	150.00
Share Premium Received	-	-	-	-	120.00	600.00
Net cash generated from / (utilised in) financing activities (C)	(150.31)	(411.49)	(147.26)	(551.16)	570.51	196.46
Net Increase / (Decrease) in Cash and Cash Equivalents [(A)+(B)+(C)]	217.55	264.87	194.51	(33.25)	235.63	108.71
Cash and cash equivalents at the beginning of the year /period	804.73	539.86	345.35	378.60	142.97	34.26
Cash and cash equivalents at the end of the year/period	1022.28	804.73	539.86	345.35	378.60	142.97

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of Cash Flows, as restated.

The cash flow statement has been prepared under the Indirect Method as set out in Accounting Standard (AS) - 3, Cash Flow Statements, as notified under the Companies Act, 1956.

ANNEXURE IV: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3. Inventories

The company has continues to value the Inventory in the current year at the Weighted Average cost of the respective foreign currency.

4. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of twelve months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

5. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

6. Depreciation and amortisation

Depreciation has been provided on straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, calculated on prorata basis for assets purchased during the year from the month in which it has been used for more than fifteen days.

7. Revenue recognition

Sale of Exchange

Sales are recognised, net of discounts on transfer of significant risk and rewards of ownership to the buyer.

Other Operating Revenues

The same includes settlement gains on sale of TC/ Card, incentives from principal and income from other services.

8. Other income

The same represents Interest Income, accounted on accrual basis.

9. Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes all expenses incurred in connection with the acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. No part of the Fixed Asset is acquired out of Foreign Exchange.

10. Impairment of assets

In accordance with Accounting Standard 28 - 'Impairment of Assets', where there is an indication of impairment in any of the Company's asset, the carrying amounts of the Company's material assets and / or cash generating unit are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit which the asset belongs) is estimated as the higher of its net selling price and its value in use.

An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the profit and loss account.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

11. Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss for the year.

12. Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

13. Leases

The Accounting Standard 19 in respect of the Rental Agreements entered into by the Company for the Renting of premises for the Branches of the company on account of the following:

All are cancellable agreements as there are no commitments on the part of the company in case the company decides to discontinue with the arrangement. There is no certainty of renewal of the agreements beyond the initial period. There is no obligation other than payment of monthly rental on the part of the company. There is no penalty for cancellation of the agreements. As per the agreement, no restrictions are imposed on the company such as those concerning dividends, additional debt etc. Monthly rent is recognised as expenditure in the P & L Account.

14. Related Party Transactions

For details on related party transactions for the years/ period ended on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008, please refer annexure XXI.

15. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity, the same are covered under Group Gratuity Scheme of LIC, based on actuarial valuation done by LIC.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

16. Borrowing costs

Borrowing costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

17. Segment reporting

The Company is engaged in only one segment - Purchase and Sale of Forex and Travel related services. Accordingly the segment information as required by Accounting Standard 17 on 'Segment reporting' is not required to be disclosed.

18. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

The Earnings Per Share is worked out based on the following:

Particulars	For six months ended on September 30, 2012	For the year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Restated Profit after Tax (₹ in	41.57	37.96	45.79	46.41	133.81	54.50

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Earnings per share						
Basic (₹)	0.78	0.72	0.86	0.88	2.54	1.52
Diluted (₹)	0.78	0.72	0.86	0.88	2.54	1.52
Weighted average no. of equity shares outstanding during the year/period for Basic and Diluted Earnings per Share (Note 1 and 2)	5300000	5300000	5300000	5300000	5268767	3577869

Note 1

Particulars	For six months ended on September 30, 2012	For the year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009 ⁽²⁾	March 31, 2008 ⁽¹⁾
Number of shares outstanding at the beginning of the year.	5300000	5300000	5300000	5300000	5000000	1750000
Weighted average number of Equity shares allotted against cash consideration ⁽²⁾	-	-	-	-	268767	77869
Adjustment for Bonus shares issued	-	-	-	-	-	1750000
Number of shares outstanding at the end of the year	5300000	5300000	5300000	5300000	5268767	3577869

⁽¹⁾15,00,000 equity shares were issued on March 13, 2008 for cash @ ₹50 per equity share and 17,50,000 equity shares were issued as bonus shares on March 13, 2008

⁽²⁾300,000 equity shares were issued on May 9, 2008 for cash @ ₹50 per equity share

Note 2

The company did not have any dilutive potential equity shares during the six months ended on September 30, 2012 and financial years ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008

19. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the statement of Profit and Loss.

20. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes, where ever required.

21. Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

ANNEXURE V: NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

1. Background

VKC Credit and Forex Services Limited (the ‘Company’) was incorporated with the Registrar of Companies, Tamil Nadu, Chennai on June 19, 1995. The Company is an Authorised Dealer (AD II Category) approved by the Reserve Bank of India and is engaged mainly in the Business of Purchase, Sale, Import and Export of Foreign Exchange (TC / Currency / Cards), issuance of Foreign Demand Drafts & Remittance etc., holding valid license issued by Reserve Bank of India. The Company is also engaged the Business of Travel related services such as Prepaid Calling Cards and various other services. As on September 30, 2012, the Company had 62 Branches (including 4 Airport counters) throughout India. The Company has been converted to a public limited company, pursuant to which a fresh certificate of incorporation dated October 11, 2012 issued by the Registrar of Companies, Chennai, Tamil Nadu. The Restated Financial Statements relate to the Company and have been prepared specifically for inclusion in the document to be filed by the Company with the SME Platform of National Stock Exchange of India, Securities and Exchange Board of India (“SEBI”) and Registrar of Companies in connection with its proposed Public Issue. The Restated Financial Statements consist of the Statement of Assets and Liabilities of the Company, as Restated, as at September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 the related Statement of Profit And Losses as Restated for the period ended September 30, 2012 and financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008, and the related Statement of Cash Flows, as Restated for period ended September 30, 2012 and financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 (these Restated Financial Statements hereinafter are collectively referred to as “Restated Financial Statements”). The Restated Financial Statements have been prepared to comply in all 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 Act and the SEBI Regulations require the information in respect of the assets and liabilities and profits and losses of the Company for each of the five financial years and stub period, if any, which should not be older than 6 months preceding the issue opening date.

2. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation/amortization expense, finance costs and tax expense.

3. Notes on adjustments for restated financial statements

I. Impact of material adjustments

No material adjustments are made in the preparation of the Financial Statements, except as given below:

- (i) Income tax relating to earlier years is added to the Tax expenses of relevant years. The increase/ decrease in the tax expenses is as follows.

Particulars	(₹ in lakhs)	
	For the year ended on March 31, 2009	March 31, 2008
Profit after tax as per audited statement of account	153.02	102.94
Adjustments on account of Income Tax relating to earlier years	19.26	48.45
Adjustments on Deferred Revenue Expenses	0.06	-
Restated Profit after tax	133.82	54.49

March 31, 2009 and March 31, 2008

₹ 48.45 lakhs were charged to profit and loss account in the audited accounts of the financial year ended March 31, 2009, which were pertaining to financial year ended March 31, 2008. For the purpose of the restatement, the adjustment has been recorded in the financial year ended on March 31, 2008 in the 'Statement of Profit and Loss, as Restated' under the head 'other expenses' and 'tax expense' of ₹ 17.18 lakhs and ₹ 31.27 lakhs, respectively.

March 31, 2010 and March 31, 2009

₹ 19.26 lakhs were charged to profit and loss account in the audited accounts of the financial year ended March 31, 2010, which were pertaining to financial year ended March 31, 2009. For the purpose of the restatement, the adjustment has been recorded in the financial year ended on March 31, 2009 in the 'Statement of Profit and Loss, as Restated' under the head 'other expenses' and 'tax expense' of ₹ 8.51 lakhs and ₹ 10.75 lakhs, respectively.

II. Changes in accounting policies

There are no changes in Accounting Policies.

III. Other adjustments

- i. Provision for Deferred tax in Profit and Loss as per annual report is ₹ 35.95 lakhs, however the same has been corrected to ₹ 35.89 lakhs in restated financials.
- ii. Deferred tax liabilities (net) as per annual report is ₹ 63.92 lakhs, however the same has been corrected to ₹ 63.86 lakhs in restated financials.
- iii. Due to the above adjustments the closing balance of reserves and surplus as given in our annual report as of March 31, 2009 was corrected to ₹ 869.15 lakhs as closing balance of FY 2009 and opening balance for FY 2010.
- iv. During the six months ended September 30, 2012 and financial year ended on March 31, 2012 the Company has regrouped the income from other operating revenues – Settlement Gains on TC/Card, Incentive from principals and other services from 'other income' to 'Revenue From Operations'. Accordingly, for the purpose of the Statement of Profit and Loss, as restated, the regrouping has been done for all the earlier years.
- v. Directors Remuneration as per annual reports for March 31, 2011 is ₹ 19.56 lakhs, March 31, 2010 is ₹ 15.70 lakhs, March 31, 2009 is ₹ 6.15 lakhs and March 31, 2008 is ₹ 17.50 lakhs. The part of the Director remuneration was wrongly included in Salaries & Bonus is now corrected and the figure of remuneration paid to directors for these respective financial years is ₹ 39.00 lakhs for March 31, 2011, ₹ 34.80 lakhs for March 31, 2010, ₹ 37.80 lakhs for March 31, 2009 and ₹ 37.80 lakhs for March 31, 2008.
- vi. The following amount due from VKC Finsoft Solutions (P) Ltd. were regrouped under loans and advances which were earlier wrongly classified under trade receivables:

(₹ in lakhs)		
FY 2012	FY 2009	FY 2008
22.12	20.72	32.90

Further, in audited financials issued by statutory auditor in *Note 12 for Trade Receivables* for the financial year ended on March 31, 2012 inadvertently mentions that there are no dues from any private limited companies in which any director is a director.

- vii. In FY 2012 amount due from VKC Finsoft Solutions (P) Ltd. of ₹ 55.31 lakhs, was regrouped under long term loans and advances which was earlier wrongly classified under short term loans and advances.

- viii. For the year ended March 31, 2008, 2009, 2010 and 2011, Salaries and wages, Contributions to provident and other funds, Staff welfare expenses, Director Remuneration and Recruitment Expenses were included in 'Administration Expenses'. These have been disclosed under 'Employee benefits expenses' for year ended March 31, 2012 and for six month ended September 30, 2012. Accordingly, these expenses in the year ending March 31, 2008, 2009, 2010 and 2011 have been regrouped and disclosed under 'Employee benefits expenses' in the Statement of Profits & Loss, as restated for the respective years.
- ix. Appropriate adjustments have been made in the restated statements of Assets and Liabilities, Profit and Loss 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 regroupings as per the audited financials of the Company for the half year ended September 30, 2012, the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations 2009 and revised schedule VI.
- x. The previous year figures in the audited annual accounts for the financial year ended on March 31, 2012 and for six months ended on September 30, 2012 of the Company may not reflect the actual position on account of re-grouping adjustments.

IV. Other significant financial information:

- (i) The Company issued Equity Shares at premium as per the details below:

- *For Year Ended 31.03.2008:*

Dr. Jayam Kannan - 15,00,000 equity shares of ₹ 10 each at a premium of ₹ 40 per equity share.

- *For Year Ended 31.03.2009:*

Mr. R.Venkatasubramanian – 1,50,000 equity shares of ₹ 10 each at a premium of ₹ 40 per equity share.

Mr. N. Nageswaran – 1,50,000 Equity Shares of ₹ 10 each at a premium of ₹ 40 per equity share.

- (ii) **Employee Stock Option Plan** - The Company has not issued any Employee Stock Option.

- (iii) **Subsidiary** - The Company does not have any Subsidiary Company as on date.

- (iv) The financial statements for the years ended March 31, 2010 and March 31, 2009 had covered details of frauds on the Company amounting to ₹ 46,87,585 (2 cases of fraud by employees) and ₹ 42,64,434 (2 cases of fraud by employees) respectively, which was given in form of an annexure to 'Annexure to the Auditor's report on Companies (Auditor's Report) Order , 2003 (as amended)'. The statutory auditor has confirmed in its report that there is no loss as on the date of the balance sheet that needs to be provided for in the accounts.

Further in the annual report for the year ended March 31, 2008 the statutory auditor has inadvertently confirmed that the Company is covered by insurance w.r.t. to the above mentioned cases of fraud amounting to ₹ 42,64,434. The Company has confirmed that the insurance coverage was available only in respect of one fraud case amounting to ₹ 25,39,956 and for the other fraud case amounting to ₹ 17,24,478 the Company had no insurance coverage.

- (v) Overdraft in bank account for the year ended on March 31, 2008 is due to non-adjustment of dues collected but not reflected in the newly implemented software in that year. Corrections and adjustments were carried out in the next financial year to reflect the correct position.
- (vi) The Company classifies the trade receivables/ debtors into the following three categories:

- Outstanding for less than six months – under trade receivables
- Outstanding for more than six months – under trade receivables
- Outstanding for more than twelve months – under other non-current assets

(vii) In Annexure XIV of other non-current assets the line item ‘Book debts – receivables outstanding for more than twelve months’ includes the below mentioned amount receivable/ recoverable from employees/ others which is under litigation/ dispute for which no provision has been made:

For six months ended on September 30, 2012	For the year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
205.33	205.33	205.33	239.54	66.21	85.61

(₹ in lakhs)

(viii) Audit qualification in the Annexure to the Auditor’s report on Companies (Auditor’s Report) Order, 2003 (as amended) for the six months ended September 30, 2012 and financial year ended on March 31, 2012 in the re-audit report for respective period/ year which do not require any corrective adjustment in the financial information pertained to:

- Interest free advance recoverable on demand to group concerns, which is prima facie prejudicial to the interest of the company.

For six months ended on September 30, 2012	1 Party – ₹ 161.24 lakhs advanced during the period
Financial year ended on March 31, 2012	2 Parties – ₹ 125.53 lakhs advanced during the year

(ix) In the audited annual accounts for FY 2012 in the foot note to “Note 13 Cash and cash equivalents” it has been inadvertently disclosed that balances with banks include deposits amounting to ₹ 28.29 lakhs (as at March 31, 2012) which have an original maturity of more than 12 months. The deposits worth ₹ 28.29 lakhs which have an original maturity of more than 12 months are instead grouped under “Note 10 Other Noncurrent assets”.

ANNEXURE VI: STATEMENT OF OTHER INCOME, AS RESTATED

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Other income, as restated	24.25	31.07	24.11	28.75	40.56	41.75
Restated Profit Before Tax	68.47	77.79	43.50	44.99	205.83	146.44
Other income as % of Restated Profit Before Tax	35.42%	39.94%	55.43%	63.90%	19.71%	28.51%
Source of other income						
Recurring						
Interest - Bank	24.25	31.07	24.11	28.75	40.56	40.50
Interest - Others	-	-	-	-	-	1.25

(₹ in Lakhs)

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of other income.

Notes:

1. The classification of ‘Other income’ as Recurring / Non-recurring to business activities is based on the current operations and business activities of the Company as determined by the management.

- The figures disclosed above are based on the statement of profit and loss, as restated, of the Company.
- The above income is recurring in nature and has arisen from business activities.

ANNEXURE VII: STATEMENT OF SHARE CAPITAL, AS RESTATED

(₹ and numbers in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Authorised Share Capital						
Equity shares of ₹ 10 each (Numbers)	110.00	110.00	110.00	110.00	110.00	110.00
Equity shares of ₹ 10 each (₹)	1100.00	1100.00	1100.00	1100.00	1100.00	1100.00
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each (Numbers)	53.00	53.00	53.00	53.00	53.00	50.00
Equity shares of ₹ 10 each (₹)	530.00	530.00	530.00	530.00	530.00	500.00

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of share capital.

Notes:

- Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(₹ and numbers in Lakhs)

Particulars	As at											
	September 30, 2012		March 31, 2012		March 31, 2011		March 31, 2010		March 31, 2009		March 31, 2008	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
At the beginning of the period	53.00	530.00	53.00	530.00	53.00	530.00	53.00	530.00	50.00	500.00	17.50	175.00
Bonus issue	-	-	-	-	-	-	-	-	-	-	17.50	175.00
Issue of Equity Share for Cash Consideration	-	-	-	-	-	-	-	-	3.00	30.00	15.00	150.00
Outstanding at the end of the period	53.00	530.00	53.00	530.00	53.00	530.00	53.00	530.00	53.00	530.00	50.00	500.00

- Aggregate number of bonus shares issued during the period is 17,50,000 Shares equity shares of face value of ₹10 each amounting to capitalization of Rupees 175.00 lakhs from Profits

(In Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Equity shares allotted as fully paid bonus shares by capitalization of profits	-	-	-	-	-	17.50

- Details of shareholders holding more than 5% equity shares in the Company

(In Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Number of shares						
R. Venkatasubramanian	17.50	17.50	17.50	17.50	17.50	17.50
N. Nageswaran	17.50	17.50	17.50	17.50	17.50	17.50
Dr.Jayam Kannan	15.00	15.00	15.00	15.00	15.00	15.00

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
VKC Finsoft Solutions Private Limited	3.00	3.00	3.00	3.00	3.00	-
% holding in class						
R. Venkatasubramanian	33.02%	33.02%	33.02%	33.02%	33.02%	35.00%
N. Nageswaran	33.01%	33.02%	33.02%	33.02%	33.02%	35.00%
Dr.Jayam Kannan	28.30%	28.30%	28.30%	28.30%	28.30%	30.00%
VKC Finsoft Solutions P Limited	5.66%	5.66%	5.66%	5.66%	5.66%	0.00%

- The Company has only one class of equity shares having a par value of ₹10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. If the Company declares dividend it shall pay the same in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- The Authorised Share Capital is ₹1100 Lakhs from 01.04.2008 till date.
- Share Capital includes ₹ 175.00 Lakhs (17.50 Lakh Shares) issued as Bonus Shares in the Year Ended 31.03.2008. The Company issued 15.00 Lakhs Shares in the Year Ended 31.03.2008 at a Premium of ₹ 40 Per Share. The Company issued 3.00 Lakh Shares in the Year Ended 31.03.2009 at a Premium of ₹ 40 per Share.
- Share capital includes 17.50 Lakhs equity shares of ₹10 each fully paid issued for consideration other than cash as bonus shares by capitalization of profit and loss account aggregating ₹ 175.00 Lakhs during the financial year 2007 - 2008.

ANNEXURE VIII: STATEMENT OF RESERVES AND SURPLUS, AS RESTATED

(₹ in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Securities premium account						
Opening balance	720.00	720.00	720.00	720.00	600.00	-
Add: Premium on issue of equity shares	-	-	-	-	120.00	600.00
Closing balance	720.00	720.00	720.00	720.00	720.00	600.00
Surplus / (deficit) in statement of profit and loss account						
Opening balance	260.04	222.08	176.29	129.90	(3.93)	116.58
Add: Profit for the year	41.57	37.96	45.79	46.41	133.81	54.50
Less: Amount utilized towards issue of fully paid bonus shares	-	-	-	-	-	(175.00)
Closing balance	301.61	260.04	222.08	176.29	129.90	(3.93)

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of reserves and surplus.

- The profit after tax for 31, March 2008 is ₹102.94 Lakhs which stands changed to ₹54.50 Lakhs after giving effect to a restatement of ₹48.44 Lakhs which is Tax related to earlier years moved from 31, March 2009 to 31, March 2008. Due to this restatement the present net result after tax is shown as ₹ (3.93) Lakhs.

ANNEXURE IX: STATEMENT OF LONG TERM BORROWINGS, AS RESTATED

(₹ in Lakhs)

Particulars	As at											
	September 30, 2012		March 31, 2012		March 31, 2011		March 31, 2010		March 31, 2009		March 31, 2008	
	Current Maturities	Non Current Maturities	Current Maturities	Non Current Maturities	Current Maturities	Non Current Maturities	Current Maturities	Non Current Maturities	Current Maturities	Non Current Maturities	Current Maturities	Non Current Maturities
Secured Long Term Borrowings												
<i>Term loans from banks</i>	69.10	187.76	106.26	147.94	110.51	250.20	140.82	9.55	87.16	136.48	89.53	201.70
Total	69.10	187.76	106.26	147.94	110.51	250.20	140.82	9.55	87.16	136.48	89.53	201.70
<i>The above amount includes</i>												
Secured borrowings	69.10	187.76	106.26	147.94	110.51	250.20	140.82	9.55	87.16	136.48	89.53	201.70
Amount disclosed under the head "other current Liabilities"	69.10	-	106.26	-	110.51	-	140.82	-	87.16	-	89.53	-

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of long term borrowings.

Notes:

1. The term loan from Axis Bank carries interest @ 14.50% p.a. The loan is repayable in 48 monthly installments as per repayment schedule provided by bank from the date of disbursement of loan, viz., August 27, 2010. The loan is secured by hypothecation of exclusive charge on the Fixed Assets of the company. Further, the loan has been guaranteed by the personal guarantee of the promoters of the company and further guaranteed by the corporate guarantee of Garbarakshambigai Fertility Centre Private Limited and VKC Finsoft Solutions Private Limited.
2. The term loan from Tata Capital / ICICI Bank carries interest @ 8.99% p.a. The loan is repayable in 36 monthly instalment from the date of loan. The loan is secured by hypothecation of the Vehicles of the Company. Further, the loan has been guaranteed by the personal guarantee of the promoters of the company.
3. The Company does not have any Financial Lease obligations.
4. The figures disclosed above are based on the statement of assets and liabilities, as restated, of the Company.
5. There is no default in in respect of repayment of loan and interest.

ANNEXURE X: STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED

(₹ in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Secured						
From banks						

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
<i>Loans repayable on demand</i>						
<i>Cash credit from banks - Axis Bank</i>	1080.12	759.43	748.69	566.08	809.12	388.47
<i>Adhoc Limit from banks - Axis Bank</i>	-	200.49	-	-	-	-
<i>Over Draft from banks - Axis Bank</i>	222.46	226.00	160.85	163.28	548.68	641.88
<i>Over Draft from banks - ICICI Bank</i>	-	-	-	-	-	34.81
<i>Over Draft from banks - Bank of Baroda</i>	-	-	-	-	-	49.50
<i>Over Draft from banks – HDFC</i>	-	-	-	-	42.83	-
UnSecured						
From Share holders						
Mr. R.D.Sukumar	375.00	-	-	-	-	-
Total	1677.58	1185.92	909.54	729.36	1400.63	1114.65

- Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of short term borrowings
- The Unsecured Loan carries Interest @ 15.00% p.a. repayable on demand
- The figures disclosed above are based on the statement of assets and liabilities, as restated, of the Company

Note to Annexure IX & X

(₹ in Lakhs)

Name of the Lender(s) and nature and date of the loan agreement	Date of Sanction	Amount Sanctioned	Amount Outstanding as on September 30, 2012 (₹ in Lakhs)	Rate of Interest	Repayment Date/ Schedule
A. Term Loan					
1. Axis Bank Limited	April, 1, 2010	375.00	197.64	14.50%	48 equal monthly installments of ₹ 7,81,250 after two months holiday period from the date of sanction/disbursement viz., August 27, 2010
Total Exposure (A)		375.00	197.64		
B. Working Capital Loan (Fund Based)					
1. Axis Bank Limited	June 11, 2012	Cash Credit (Pledge)/Cash Credit(Hypothecation)-1100.00	1080.12	4.00% above Axis Bank base rate	On Demand
Total Exposure (B)		1100.00	1080.12		
Total Exposure (A + B)		1475.00	1277.76		

Notes:

There are certain restrictive covenants w.r.t. secured borrowings, few of which are as follows:

- change in ownership/control;
- formulation of any scheme of merger/ amalgamation / compromise/ reconstruction;
- material change in the management of business;
- avail or obtain any further loan or facility;
- any amendments in the Memorandum and Articles, etc.

The above secured loans (short term and long term) are secured against:

Primary Security

- Pledge of stock of foreign currencies deposited with our Bank
- Hypothecation of stock of currencies and receivables of the Company

Collateral Security

- Hypothecation of movable fixed assets of the Company except vehicle loans which are financed by other Bankers.
- Primary security for one facility will be collateral security for the other facility and vice versa
- Extension of EM charge over the immovable property (detailed infra)

Term Loan

Primary Security

- Hypothecation of movable fixed assets of the company (both present and future)

Collateral Security (common for the all the facilities sanctioned to the company)

Equitable mortgage of the following property

Sr. No.	Property Description
1	Land & Bldg. At No.4, 6 th cross road, united India colony, Kodambakkam, Chennai 600024 belonging to Garba Rakshambigai Fertility Centre Pvt. Ltd (Extent of land – 1.76 grounds and building – 2960sq. (ground floor),8851sq. (other floors) and 1488 sq (AC shed roof area)
2	Equitable Mortgage of a marriage hall named “Garbha Rakshagi Mahal and Mini Hall” with kitchen Block and office, admeasuring a land area of 42258 sq ft and a built up area of 37677 sq ft , located at T.S.nos.12/1,12/2, 12/3 and 12/4 , ward No.k and Block No.4, D.No.3A, Reynolds road, Cantonment, Trichy – 1 Belonging to M/s Arun priya Services (P) Ltd.

- Primary Security for one facility will be collateral security for the other facility and vice versa
- Property (2) situated in Trichy, currently collateral for M Power Term loan of M/s VKC Finsoft Solutions Pvt. Ltd. is extended to facilities sanctioned to M/s VKC Credit & Forex Services Pvt. Ltd.

Guarantees (For all the Facilities)

Personal Guarantee of the following:-

- 1) Mr. R.Venkatasubramanian
- 2) Mr. N.Nageswaran
- 3) Corporate Guarantee of M/s.VKC Finsoft Solutions Pvt. Ltd.
- 4) Corporate Guarantee of M/s .Garba Rakshambigai fertility Centre Pvt. Ltd. (property owner)
- 5) Corporate Guarantee of M/s.Arun Priya Services Pvt Ltd. (property owner)

ANNEXURE XI: STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(₹ in Lakhs)

Particulars	As at											
	September 30, 2012		March 31, 2012		March 31, 2011		March 31, 2010		March 31, 2009		March 31, 2008	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
Deposits (Unsecured, considered good)	2.26	-	2.26	-	6.42	-	25.53	-	87.25	-	3.56	-
Loans and advances to related parties (Unsecured, considered good)												
VKC Finsoft Solutions (P) Ltd	553.96	-	470.15	-	330.96	-	127.20	-	20.72	-	32.90	-
VKC Shiksha Overseas (P) Ltd	5.56	-	5.56	-	4.75	-	4.66	-	-	-	-	-
Veeyen Associates	255.00	-	255.00	-	255.00	-	255.00	-	-	-	-	-
Arun Priya Services Pvt. Ltd.#	-	-	-	-	-	-	-	-	-	-	750.00	-
Other loans and advances (Unsecured, considered Good)	-	171.38	-	147.41	-	165.31	-	149.04	-	82.15	-	167.77

Loans & Advance to Employees and Others	-	13.87	-	27.82	-	16.78	-	19.89	-	20.03	-	18.70
Total	816.78	185.26	732.97	175.23	597.13	182.08	412.38	168.93	107.97	102.18	786.46	186.47

#The above loan was given to Dr. Jayam Kannan, on behalf of Arun Priya Services (P) Ltd.

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of loans and advances.

Notes:

1. The figures disclosed above are based on the statement of assets and liabilities, as restated, of the Company.
2. The amount of outstanding loans to related parties is disclosed in the above statement.

ANNEXURE XII: STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(₹ in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Trade Receivables outstanding for a period						
< 6 Months	3260.32	2486.26	2298.66	1326.75	1740.57	1521.39
>6 Months	79.25	193.13	45.67	38.11	-	-
Considered good	3339.56	2679.39	2344.33	1364.86	1740.57	1521.39
Total	3339.56	2679.39	2344.33	1364.86	1740.57	1521.39

Note:

- (i) The Company do not have debtors who are related to Directors or Promoters of the Issue for the six months period ended September 30, 2012 and financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.
- (ii) Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of trade receivables.

ANNEXURE XIII: STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED

(₹ in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Deferred Revenue Expenses	3.99	7.98	7.98	7.98	7.98	57.97
Prepaid Expenses	37.12	33.31	-	-	-	-
Total	41.11	41.29	7.98	7.98	7.98	57.97

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of other current assets.

ANNEXURE XIV: STATEMENT OF OTHER NON-CURRENT ASSETS AND OTHER CURRENT LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
OTHER NON-CURRENT ASSETS (unsecured, considered good)						
Bank deposits with more than twelve months maturity	4.17	28.29	57.40	363.99	335.89	374.98
Advance Income Tax	28.26	23.06	63.93	47.42	0.01	(1.96)
Book Debts-Receivables outstanding for more than Twelve Months	220.81	220.81	219.24	253.45	80.37	144.09
Deferred Revenue Expenses	-	-	7.98	15.96	23.94	31.92
Total – other non-current assets	253.24	272.16	348.55	680.82	440.21	549.03
OTHER CURRENT LIABILITIES						
Current maturities of long-term debts (refer Annexure IX)	69.10	106.26	110.51	140.82	87.16	89.53
Total– other Current liabilities	69.10	106.26	110.51	140.82	87.16	89.53

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of other non-current assets and other current liabilities.

Note:

1. The figures disclosed above are based on the statement of assets and liabilities, as restated, of the Company.

ANNEXURE XV: STATEMENT OF CAPITALISATION AS AT SEPTEMBER 30, 2012, AS RESTATED

(₹ in Lakhs)

Particulars	Pre issue	Post issue
Debt		
Long Term Debt (A)	187.76	[•]
Short Term Debt	1,677.58	[•]
Other current liabilities (current maturities of long term borrowings)	69.10	[•]
Total Debt (B)	1934.44	[•]
Shareholders' funds		
Share Capital		
- Equity share capital	530.00	[•]
Reserves		
- Security premium	720.00	[•]
- Profit and loss account	301.61	[•]
Total Shareholders' funds (C)	1,551.61	[•]
Long Term Debt / Shareholders' funds (A / C)	0.12	[•]
Total Debt / Shareholders' funds (B / C)	1.25	[•]

1. The figures disclosed above are based on the statement of assets and liabilities, as restated, of the Company as at 30th September 2012.
2. The corresponding post issue figures are not determinable at this stage pending the completion of the Book building process and hence have not been furnished.

ANNEXURE XVI: STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Particulars	For six months ended on September 30, 2012	For the year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Restated Profit after Tax (₹ in lakhs)	41.57	37.96	45.79	46.41	133.81	54.50
Net worth as restated (₹ in lakhs)	1551.61	1510.04	1472.08	1426.29	1379.90	1096.07
Earnings per share						
Basic* (₹)	0.78	0.72	0.86	0.88	2.54	1.52
Diluted* (₹)	0.78	0.72	0.86	0.88	2.54	1.52
Net Asset Value per share (₹)	29.28	28.49	27.77	26.91	26.04	21.92
Return on Net worth (%)	2.68%	2.51%	3.11%	3.25%	9.70%	4.97%
Weighted average no. of equity shares outstanding during the year	5300000	5300000	5300000	5300000	5268767	3577869
Total number of equity shares outstanding at the end of the year	5300000	5300000	5300000	5300000	5300000	5000000
Number of shares considered as weighted average shares and potential shares outstanding	5300000	5300000	5300000	5300000	5268767	3577869

* face value of ₹ 10 each

Significant accounting policies (Annexure IV) and Notes on adjustments for Restated Financial Statements (Annexure V) forms integral part of this Statement of accounting ratios.

Notes:

1. The ratios have been computed as below:

Earning per share (₹)	Restated profit after tax
	Weighted average number of equity shares outstanding during the year/period
Net Asset Value per share (₹)	Net worth as restated
	Number of equity shares outstanding at the end of the year/period
Return on Net worth (%)	Restated profit after tax
	Net worth as restated

2. Net worth = Equity share capital + Securities premium + Balance in profit and loss account
3. Earnings per share calculation is in accordance with Accounting Standard – 20

ANNEXURE XVII: STATEMENT OF TAX SHELTER, AS RESTATED

(₹ in lakhs)

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Profit / (loss) before tax, as restated	68.47	77.79	43.50	44.99	205.83	146.44
Tax rate (including surcharge and education cess)	30.90%	30.90%	30.90%	30.90%	33.99%	33.99%
Tax at notional rate on profits	21.16	24.04	13.44	13.90	69.96	49.77
Adjustments:						
Permanent Differences						
Expenses not debited during the year	-	-	-	-	39.89	-
Debtors written off	-0.01	-35.40	-0.32	-0.25	-21.06	-0.72
Others	-0.10	-0.10	-0.10	-0.10	-0.10	-0.05
Profit / (loss) on sale of asset	-6.60	-0.79	-2.61	-2.36	-6.50	-0.80
Total Permanent difference	-6.71	-36.29	-3.03	-2.71	12.23	-1.57
Timing difference						
Difference between book and tax depreciation as per Return of Income	6.00	-20.98	-13.21	9.00	84.24	12.20
Provision for expenses	-3.99	-7.98	-7.98	-7.98	-7.98	-
Total Timing difference	2.01	-28.96	-21.19	1.02	76.26	12.20
Total Adjustments	-4.70	-65.25	-24.22	-1.69	88.49	10.63
Less : Tax on adjustments	-1.45	-20.16	-7.48	-0.57	30.08	3.61
Taxable restated profit	73.16	143.04	67.72	46.68	117.34	135.81
Tax rate (including surcharge and education cess)	30.90%	32.45%	30.90%	30.90%	33.99%	33.99%
Tax liability on restated profits	22.61	46.42	20.93	14.42	39.88	46.16

Notes:

1. The statement of tax shelter and adjustment have been prepared as per the statement of profit and loss, as restated, of the Company
2. Adjustment on account of restatement are considered in the tax shelter based on Return of Income filed for respective years and latest tax assessment status positions.
3. The permanent / timing difference also considers the income-tax returns filed by the Company.

ANNEXURE XVIII: STATEMENT OF DIVIDEND, AS RESTATED

The Company has not paid any dividend for six months ended on September 30, 2012 and financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

ANNEXURE XIX: STATEMENT OF CONTINGENT LIABILITY, AS RESTATED

There are no contingent liabilities for six months ended on September 30, 2012 and financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

ANNEXURE XX: STATEMENT OF INVESTMENT, AS RESTATED

Particulars	As at					
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Investments in equity instruments (₹ in lakhs)	5.00	5.00	5.00	5.00	-	-
No. of units	50,000	50,000	50,000	50,000	-	-

Note:

- 1) The above investments are in axis equity fund – dividend option
- 2) These investments are in the name of the Company
- 3) The above investments are non-current and unquoted

ANNEXURE XXI: STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED**Names of Related Parties****A. Key Managerial Personnel****a) Mr. R. Venkatasubramanian – Chairman and Managing Director**

The above Director is interested in the following Companies / Firm:

VKC Finsoft Solutions Private Limited	Director
VKC Shiksha Overseas Private Limited	Director
Veeyen Associates	Partner

b) Mr. N. Nageswaran – Managing Director

The above Director is interested in the following Companies / Firm:

VKC Finsoft Solutions Private Limited	Managing Director
VKC Shiksha Overseas Private Limited	Director
Veeyen Associates	Partner
Garbharakshambigai Fertility Centre Private Limited	Director
VKC Software Solutions (P) Ltd*	Director
All India association of Authorised Money Changers and Money Transfer Agents – Director	

**Strike off application has been filed with Registrar of Companies for VKC Software Solutions (P) Ltd. in FY 2011*

B. Relatives of Key Managerial Personnel**a) Mr. N. Nageswaran – Managing Director**

Dr. Jayam Kannan (sister)

C. Enterprises owned/ in control by relatives of Key Managerial Personnel**a) Dr. Jayam Kannan**

Garbharakshambigai Fertility Centre Private Limited
Arun Priya Services Private Limited

Details of transactions

(₹ in Lakhs)

Nature of Transaction	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Remuneration						
- R. Venkatasubramanian	9.00	19.50	19.50	17.40	18.90	18.90
- N. Nageswaran	9.00	19.50	19.50	17.40	18.90	18.90
Reimbursement of expenses						
- R. Venkatasubramanian	3.86	7.12	6.78	7.43	6.63	7.36
- N. Nageswaran	2.94	6.73	5.93	6.12	7.08	6.19
Commission Paid						
Dr. Jayam Kannan	-	-	-	-	60.00	-
Loans advanced - Non Interest Bearing						
Veeyen Associates	255.00*	255.00*	255.00*	255.00*	-	-
V.K.C. Shiksha Overseas (P) Limited	5.56*	5.56*	4.75*	4.66*	-	-
V.K.C. Finsoft Soultions (P) Limited	553.96*	470.15*	330.96*	127.20*	20.72*	32.90*
Arun Priya Services (P) Ltd	-	-	-	(750.00)	750.00*	750.00* [#]
Shares issued including bonus						
- R. Venkatasubramanian	-	-	-	-	75.00	87.50
- N. Nageswaran	-	-	-	-	75.00	87.50
- Dr. Jayam Kannan	-	-	-	-	-	750.00
Purchase of Fixed Assets						
VKC Software Solutions (P) Ltd	-	-	-	-	-	136.28

*Represents balance as on date.

[#]The above loan was given to Dr. Jayam Kannan, on behalf of Arun Priya Services (P) Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements included in the Draft Red Herring Prospectus which have been prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and other applicable legal provisions and restated in accordance with the SEBI ICDR Regulations and Act, including the notes, schedules and annexures thereto, and other financial data appearing elsewhere in the Draft Red Herring Prospectus. The discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to those described in the section titled "Risk Factors" beginning on page 14 of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page 13 of the Draft Red Herring Prospectus. The following discussion is also based on internally prepared statistical information and on publicly available information.

Our financial year ends on March 31, so all references to a particular financial year are to the twelve month period ended March 31. Results for the six months ended on September 30, 2012 are not representative of results for the full year.

OVERVIEW

We are primarily engaged in the business of money changing and provide foreign exchange services to our customers through our network of branches and franchisees. We are a RBI licensed Authorised Dealer – Category II (AD-II).

In the year 1995, we started our operations as a Full Fledged Money Changer (FFMC) in Chennai. We opened our first branch in Tirupur, Tamil Nadu in 1997. We obtained permission from RBI for sale of foreign exchange to corporates through Exchange Earner's Foreign Currency Account (EEFC A/c) in 1999. In the year 2002, we got permission from RBI for appointment of franchisees to carry out Restricted Money Changing Activity. In the year 2009, we were upgraded as an Authorised Dealer-Category -II by RBI from an FFMC. The enhancement of status from FFMC to Authorised Dealer - Category II opened a wide spectrum of activities which we can undertake; foremost among them being the ability to transact outward remittance requirements.

We currently offer the following range of products and services catering to the forex needs of travelers and other segments like banks, other Money Changers etc:

Sr. No.	Activity	Description
1.	Currency Operations	1. Sale and purchase of foreign exchange. 2. Dealing in bulk currencies. 3. Import and export of foreign currencies.
2.	Forex Prepaid Travel Cards	Sale and encashment of Forex Prepaid Travel Cards
3.	Foreign Demand Drafts & Remittance	Tie-ups with various banks for issuance of foreign currency demand drafts and remittances
4.	Travelers Cheques	Sale and encashment of travellers cheque
5.	Other Products and Services	a. Sale of international SIM and Calling Cards. b. Inward money transfer service. c. Business auxiliary and back office support services

Our company has entered into arrangements with HDFC Bank Limited, ICICI Bank Limited and few other private sector banks for forex prepaid travel cards and with IndusInd Bank Limited for issuance of foreign currency drafts and to affect outward remittances from India through telegraphic transfers. Further, our Company is one of the authorized sellers of Global Travel Cards, a prepaid foreign exchange card issued by American Express Banking Corporation in India and is also authorized to distribute Traveller's Cheques issued by American Express Travel Related Services Company. Our Company is also associated with Weizman Forex Limited (representative of Western Union Financial Services Inc.), UAE Exchange & Financial Services Limited, (agent of Money Gram Payment Systems Inc.) and BFC Forex & Financial Services Private Limited

(EzRemit) for Inward Money Transfer Service to India.

Further, after appropriate approvals are received, we plan to issue forex prepaid travel card for direct sale and opening and maintenance of Nostro Account, pursuant to A P (DIR Series) Circular No-104/RBI dated April 4, 2012.

As on September 30, 2012, we have presence in 38 cities across India and operate through a network of 62 branches (including 4 airport counters) and 26 franchisees operating through 215 outlets in India.

SIGNIFICANT DEVELOPMENTS AFTER PERIOD ENDED SEPTEMBER 30, 2012 THAT AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in the Draft Red Herring Prospectus, to our knowledge, there have not arisen any material circumstances since the date of the last financial statement as disclosed in the Draft Red Herring Prospectus which materially affect or is likely to affect the trading or profitability of the Company, or the value of our assets, or our ability to pay its liability within the next twelve months.

SIGNIFICANT FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS

A number of general factors which may affect our financial condition and performance are set out below:

- our ability to successfully implement our strategy;
- our growth and expansion;
- our exposure to market risks;
- general economic and political conditions in India and which have an impact on our business activities or investments;
- the monetary and fiscal policies of India;
- inflation, deflation;
- unanticipated turbulence in interest rates;
- equity prices or other rates or prices;
- the performance of the financial markets in India and globally;
- changes in domestic laws, regulations and taxes; and
- changes in competition in our industry

ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3. Inventories

The company has continues to value the Inventory in the current year at the Weighted Average cost of the respective foreign currency.

4. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of twelve months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

5. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

6. Depreciation and amortisation

Depreciation has been provided on straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, calculated on prorata basis for assets purchased during the year from the month in which it has been used for more than fifteen days.

7. Revenue recognition

Sale of Exchange

Sales are recognised, net of discounts on transfer of significant risk and rewards of ownership to the buyer.

Other Operating Revenues

The same includes settlement gains on sale of TC/ Card, incentives from principal and income from other services.

8. Other income

The same represents Interest Income, accounted on accrual basis.

9. Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes all expenses incurred in connection with the acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. No part of the Fixed Asset is acquired out of Foreign Exchange.

10. Impairment of assets

In accordance with Accounting Standard 28 - 'Impairment of Assets', where there is an indication of impairment in any of the Company's asset, the carrying amounts of the Company's material assets and / or cash generating unit are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit which the asset belongs) is estimated as the higher of its net selling price and its value in use.

An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the profit and loss account.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

11. Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss for the year.

12. Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

13. Leases

The Accounting Standard 19 in respect of the Rental Agreements entered into by the Company for the Renting of premises for the Branches of the company on account of the following:

All are cancellable agreements as there are no commitments on the part of the company in case the company decides to discontinue with the arrangement. There is no certainty of renewal of the agreements beyond the initial period. There is no obligation other than payment of monthly rental on the part of the company. There is no penalty for cancellation of the agreements. As per the agreement, no restrictions are imposed on the company such as those concerning dividends, additional debt etc. Monthly rent is recognised as expenditure in the P & L Account.

14. Related Party Transactions:

For details on related party transactions for the years/ period ended on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008, please refer annexure XXI of section titled 'Financial Information' on page 129 of the DRHP.

15. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity, the same are covered under Group Gratuity Scheme of LIC, based on actuarial valuation done by LIC.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

16. Borrowing costs

Borrowing costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

17. Segment reporting

The Company is engaged in only one segment - Purchase and Sale of Forex and Travel related services. Accordingly the segment information as required by Accounting Standard 17 on 'Segment reporting' is not required to be disclosed.

18. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

The Earnings Per Share is worked out based on the following:

Particulars	For six months ended on September 30, 2012	For the year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Restated Profit after Tax (₹ in lakhs)	41.57	37.96	45.79	46.41	133.81	54.50
Earnings per share						
Basic (₹)	0.78	0.72	0.86	0.88	2.54	1.52
Diluted (₹)	0.78	0.72	0.86	0.88	2.54	1.52
Weighted average no. of equity shares outstanding during the year/period for Basic and Diluted Earnings per Share (Note 1 and 2)	5300000	5300000	5300000	5300000	5268767	3577869

Note 1

Particulars	For six months ended on September 30, 2012	For the year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009 ⁽²⁾	March 31, 2008 ⁽¹⁾
Number of shares outstanding at the beginning of the year.	5300000	5300000	5300000	5300000	5000000	1750000
Weighted average number of Equity shares allotted against cash consideration ⁽²⁾	-	-	-	-	268767	77869
Adjustment for Bonus shares issued	-	-	-	-	-	1750000
Number of shares outstanding at the end of the year	5300000	5300000	5300000	5300000	5268767	3577869

⁽¹⁾15,00,000 equity shares were issued on March 13, 2008 for cash @ ₹50 per equity share and 17,50,000 equity shares were issued as bonus shares on March 13, 2008

⁽²⁾300,000 equity shares were issued on May 9, 2008 for cash @ ₹50 per equity share

Note 2

The company did not have any dilutive potential equity shares during the six months ended on September 30, 2012 and financial years ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008

19. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the statement of Profit and Loss.

20. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes, where ever required.

21. Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

RESULTS OF OPERATIONS

a) Summary of financial results

The following table sets forth selected financial data from our restated financial statements of profit and loss, the components of which are also expressed as a percentage of total income for the six months period ended on September 30, 2012 and for financial years 2012, 2011, 2010 and 2009.

(₹ in Lakhs)										
Particulars	For six months ended on September 30, 2012	% of total revenue	FY 2012	% of total revenue	FY 2011	% of total revenue	FY 2010	% of total revenue	FY 2009	% of total revenue
Income										
Revenue From Operations	56,449.43	99.96	1,07,816.18	99.97	1,09,859.80	99.98	1,31,484.12	99.98	1,41,326.97	99.97
Other Income	24.25	0.04	31.07	0.03	24.11	0.02	28.75	0.02	40.56	0.03
Total Revenue	56,473.68	100.00	1,07,847.25	100.00	1,09,883.90	100.00	1,31,512.87	100.00	1,41,367.53	100.00
Expenditure										
Purchase of traded goods	55,401.80	98.10	1,05,541.98	97.86	1,07,692.90	98.01	1,29,209.57	98.25	1,38,882.22	98.24
(Increase)/decrease in inventories of finished goods and traded goods	(192.00)	(0.34)	16.61	0.02	11.17	0.01	185.05	0.14	83.49	0.06
Employee benefits expenses	473.32	0.84	899.37	0.83	816.61	0.74	759.13	0.58	749.13	0.53
Other expenses	577.55	1.02	1,065.53	0.99	1,046.26	0.95	1,127.49	0.86	1,221.62	0.86
Total	56,260.67	99.62	1,07,523.49	99.70	1,09,566.94	99.71	1,31,281.23	99.82	1,40,936.47	99.70
Earnings before interest, tax, depreciation and amortization (EBITDA)	213.02	0.38	323.76	0.30	316.96	0.29	231.64	0.18	431.06	0.30
Depreciation	38.22	0.07	72.58	0.07	70.31	0.06	66.83	0.05	32.47	0.02
Finance Charges	106.32	0.19	173.39	0.16	203.16	0.18	119.82	0.09	192.76	0.14
Total Expenditure	56,405.21	99.88	107,769.46	99.93	109,840.41	99.96	131,467.88	99.97	141,161.70	99.85
Restated Profit Before Tax	68.47	0.12	77.79	0.07	43.50	0.04	44.99	0.03	205.83	0.15
Less: Tax Expenses										
Current Tax	20.19	0.04	33.26	0.03	20.83	0.02	14.35	0.01	36.12	0.03
Deferred Tax (Credit) / Charge	6.71	0.01	6.57	0.01	(23.12)	(0.02)	(15.76)	(0.01)	35.89	0.03
Total Tax Expenses	26.90	0.05	39.83	0.04	(2.29)	(0.00)	(1.41)	(0.00)	72.01	0.05
Restated Profit after Taxation	41.57	0.07	37.96	0.04	45.79	0.04	46.41	0.04	133.81	0.09

b) Major items of Income and Expenditure

Income

Our total income comprises of revenue from operations and other income. Income from operation consists of sales of forex in the form of cash and demand drafts in foreign currency to our corporate and retail customers, profit earned on account of sales of prepaid forex card and travelers cheques and profit earned on their settlement. It also includes sales booked on account of encashed prepaid forex card, encashed travelers cheques and bulk currency transactions made to other FPMC's, authorised dealers, inter-branch bulk currency transactions and export of bulk currency. It also consists of incentive earned on sales of prepaid forex card and other miscellaneous income. Other income consists of interest income received on fixed deposits with banks.

Expenditure

Our expenditure comprises of purchase of traded goods like foreign currency notes, encashed travellers cheques and encashed prepaid cards, etc., (increase)/ decrease in inventories of finished goods and traded goods, employee benefits expenses, other expenses, depreciation and finance charges.

Purchase of traded goods

In this head, we cover cost of purchase of foreign currency notes, encashed travellers cheques and encashed prepaid cards.

(Increase)/ decrease in inventories

Under this head we represent net increase or decrease in our inventories of foreign currency notes, encashed travellers cheques and encashed prepaid cards.

Employee benefits expenses

Employee benefit expenses mainly consists of directors' remuneration, salaries & wages paid to employees, contribution paid towards provident & other funds, staff welfare expenses, etc.

Other expenses

Other expenses mainly comprise of expenditure incurred on rent and amenities, commission paid, communication expenses, travelling expenses, etc.

Depreciation

Depreciation is charged on assets which include plant & equipment, furniture and fixtures, vehicles and office equipment.

Finance charges

Finance charges include interest on term loan, interest on loan taken for working capital requirements, etc.

Current Tax

This comprises of provision of tax for the year.

Deferred Tax (Credit)/ Charge

Under this head tax calculated incorporating difference in depreciation between Income Tax Act and Companies Act and timing difference in deferred revenue expenditure.

c) Notes on adjustments for Restated Financial Statements

- (i) Income tax relating to earlier years is added to the Tax expenses of relevant years. The increase/ decrease in the tax expenses are as follows.

Particulars	(₹ in lakhs)	
	For the year ended on March 31, 2009	March 31, 2008
Profit after tax as per audited statement of account	153.02	102.94
Adjustments on account of Income Tax relating to earlier years	19.26	48.45
Adjustments on Deferred Revenue Expenses	0.06	-
Restated Profit after tax	133.82	54.49

March 31, 2009 and March 31, 2008

₹ 48.45 lakhs were charged to profit and loss account in the audited accounts of the financial year ended March 31, 2009, which were pertaining to financial year ended March 31, 2008. For the purpose of the restatement, the adjustment has been recorded in the financial year ended on March 31, 2008 in the 'Statement of Profit and Loss, as Restated' under the head 'other expenses' and 'tax expense' of ₹ 17.18 lakhs and ₹ 31.27 lakhs, respectively.

March 31, 2010 and March 31, 2009

₹ 19.26 lakhs were charged to profit and loss account in the audited accounts of the financial year ended March 31, 2010, which were pertaining to financial year ended March 31, 2009. For the purpose of the restatement, the adjustment has been recorded in the financial year ended on March 31, 2009 in the 'Statement of Profit and Loss, as Restated' under the head 'other expenses' and 'tax expense' of ₹ 8.51 lakhs and ₹ 10.75 lakhs, respectively.

d) Revenue on account of major contribution from various products

(₹ in Lakhs)

Particulars	Six months ended on September 30, 2012	FY 2012	FY 2011	FY 2010
1. Currency operations				
Retail/ Corporate	15,137.25	25,003.53	27,852.02	27,011.33
Bulk transaction - FFMC & AD	16,610.45	37,867.16	33,900.65	32,026.81
Bulk transaction - Branch	18,429.66	32,801.28	36,370.64	46,517.17
Bulk transaction – Exports	-	65.64	-	13,412.84
2. Total Prepaid card sales/ Settlement				
Prepaid Cards sales/ settlement Profit (Non EEFC)	108.70	119.68	121.57	104.22
Card Encashment	4,757.21	7,530.90	5,251.46	3,405.40
3. Foreign DD and Remittance Income	191.85	219.97	92.19	61.98
4. Total TC Sales/ Settlement				
TC Sales/ Settlement Profit (Non EEFC)	0.02	21.47	48.99	178.81
TC Encashment	725.42	2,669.56	3,849.81	6,018.54
TC Encashment - Branch	208.71	1,019.34	1,955.12	2,408.10
5. Others				
Commission Received	22.35	63.98	89.45	96.72
Prepaid Card Incentive	201.68	288.84	190.86	110.74
Miscellaneous Income	56.13	144.83	137.04	131.45
Revenue from Operations	56,449.43	1,07,816.18	1,09,859.80	1,31,484.12

e) Revenue concentration

Our revenue from operations is concentrated mainly from our branches and franchisees situated in southern India. Sales from these branches and franchisees in FY 2010, FY 2011, FY 2012 and for the six months ended on September 30, 2012 comprised of 52.28%, 52.97%, 61.26% and 64.25%, respectively, of our total revenue from operations for respective years/ period.

f) Revenue Recognition Policy

Our revenue from operations consists of sales from foreign exchange, prepaid card sales & settlement, foreign DD and remittance income, sales of travelers cheque & its settlement and others. In our total sales we book sales of foreign currency notes and profit from encashed prepaid card and encashed travelers cheque. On other major heads of income we book only the net income arising out of such operations.

g) Details of other income

(₹ in Lakhs)

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Other income, as restated	24.25	31.07	24.11	28.75	40.56	41.75
Restated Profit Before Tax	68.47	77.79	43.50	44.99	205.83	146.44

Particulars	For six months ended on September 30, 2012	For the year ended on				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Other income as % of Restated Profit Before Tax	35.42%	39.94%	55.43%	63.90%	19.71%	28.51%
Other income as a % of total income	0.04	0.03	0.02	0.02	0.03	0.03
Source of other income						
Recurring						
Interest - Bank	24.25	31.07	24.11	28.75	40.56	40.50
Interest - Others	-	-	-	-	-	1.25

Our other income is recurring in nature and has arisen from our business activities. Our interest income is from our deposits with banks which are permanent in nature since they are margin/ security deposits for business purposes.

DISCUSSION ON RESULTS OF OPERATIONS

Analysis of the restated financial statements for the six months ended on September 30, 2012

Income

Our total income for the six months ended on September 30, 2012 was ₹ 56,473.68 lakhs. This comprises of income from operation of ₹ 56,449.43 lakhs and other income of ₹ 24.25 lakhs.

Revenue from operations

Our revenue from operation for the six months ended on September 30, 2012 was ₹ 56,449.43 lakhs. This mainly consists of sales on account of bulk currency transactions (branch) of ₹ 18,429.66 lakhs, sales on account of bulk currency transactions between us and other FFMC's and other authorized dealers of ₹ 16,610.45 lakhs, sales of foreign exchange of ₹ 15,137.25 lakhs to retail & corporate customers and sales booked on account of card encashment.

Other income

Our other income for the six months ended on September 30, 2012 was ₹ 24.25 lakhs which consists of interest income on fixed deposits available with banks.

Expenditure

Our total expenditure for the six months ended on September 30, 2012 was ₹ 56,405.21 lakhs.

Purchase of traded goods

During the six months period ended on September 30, 2012 we have made a total purchases of ₹ 55,401.80 lakhs. This comprises of purchase of foreign currency notes, encashed traveller cheques & encashed prepaid cards.

(Increase)/ decrease in inventories of finished goods and traded goods

The net increase in our inventories for the six month period ended on September 30, 2012 was of ₹ 192.00 lakhs. This is on account of increase in the closing stock to ₹ 434.69 as on September 30, 2012 from ₹ 242.69 as on March 31, 2012.

Employee benefits expenses

We have incurred ₹ 473.32 lakhs as employee benefit expenses during the six months period ended on September 30, 2012. This consists of salaries to our employees (including directors' remuneration of ₹ 18.00

lakhs) of ₹ 409.62 lakhs, contribution to provident and other funds of ₹ 46.08 lakhs and staff welfare expenses of ₹ 17.62 lakhs.

Other expenses

For the six months ended on September 30, 2012 our other expenses were of ₹ 577.55 lakhs which mainly comprises of expenditure incurred on rent and amenities of ₹ 260.06 lakhs, commission paid of ₹ 135.21 lakhs, communication expenses of ₹ 41.17 lakhs and travelling expenses of ₹ 29.88 lakhs. It also comprises of miscellaneous expenses of ₹ 100.64 lakhs.

Depreciation

The total depreciation we charged on our fixed assets for the six months ended on September 30, 2012 was ₹ 38.22 lakhs. During the six months period we purchased fixed assets worth ₹ 78.65 lakhs, majorly vehicles of ₹ 58.02 lakhs for corporate use and have also sold vehicles worth ₹ 34.76 lakhs.

Finance charges

The total interest and other bank charges for the six months ended on September 30, 2012 were ₹ 106.32 lakhs.

Current Tax

We have made provision worth ₹ 20.19 lakhs towards taxation for the six months ended on September 30, 2012.

Deferred Tax (Credit)/ Charge

We have charged ₹ 6.71 lakhs towards deferred tax for the six months ended on September 30, 2012.

Restated Profit after Taxation

For the six months ended on September 30, 2012 our net profit after tax was ₹ 41.57 lakhs. Our PAT margin for this period was 0.07%.

Comparison of Fiscal 2012 vis-à-vis Fiscal 2011

Income

Our total income in FY 2012 declined to ₹ 1,07,847.25 lakhs from ₹ 1,09,883.90 lakhs in FY 2011 showing a decrease of 1.85% in FY 2012.

Revenue from operations

Our revenue from operations in FY 2012 decreased by 1.86% as compared to FY 2011 from ₹ 1,09,859.80 lakhs in FY 2011 to ₹ 1,07,816.18 lakhs in FY 2012. The decrease was mainly due to reduction in currency operations and adverse market conditions.

Other income

Our other income in FY 2012 increased by 28.87% in FY 2012 from ₹ 24.11 lakhs in FY 2011 to ₹ 31.07 lakhs in FY 2012.

Expenditure

Our total expenditure in FY 2012 was ₹ 1,07,769.46 lakhs and in FY 2011 was ₹ 1,09,840.41 lakhs. The total expenditure decreased by 1.89% in FY 2012 as compared with FY 2011. This was mainly on account of decrease in finance charges from ₹ 203.16 lakhs in FY 2011 to ₹ 173.39 lakhs in FY 2012 and due to decrease in purchase of traded goods in FY 2012 from ₹ 1,07,692.90 lakhs in FY 2011 to ₹ 1,05,541.98 lakhs. As a percentage of total income, our total expenditure was 99.93% in FY 2012 as compared to 99.96% in FY 2011.

Purchase of traded goods

We have incurred ₹ 1,05,541.98 lakhs in FY 2012 as compared to ₹ 1,07,692.90 lakhs in FY 2011 towards purchase of foreign currency notes, encashed travellers cheques and encashed prepaid cards. The decrease was on account of low demand from our customers in retail/ corporate segment and due to adverse market conditions.

(Increase)/ decrease in inventories of finished goods and traded goods

Our inventories of finished goods and traded goods decreased by ₹ 16.61 lakhs or 6.41% in FY 2012 compared with FY 2011 while our inventories of finished goods and traded goods decreased by ₹ 11.17 lakhs or 4.13% in FY 2011 compared with FY 2010. A breakdown of the decrease of our inventories of finished goods and traded goods in FY 2012 by product is set forth below:

Our inventory of foreign currencies decreased on account of reduction in currency operations.

Our inventory of encashed travellers cheque decreased on account of reduction in sales of encashed travelers cheques as customers preferences has changed and they prefer to pre-paid cards to travelers cheque.

Employee benefits expenses

We have incurred ₹ 899.37 lakhs in FY 2012 and ₹ 816.61 lakhs in FY 2011, which shows a y-o-y increase of 10.13% in FY 2012. As a percentage of total income, expenditure under this head represented 0.83% in FY 2012 as against 0.74% in FY 2011. This was mainly on account of annual increase in salaries of employees.

Other expenses

Our other expenses increased by 1.84% in FY 2012 from ₹ 1,046.26 lakhs in FY 2011 to ₹ 1,065.53 lakhs in FY 2011. This was mainly on account of increase in commission payments.

Depreciation

We charged depreciation of ₹ 72.58 lakhs on our fixed assets in FY 2012 as compared to ₹ 70.31 lakhs in FY 2011. The increase was mainly on account of depreciation charged on fixed assets purchased during the year for ₹ 48.44 lakhs.

Finance charges

Our finance charges decreased from ₹ 203.16 lakhs in FY 2011 to ₹ 173.39 lakhs in FY 2012. The decrease was mainly on account of lesser interest cost due to decrease in term loan.

Current Tax

Our tax expenditure increased to ₹ 33.26 lakhs in FY 2012 from ₹ 20.83 lakhs in FY 2011, showing an increase of 59.67%. The increase was on account of increase in net taxable income.

Deferred Tax (Credit)/ Charge

In FY 2012 we have charged ₹ 6.57 lakhs as our deferred tax as compared to a credit of ₹ 23.12 lakhs in FY 2011.

Restated Profit after Taxation

Our restated profit after tax declined from ₹ 45.79 lakhs in FY 2011 to ₹ 37.96 lakhs in FY 2012. The decrease can be attributable to less sales, increase in total expenditure including payment of tax and on account of bad debts written off ₹ 35.40 lakhs.

Comparison of Fiscal 2011 vis-à-vis Fiscal 2010

Income

Our total income in FY 2011 declined to ₹ 1,09,883.90 lakhs from ₹ 1,31,512.87 lakhs in FY 2010 showing a decrease of 16.45% in FY 2011.

Revenue from operations

Our revenue from operations in FY 2011 decreased by 16.45% as compared to FY 2010 from ₹ 1,31,484.12 lakhs in FY 2010 to ₹ 1,09,859.80 lakhs in FY 2011. This was mainly on account of reduction in currency operations and adverse market conditions.

Other income

Our other income in FY 2011 decreased by 16.14% as compared to FY 2010 from ₹ 28.75 lakhs in FY 2010 to ₹ 24.11 lakhs in FY 2011.

Expenditure

Our total expenditure in FY 2011 was ₹ 1,09,840.41 lakhs and in FY 2010 was ₹ 1,31,467.88 lakhs. The total expenditure decreased by 16.45% in FY 2011 as compared with FY 2010 in tandem with decrease in our sales. The total expenditure on purchase of traded goods in FY 2011 was ₹ 1,07,692.90 lakhs and was ₹ 1,29,209.57 lakhs in FY 2010. The decrease was also on account of lower reduction in inventory levels in FY 2011 (₹ 11.17 lakhs) as compared to FY 2010 (₹ 185.05 lakhs). As a percentage of total income, our total expenditure was 99.96% in FY 2011 as compared to 99.97% in FY 2010.

Purchase of traded goods

We have incurred ₹ 1,07,692.90 lakhs in FY 2011 as compared to ₹ 1,29,209.57 lakhs in FY 2010 towards purchase of forex including travellers cheques. The decrease was due to reduction in currency purchases and adverse market conditions.

(Increase)/ decrease in inventories of finished goods and traded goods

Our inventories of finished goods and traded goods decreased by ₹ 11.17 lakhs or 4.13% in FY 2011 compared with FY 2010 while our inventories of finished goods and traded goods decreased by ₹ 185.05 lakhs or 40.62% in FY 2010 compared with FY 2009. A breakdown of the decrease of our inventories of finished goods and traded goods in FY 2011 by product is set forth below:

Our inventory of foreign currencies decreased on account of reduction in currency operations.

Our inventory of encashed travellers cheque decreased on account of reduction in sales of encashed travelers cheques as customers preferences has changed and they prefer to pre-paid cards to travelers cheque.

Employee benefits expenses

We have incurred ₹ 816.61 lakhs in FY 2011 and ₹ 759.13 lakhs in FY 2010, which shows a y-o-y increase of 7.57% in FY 2011. As a percentage of total income, expenditure under this head represented 0.74% in FY 2011 as against 0.58% in FY 2010. This was mainly on account of higher cost of compulsory employee state insurance coverage which was taken in FY 2011 and was costlier than the insurance coverage available till FY 2010.

Other expenses

Our other expenses decreased by 7.20% in FY 2011 from ₹ 1,127.49 in FY 2010 lakhs to ₹ 1,046.26 lakhs in FY 2011. This was mainly on account of reduction in number of branches and associated cost.

Depreciation

We charged depreciation of ₹ 70.31 lakhs on our fixed assets in FY 2011 as compared to ₹ 66.83 lakhs in FY 2010. The increase was mainly on account of depreciation charged on fixed assets purchased during the financial year.

Finance charges

Our finance charges increased to ₹ 203.16 lakhs in FY 2011 from ₹ 119.82 lakhs in FY 2010. The increase was mainly on account of increase in interest cost attributable to increase in total borrowings to ₹ 1,270.25 lakhs in FY 2011 from ₹ 879.73 lakhs in FY 2010.

Current Tax

Our tax expenditure increased to ₹ 20.83 lakhs in FY 2011 from ₹ 14.35 lakhs in FY 2010, showing an increase of 45.16%. The increase was on account of increase in net taxable income.

Deferred Tax (Credit)/ Charge

In FY 2011 we have credited ₹ 23.12 lakhs as deferred tax as compared to a credit of ₹ 15.76 lakhs in FY 2010.

Restated Profit after Taxation

Our restated profit after tax declined from ₹ 46.41 lakhs in FY 2010 to ₹ 45.79 lakhs in FY 2011. The decrease can be attributable to less sales and increase in tax expenditure.

Comparison of Fiscal 2010 vis-à-vis Fiscal 2009

Income

Our total income in FY 2010 declined to ₹ 1,31,512.87 lakhs from ₹ 1,41,367.53 lakhs in FY 2009 showing a decrease of 6.97% in FY 2010.

Revenue from operations

Our revenue from operations in FY 2010 decreased by 6.96% as compared to FY 2009 from ₹ 1,41,326.97 lakhs to ₹ 1,31,484.12 lakhs. This was mainly on account of reduction in currency operations and adverse market conditions.

Other income

Our other income in FY 2010 decreased by 29.12% as compared to FY 2009 from ₹ 40.56 lakhs in FY 2009 to ₹ 28.75 lakhs in FY 2010.

Expenditure

Our total expenditure in FY 2010 was ₹ 1,31,467.88 lakhs and in FY 2009 was ₹ 1,41,161.70 lakhs. The total expenditure decreased by 6.87% in FY 2010 as compared with FY 2009. This was mainly on account of decrease in finance charges from ₹ 192.76 lakhs in FY 2009 to ₹ 119.82 lakhs in FY 2010. Further decline in sales was also a major reason because of which our purchases decreased and in turn our overall expenditure also decreased. The total expenditure on purchase of traded goods in FY 2010 was ₹ 1,29,209.57 lakhs and was ₹ 1,38,882.22 lakhs in FY 2009. During FY 2009 and FY 2010 there was increase in depreciation charged to our fixed assets from ₹ 32.47 lakhs in FY 2009 to ₹ 66.83 lakhs in FY 2010. As a percentage of total income, our total expenditure was 99.97% in FY 2010 as compared to 99.85% in FY 2009.

Purchase of traded goods

We have incurred ₹ 1,29,209.57 lakhs in FY 2010 as compared to ₹ 1,38,882.22 lakhs in FY 2009 towards purchase of forex including travellers cheques. The decrease was due to reduction in purchases of forex and adverse market conditions.

(Increase)/ decrease in inventories of finished goods and traded goods

Our inventories of finished goods and traded goods decreased by ₹ 185.05 lakhs or 40.62% in FY 2010 compared with FY 2009 while our inventories of finished goods and traded goods decreased by ₹ 83.49 lakhs or 15.49% in FY 2009 compared with FY 2008. A breakdown of the decrease of our inventories of finished goods and traded goods in FY 2011 by product is set forth below:

Our inventory of foreign currencies decreased on account of reduction in currency purchases.

Our inventory of encashed travellers cheque decreased on account of reduction in sales of encashed travelers cheques as customers preferences has changed and they prefer to pre-paid cards to travelers cheque.

Employee benefits expenses

We have incurred ₹ 759.13 lakhs in FY 2010 and ₹ 749.13 lakhs in FY 2009, which shows a y-o-y increase of 1.33% in FY 2010. As a percentage of total income, expenditure under this head represented 0.58% in FY 2010 as against 0.53% in FY 2009. This was mainly on account of increase in salary cost.

Other expenses

Our other expenses decreased by 7.71% in FY 2011 from ₹ 1,221.62 lakhs in FY 2009 to ₹ 1,127.49 lakhs in FY 2010. This was mainly on account of reduced outflow of commission paid in FY 2010 as compared to FY 2009.

Depreciation

We charged depreciation of ₹ 66.83 lakhs on our fixed assets in FY 2010 as compared to ₹ 32.47 lakhs in FY 2009. The y-o-y increase of 105.82% was mainly on account of fixed assets purchased during the financial year.

Finance charges

Our finance charges decreased from ₹ 192.76 lakhs in FY 2009 to ₹ 119.82 lakhs in FY 2010. The decrease was mainly on account of decrease in interest cost attributable to decrease in total borrowings from ₹ 879.73 lakhs in FY 2010 to ₹ 1,624.26 lakhs in FY 2009.

Current Tax

Our tax expenditure decreased from ₹ 36.12 lakhs in FY 2009 to ₹ 14.35 lakhs in FY 2010, showing a decrease of 60.27%. The decrease was on account of decrease in net taxable income.

Deferred Tax (Credit)/ Charge

In FY 2010 we have credited ₹ 15.76 lakhs as the actual total deferred tax liability came to ₹ 48.10 lakhs only where as we had a provision of ₹ 63.86 lakhs. In FY 2009 we have provided a sum of ₹ 35.89 lakhs as deferred tax.

Restated Profit after Taxation

Our restated profit after tax declined from ₹ 133.81 lakhs in FY 2009 to ₹ 46.41 lakhs in FY 2010. The decrease can be attributable to less sales and decrease in other income.

LIQUIDITY AND CAPITAL RESOURCES

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. Our liquidity requirements relate to servicing our debt, funding our working capital requirements, our expansion plans and increased business operations. Our business requires a significant amount of working capital. Our Company funds these requirements primarily from funds generated from its operations, external borrowings, including term loan & working capital financing and issue of share capital.

These sources of funding, and our ability to fund our working capital requirements and expansion plans, are affected by many factors, some of which are beyond our control, including economic conditions, regulatory developments, demand from our customers and availability of financing.

As on September 30, 2012, we have cash and cash equivalents of ₹ 1,022.28 lakhs, secured loan of ₹ 1,277.76 lakhs and unsecured loan, vehicle loans and overdraft facilities of ₹ 656.68 lakhs.

CASH FLOWS

The table below summarizes our cash flows as restated, for the periods indicated.

Particulars	(₹ in Lakhs)				
	For six months ended on September 30, 2012	FY 2012	FY 2011	FY 2010	FY 2009
Net cash generated / (utilized) from operating activities (A)	410.36	690.98	372.43	(203.53)	429.18
Net cash utilized (generated) in investing activities (B)	(42.50)	(14.62)	(30.66)	721.44	(764.06)
Net cash generated from / (utilised in) financing activities (C)	(150.31)	(411.49)	(147.26)	(551.16)	570.51
Net Increase / (Decrease) in Cash and Cash Equivalents [(A)+(B)+(C)]	217.55	264.87	194.51	(33.25)	235.63
Cash and cash equivalents at the beginning of the year /period	804.73	539.86	345.35	378.60	142.97
Cash and cash equivalents at the end of the year/period	1,022.28	804.73	539.86	345.35	378.60

Net cash generated / (utilized) from operating activities

Our net cash generated from operating activities during six months ended September 30, 2012 was ₹ 410.36 lakhs arising from operating cash flow adjusted primarily for increases in short term borrowings and trade payables and largely offset by an increase in trade receivables and partially by increase in inventories.

Our net cash generated from operating activities in FY 2012 was ₹ 690.98 lakhs arising from operating cash flow adjusted primarily for increases in short term borrowings and trade payables and largely offset by an increase in trade receivables.

Our net cash generated from operating activities in FY 2011 was ₹ 372.43 lakhs arising from operating cash flow adjusted primarily for increases in short term borrowings and trade payables, decrease in non-current assets which was largely offset by an increase in trade receivables.

Our net cash used in operating activities in FY 2010 was ₹ 203.53 lakhs which mainly attributable to repayment of short term borrowings, decrease in trade payables and increase in other non-current assets which was mainly offset by decrease in inventories and trade receivables.

Our net cash generated from operating activities in FY 2009 was ₹ 429.18 lakhs arising from operating cash flow adjusted primarily for increases in short term borrowings, decrease in other non-current assets and decrease in inventories which was mainly offset by an increase in trade receivables and decrease in trade payables.

Net cash utilized/ (generated) in investing activities

Our net cash used in investing activities was ₹ 42.50 lakhs during six months ended on September 30, 2012, attributable to the purchase of tangible assets of ₹ 78.65 lakhs, which was partially offset by the sale of a portion of tangible assets of ₹ 11.90 lakhs and interest received of ₹ 24.25 lakhs.

Our net cash used in investing activities amounted to ₹ 14.62 lakhs in FY 2012, attributable to the purchase of tangible assets of ₹ 48.45 lakhs, which was largely offset by interest received of ₹ 31.07 lakhs and partially by the sale of a portion of tangible assets.

Our net cash used in investing activities amounted to ₹ 30.66 lakhs in FY 2011, attributable to the purchase of tangible assets of ₹ 58.17 lakhs, which were mainly offset by the sale of a portion of tangible assets and interest received.

Our net cash generated from investing activities amounted to ₹ 721.44 lakhs in FY 2010, largely attributable to the recovery of loan of ₹ 750.00 lakhs given to Dr. Jayam Kannan on behalf of Arun Priya Services Private Limited which was wrongly classified under fixed assets in FY 2009. This was partially offset by purchase of tangible assets and non-current investments.

Our net cash used in investing activities amounted to ₹ 764.06 lakhs in FY 2009, largely attributable to the wrong classification of loan of ₹ 750.00 lakhs advanced to Dr. Jayam Kannan on behalf of Arun Priya Services Private Limited which was wrongly classified under fixed assets in FY 2009 and purchase of other tangible assets, which was partially offset by the sale of portion of tangible assets and interest received.

Net cash generated from / (utilised in) financing activities

In the six months ended on September 30, 2012, our net cash utilized in the financing activities was ₹ 150.31 lakhs which was primarily on account of payment of interest amounting to ₹ 106.32 lakhs and due to long term loans and advances made to related parties of ₹ 83.81 lakhs which was partially offset by increase in long term borrowings by ₹ 39.82 lakhs.

In FY 2012, our net cash utilized in the financing activities was ₹ 411.49 lakhs which was attributable to payment of interest to the tune of ₹ 173.39 lakhs, repayment of long term borrowings of ₹ 102.26 lakhs and on account of long term loans and advances made to related parties of ₹ 140.00 lakhs.

In FY 2011, our net cash utilized in the financing activities was ₹ 147.26 lakhs which was on account of payment of interest amounting to ₹ 203.16 lakhs and due to increase in long term loans and advances to related parties by ₹ 203.85 lakhs which was largely offset by proceeds from long term borrowings of ₹ 240.65 lakhs.

In FY 2010, our net cash utilized in the financing activities was ₹ 551.16 lakhs which was primarily attributable to payment of interest to the tune of ₹ 119.82 lakhs, repayment of long term borrowings of ₹ 126.93 lakhs and on account of increase in long term loans and advances to related parties by ₹ 366.14 lakhs.

In FY 2009, our net cash generated from financing activities was ₹ 570.51 lakhs which was mainly due to receipt of proceeds from fresh issue of shares amounting to ₹ 150 lakhs, including premium received of ₹ 120 lakhs which was largely offset by wrong classification of ₹ 750.00 lakhs from long term loans and advances to fixed assets.

Certain Balance Sheet items

The below is the table showing selected items of our Balance Sheet as on dates indicated:

(₹ in Lakhs)

Particulars	As at				
	September 30, 2012	FY 2012	FY 2011	FY 2010	FY 2009
Fixed/ Tangible Assets	435.92	414.00	441.68	459.83	1,226.72
Long Term Loans and Advances	816.78	732.97	597.13	412.38	107.97
Current Assets	5,022.90	3,943.33	3,333.56	2,157.58	2,684.85
Non – Current Liabilities	226.02	179.49	275.18	57.65	200.34
Current Liabilities	4,756.21	3,677.93	2,978.66	2,231.69	2,879.52
Networth	1,551.61	1,510.04	1,472.08	1,426.29	1,379.90

Fixed Assets

Our fixed assets mainly consist of plant & equipment, furniture and fixtures, vehicles and office equipment. Our tangible assets as on six months ended September 30, 2012 and March 31, 2012 was ₹ 435.92 lakhs and ₹ 414.00 lakhs, respectively.

Long Term Loans and Advances

Our long term loans and advances mainly consist of interest free unsecured long term loans given to entities forming part of related parties and security deposit kept for procuring and surrendering forex currency notes. Our long term loans and advances as on six months ended September 30, 2012 and March 31, 2012 was ₹ 816.78 lakhs and ₹ 732.97 lakhs, respectively.

Current Assets

Our current assets consist of inventories, trade receivables, cash and cash equivalents, short term loans and advances and other current assets. Our current assets as on six months ended September 30, 2012 and March 31, 2012 was ₹ 5,022.90 lakhs and ₹ 3,943.33 lakhs, respectively.

Non – Current Liabilities

Our non – current liabilities consist of long term borrowings and deferred tax liabilities. Our non – current liabilities as on six months ended September 30, 2012 and March 31, 2012 was ₹ 226.02 lakhs and ₹ 179.49 lakhs, respectively.

Current Liabilities

Our Current Liabilities consist of short term borrowings, trade payables and other current liabilities. Our Current liabilities as on six months ended September 30, 2012 and March 31, 2012 was ₹ 4,756.21 lakhs and ₹ 3,677.93 lakhs, respectively.

Networth

Our net worth as on September 30, 2012 was ₹ 1,551.61 lakhs represented by our equity capital of ₹ 530.00 lakhs and reserves and surplus of ₹ 1,021.61 lakhs.

Our net worth as on March 31, 2012 was ₹ 1,510.04 lakhs represented by our equity capital of ₹ 530.00 lakhs and reserves and surplus of ₹ 980.04 lakhs.

Indebtedness

As of September 30, 2012, we had total secured borrowings of ₹ 1,277.76 lakhs. For further details, please refer to section titled “Financial Indebtedness” and “Financial Information” beginning on pages 176 and 129 of the Draft Red Herring Prospectus.

Off balance sheet arrangements

We do not have any material off balance sheet arrangements

OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION

(i) Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transaction that would have any material impact on the operations or the performance of our Company.

(ii) Significant economic changes/ regulatory changes

There have been no significant economic or regulatory changes which would have any material impact on our operations, except except for Notification No. RBI/ 2011-12/ 488 A.P. (DIR Series) Circular No. 104 dated 04.04.2012 allowing Authorised Dealer Category II applying for Nostro accounts and issue of prepaid cards. For details of Regulations & Policies please refer to the section titled "Key Industry Regulations and Policies" beginning on page 92 of the Draft Red Herring Prospectus.

(iii) Known trends or uncertainties

Except as described in the section titled "Risk Factors" beginning on page 14 of the Draft Red Herring Prospectus and the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 157 of the Draft Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

(iv) Future Changes in relationship between cost and revenues

Other than as described in the section titled "Risk Factors" and "Management's Discussion & Analysis of Financial Conditions and Results of Operations" beginning on pages 14 and 157 of the Draft Red Herring Prospectus to our knowledge there are no known factors which will have or are expected to have a material adverse impact on our operation and finances.

(v) Reason for material decrease in net sales

We have witnessed decrease in sales from Fiscal 2009 to Fiscal 2012 due to adverse market conditions and rates volatility.

(vi) Total turnover of each major industry segment

Our operations mainly relate to only one segment i.e. purchase and sale of forex and travel related services.

(vii) New products or business segment

We do not intend to enter into any new business segment.

(viii) Seasonality of business

Our business is not seasonal.

(ix) Dependence on few clients

Our revenue from operations is not majorly concentrated towards one or few clients. However, our revenue from operations is concentrated mainly from our branches and franchisees situated in southern India. Sales from these branches and franchisees in FY 2010, FY 2011, FY 2012 and for the six months ended on September 30, 2012 comprised of 52.28%, 52.97%, 61.26% and 64.25%, respectively, of our total revenue from operations for respective years/ period.

(x) Competitive conditions

For details on competition, please refer to the section titled "Our Business" beginning on page 83 of the Draft Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

The details of the borrowing of our Company as on September 30, 2012 are as follows:

(₹ in Lakhs)

Name of the Lender(s) and nature and date of the loan agreement	Date of Sanction	Amount Sanctioned	Amount Outstanding as on September 30, 2012 (₹ in Lakhs)	Rate of Interest	Repayment Date/ Schedule
A. Term Loan					
1. Axis Bank Limited	April, 1, 2010	375.00	197.64	14.50%	48 equal monthly installments of ₹ 7,81,250 after two months holiday period from the date of sanction/disbursement viz., August 27, 2010
Total Exposure (A)		375.00	197.64		
B. Working Capital Loan (Fund Based)					
1. Axis Bank Limited	June 11, 2012	Cash Credit (Pledge)/Cash Credit(Hypothecation)-1100.00	1080.12	4.00% above Axis Bank base rate	On Demand
Total Exposure (B)		1100.00	1080.12		
Total Exposure (A + B)		1475.00	1277.76		

Notes:

There are certain restrictive covenants w.r.t. secured borrowings, few of which are as follows:

- change in ownership/control;
- formulation of any scheme of merger/ amalgamation / compromise/ reconstruction;
- material change in the management of business;
- avail or obtain any further loan or facility;
- any amendments in the Memorandum and Articles, etc.

The above secured loans (short term and long term) are secured against:

Primary Security

- Pledge of stock of foreign currencies deposited with our Bank
- Hypothecation of stock of currencies and receivables of the Company

Collateral Security

- Hypothecation of movable fixed assets of the Company except vehicle loans which are financed by other Bankers.
- Primary security for one facility will be collateral security for the other facility and vice versa
- Extension of EM charge over the immovable property (detailed infra)

Term Loan

Primary Security

- Hypothecation of movable fixed assets of the company (both present and future)

Collateral Security (common for the all the facilities sanctioned to the company)

Equitable mortgage of the following property

Sr. No.	Property Description
1	Land & Bldg. At No.4, 6 th cross road, united India colony, Kodambakkam, Chennai 600024 belonging to Garba Rakshambigai Fertility Centre Pvt. Ltd (Extent of land – 1.76 grounds and building – 2960sqft. (ground floor),8851sqft. (other floors) and 1488 sqft (AC shed roof area)
2	Equitable Mortgage of a marriage hall named “Garbha Rakshagi Mahal and Mini Hall” with kitchen Block and office, admeasuring a land area of 42258 sq ft and a built up area of 37677 sq ft , located at T.S.nos.12/1,12/2, 12/3 and 12/4 , ward No.k and Block No.4, D.No.3A, Reynolds road, Cantonment, Trichy – 1 Belonging to M/s Arun priya Services (P) Ltd.

- Primary Security for one facility will be collateral security for the other facility and vice versa
- Property (2) situated in Trichy, currently collateral for M Power Term loan of M/s VKC Finsoft Solutions Pvt. Ltd. is extended to facilities sanctioned to M/s VKC Credit & Forex Services Pvt. Ltd.

Guarantees (For all the Facilities)

Personal Guarantee of the following:-

- 1) Mr. R.Venkatasubramanian
- 2) Mr. N.Nageswaran
- 3) Corporate Guarantee of M/s.VKC Finsoft Solutions Pvt. Ltd.
- 4) Corporate Guarantee of M/s .Garba Rakshambigai fertility Centre Pvt. Ltd. (property owner)
- 5) Corporate Guarantee of M/s.Arun Priya Services Pvt Ltd. (property owner)

SECTION VI: LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against/by our Company, our Directors, our Promoters and Group Companies and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions by our Company, default in creation of full security as per terms of issue/other liabilities, no amounts owed to small scale undertakings or any other creditor exceeding ₹ 1 lakh, which is outstanding for more than 30 days, no 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 1 of Schedule XIII of the Companies Act, 1956) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchange against our Company, our Promoters, our Directors and Group Companies.

Litigations against our Company

Civil Cases

1. Our Company, Mr. Venkatasubramanian ('Our Director') and Mr. Nageswaran ('Our Director') (together referred to as the "**Appellants**") filed civil miscellaneous appeals bearing numbers 614-619 of 2010 dated January 18, 2010 before the High Court of Judicature at Madras ("**High Court**") against the final order dated September 25, 2009 of the Appellate Tribunal for Foreign Exchange, New Delhi in relation to appeal numbers 131-136/2006 respectively ("**Present Appeals**").

On September 7, 2001, the Enforcement Directorate Officers searched the office of our Company and seized a file. On scrutiny it was found that M/s Leather Crafts and Goods Exports acquired foreign exchange to the extent of USD 1,25,000 on behalf of Mr. Kumaresh Poddar, Biswanath Roy and Abdul Haque and further, it was also found that M/S Lamco Exports P Ltd and M/s Leather Crafts and Goods Exports P Ltd acquired foreign exchange to the extent of USD 1,50,000 in the names of Manas kumar Maitra, Nripen Biswas and Swapan Krishna Paul for the purpose of its export promotion and did not use it for such purpose and also did not surrender the same. It was also alleged that our Company did not verify the identity and antecedents of the persons to whom forex was issued nor had it verified whether these companies existed at the mentioned address. Subsequently, the Enforcement Directorate issued show cause notices bearing numbers T-4/29/CAL/SCN/FEMA/02/DD/ADJ/5545-5547 ("**SCN 1**") and T-4/28/CAL/SCN/FEMA/02/DD/ADJ/5538-5540 ("**SCN 2**") both dated August 30, 2002 (together referred to as "**SCNs**") to the Appellants to show cause as to why adjudication proceedings should not be initiated against alleged violations of the sections 10 (4) and 10 (5) read with 42 of the Foreign Exchange Management Act, 1999 ("**Act**"). Subsequently, the Enforcement Directorate vide order number 25/2005/FEMA/DD (SLH) dated December 15, 2005 ("**Order a**") confirmed the allegations as stated in the SCN 1 and imposed a penalty of ₹ 2,10,000 on our Company and ₹ 20,000 each on Mr. Venkatasubramanian and Mr. Nageswaran in respect of SCN 1 and vide order bearing number 24/2005/FEMA/DD(SLH)/6647 dated December 15, 2005 ("**Order b**") imposed a penalty of ₹ 2,50,000 on our Company and ₹ 30,000 each on Mr. Venkatasubramanian and Mr. Nageswaran in respect of SCN 2. Aggrieved by Order a and Order b, the Appellants filed appeals bearing numbers SD (A)/KOL/2005-06/71,72,73 and SD (A)/KOL/2005-06/68-70 respectively before the Special Director (Appeals) for setting aside Order a and Order b and also to dispense with the pre-deposit of penalty amount. The Special Director (Appeals) set aside the appeals and confirmed both Order a and Order b vide two separate orders both dated March 31, 2006 ("**Order 1**"). Aggrieved, the Appellants filed appeals bearing numbers 131-136/2006 ("**Appeal**") before the Appellate Tribunal for Foreign Exchange, New Delhi ("**Appellate Tribunal**") against Order a and Order b. The appellate Tribunal vide interim order dated January 12, 2007 directed the Appellant to make pre-deposit of 50% of the penalty amount. The Appellants had complied with the said interim order. Subsequently, the Appellate Tribunal vide order dated June 27, 2007 ("**Order 2**") dismissed the Appeal and remanded the matter to Enforcement Directorate for re-consideration of the matter. Aggrieved by Order 2, the Appellants filed civil miscellaneous appeal CMA No. 494 to 499 of 2008 dated December 22, 2008 before the High Court of Judicature at Madras. Subsequently, the High Court of Judicature at Madras vide order dated December 22, 2008 ("**Order 3**") set aside Order 2 and directed the Appellate Tribunal to dispose of appeals in 131 to 136 of 2006 on merits. Consequently, the Appellate Tribunal restored the appeals 131 to 136 of 2006 and vide common order dated September 25, 2009 ("**Order 4**") dismissed the same. Aggrieved the Appellants filed the Present Appeals. Subsequently, the

High Court vide order dated March 10, 2010 stayed the operation of Order 4 till the matter is finally disposed off by the High Court. The matter is currently pending before the High Court of Judicature at Madras.

2. Directorate of Enforcement, Kolkata conducted an enquiry on certain transactions done with Wesman Group of Companies in the year 2006. Subsequently, a show cause notice bearing number F.No.T-41/01/KOL/2010 dated April 30, 2010 was issued against our Company, Mr. Venkatasubramanian ('our Director') and Mr. Nageswaran ('Our Director') (together referred to as the "**Noticee**") alleging that our Company had undertaken sale and purchase of foreign exchange without verifying the authenticity of the documents submitted by Sandeep Basu (employee of Wesman Thermal Engineering Processes (P) Limited) and thereby violating sections 10 (4) & 10 (5) of Foreign Exchange management Act, 1999 ("**FEMA**") and 10 (4) and 10 (5) of FEMA read with section 42 of FEMA. The Notice called upon our Company to show cause as to why adjudicating proceedings contemplated under section 13 of FEMA should not be held against us and why penalty under section 13 (1) of FEMA should not be imposed on us. Our Company vide its reply dated August 27, 2010 stated that it had followed the directions or sale procedures as laid down by RBI and there is no violation of FEMA. Subsequently, our Company attended a hearing before the Special Director, Directorate of Enforcement on January 5, 2011. The matter is currently pending.
3. The Assistant Director, Directorate of Enforcement, Bhubaneswar ("**Complainant**") filed a complaint bearing number F.No.T-3/Misc./07/BBSR/2009/FEMA/AD(S) ("**Complaint**") against our Company under section 16(3) of the Foreign Exchange Management Act, 1999 before the Deputy Director of Enforcement, Adjudicating Authority, Directorate of Enforcement, Kolkata. The Complaint has been filed after the seizure of certain incriminating documents by the officers of the Directorate of Enforcement, Kolkata Zonal Office and Bhubaneswar Sub – Zonal Office from our Company's office at Bhubaneswar and Puri. The Complainant claims that the documents seized reveals that our Company had sold foreign exchange worth USD 26,000 without receiving any relevant documents with regard to the sale of foreign exchange and by not following K.Y.C norms as framed. It was therefore alleged that our Company contravened the provisions of section 10(4) & 10(5) read with section 42(1) & 42 (2) of the Foreign Exchange Management Act, 1999 and the Memorandum of Instructions to authorized Money changers vide A.P. (DIR Series), Circular No. 18 dated February 12, 2005 as amended vide Circular No. 39 dated June 26, 2006 issued by RBI under Section 10(4) and 11(1) of Foreign Exchange Management Act, 1999 and the Complainant also proposed that a show cause notice be issued to our Company for violating the above mentioned provisions.

Enforcement Directorate, Government of India, Calcutta Zonal Office, issued a summons notice bearing number T-3/7/BBSR/2009/FEMA/145 dated March 2, 2010 directing Mr. Nageswaran ("**Our Director**") in connection with proceedings under Foreign Exchange Management Act, 1999 to give evidence personally and to produce the books of accounts and other documents. Mr. Nageswaran replied to the said notice vide reply letter dated March 12, 2010 requesting that, his personal appearance be dispensed with.

Subsequently, our Company, Mr. Venkatasubramanian ('Our Director') and Mr. Nageswaran ('Our Director') (together referred to as "**Directors**") were issued show cause notices bearing number T-4/8/kol/2011/SCN/FEMA/DD/adj/3113,3114 and 3115 respectively dated April 21, 2011 by the Directorate of Enforcement calling our Company and our Directors to show cause as to why adjudication proceedings as contemplated under section 13 of the Foreign Exchange Management Act, 1999 ("**Act**") should not be instituted for contravention of the provisions of section 10 (4) and 10 (5) of the Act read with section 42 (1) and (2) of FEMA and Memorandum of Instructions to authorised Money Changers vide A.P (DIR Series) Circular 18 dated February 12, 2005 as amended vide circular number 39 dated June 26, 2006. Our Company and our Directors vide reply dated June 16, 2011 denied all allegations stated in the Notices and inter-alia prayed that proceedings be dropped and no adjudication proceedings be instituted as contemplated under section 13 of Act. The matter is currently pending.

4. Our Company and Mr. Venkatasubramanian ('Our Director') was issued a show cause notice bearing number 2875/06.05.0769/2010-11 dated December 10, 2010 ("**Show Cause Notice**") by the Reserve Bank of India calling us to show cause as to why the AD category – II license issued in favour of our Company should not be revoked under Section 10(3) of Foreign Exchange Management Act, 1999. RBI had conducted a snap scrutiny of the books and other records at our Chennai office on July 16, 2010 and noted that our Company had violated the directions issued under the provisions of the Foreign Exchange Management Act, 1999 and also had filed declarations on October 14, 2003, February 18, 2004, April 14, 2004 and August 12, 2004 stating that "the firm and its directors are not under investigation/adjudication of any of the law enforcing agencies such as ED/DRI etc. and that we also declare that there are no criminal

cases filed by law enforcing agencies pending against the firm and its directors". Further, our Company also filed two more declarations dated April 4, 2008 and March 30, 2009 while applying for the up-gradation of FPMC License to AD Category II stating that there were no pending cases filed by Enforcement Directorate or Department of Revenue Intelligence or any other law enforcing authorities against our Company and our Directors, which was also found to be incorrect. The Reserve Bank of India, while conducting a snap scrutiny dated September 24, 2010 to September 25, 2010 in connection with the complaint for fraudulent sale of foreign currency traveler's cheques by our Company in Ludhiana found that our employees had perpetrated a series of frauds. It was further alleged that the internal control system and concurrent audit of our Company failed to detect these frauds and that the employees of our Company were selling Forex at places other than the place of business as mentioned in the license. These irregularities have been accepted by our Company vide letter dated October 13, 2010. In light of the aforesaid since our Company has not complied with the conditions of the money changing license issued by the RBI or has made incorrect declarations, in terms of para 22 of Memorandum of Instructions to Authorised Money Changers vide A.P. (DIR Series) Circular No. 43 dated November 12, 2002 RBI has issued the aforesaid Show Cause Notice.

Our Company has vide letter dated December 31, 2010 replied to the above Show Cause Notice.

Further RBI vide letter dated January 19, 2012 bearing reference number CHE.FED.FMD/3087/06.05.769/2011-12 has cautioned our Company that in view of the multiple instances of employee fraud in our company to strengthen the internal control mechanism and risk management system to avoid recurrence of such instance in the future. No further communication has been received from RBI in this regard.

Income Tax Litigations

1. Our Company filed an appeal dated January 27, 2009 ("**Appeal**") before the Commissioner of Income Tax (Appeals) III, Chennai ("**Authority**") under section 143 (3) of the Income Tax Act against the order dated December 23, 2008 ("**Order**") passed by the Deputy Commissioner of Income Tax, Company Circle III (4) ("**Assessing Officer**") for the assessment year 2006-2007. Our Company claims that the Assessing Officer erred in disallowing the amount of ₹ 3,83,032 and prays that the addition made by the Assessing Officer to the tune of ₹ 4,06,426 may be deleted. The matter is currently pending. Subsequently, the Authority vide letter dated March 12, 2009 stated that our Company shall pay 50% of the tax demanded immediately and the balance shall be kept in abeyance till the disposal of the Appeal. Our Company has paid the said amount. The aggregate amount involved in this litigation is ₹ 1,02,415.
2. Our Company filed an appeal dated January 27, 2009 ("**Appeal**") before the Commissioner of Income Tax (Appeals) III, Chennai ("**Authority**") under section 115 WE (3) of the Income Tax Act against the order dated December 23, 2008 ("**Order**") passed by the Deputy Commissioner of Income Tax, Company Circle III (4) ("**Assessing Officer**") for the assessment year 2006-2007. Our Company claims that the Assessing Officer erred in calculating the FBT. The matter is currently pending. Subsequently, the Authority vide letter dated March 12, 2009 stated that our Company shall pay 50% of the tax demanded immediately and the balance shall be kept in abeyance till the disposal of the Appeal. Our Company has paid the said amount. The aggregate amount involved in this litigation is ₹ 1,50,972.
3. Our Company filed an appeal dated January 5, 2010 ("**Appeal**") before the Commissioner of Income Tax (Appeals) Chennai V ("**Authority**") under section 143 (3) of the Income Tax Act against the order dated December 21, 2009 ("**Order**") passed by the Deputy Commissioner of Income Tax, Company Circle III (4) ("**Assessing Officer**") for the assessment year 2007-2008. Our Company claims that the Assessing Officer erred in making certain disallowances and prays that the addition made by the Assessing Officer may be deleted. The matter is currently pending. The aggregate amount involved in this litigation is ₹ 24,37,093.
4. The Deputy Commissioner of Income Tax, Company Circle III (4), Chennai vide order dated November 30, 2010 determined the additional income tax payable by our Company under section 143 (3) of the Income Tax Act for the assessment year 2008-2009 as ₹ 1,13,290 and subsequently issued a demand notice ("**Notice**") on the same date demanding payment of ₹ 1,13,290. Subsequently, our Company sent a letter dated February 18, 2011 stating that the sum of ₹ 1,13,290 mentioned in the Notice be adjusted out of the refund of ₹ 5,95,150 due to the assessee and the balance be refunded at an early date.

5. The Assistant Commissioner of Income Tax, Company Circle III (4), Chennai vide order dated October 27, 2011 determined the additional income tax payable by our Company under section 143 (1) of the Income Tax Act for the assessment year 2009-2010 as ₹ 2,66,500 and subsequently issued a demand notice on the same date demanding payment of ₹ 2,66,500. Our Company has filed a rectification petition dated November 22, 2012 under section 154 of the Income Tax Act. The matter is currently pending.
6. The Assistant Commissioner of Income Tax, Company Circle III (4), Chennai vide order dated October 28, 2011 determined the additional Fringe Benefit Tax payable by our Company for the assessment year 2009-2010 as ₹ 11, 610 and subsequently issued a demand notice on the same date demanding payment of ₹ 11,610. Our Company has filed a rectification petition dated November 22, 2012 under section 154 of the Income Tax Act. The matter is currently pending.

Litigations by our Company

Criminal Cases

1. Our Company, through its manager lodged an FIR bearing number 29/2008 dated December 3, 2008 (“**FIR**”) with the Superintendent of police against Mr. Saravanan (“**Accused**”), who was in charge of our Karur Branch, alleging fraud, criminal breach of trust, misappropriation of funds and manipulation of accounts. Our Company alleges that during the internal audit of our Karur branch it was found that the Accused has made foul play by taking out foreign currencies to the tune of ₹ 27, 93,268 by entering details of the same in our currency registers and in our accounting software, by making an entry as ‘sales to various reputed companies’. Further, in addition to the said misappropriation, the accused had also manipulated the accounts of our company as if the transactions are genuine. Aggrieved, our Company has lodged the FIR. The matter is currently pending.
2. Our Company, through its manager lodged an FIR bearing number 147/2008 dated October 8, 2008 with the Superintendent of police against Mr. K.K Sathiskumar, who was the Branch Manager of our Coimbatore branch (“**Accused 1**”) and Mr. K V Sivaprakasam, proprietor of United Travel Limited (“**Accused 2**”) (together referred to as the “**Accused**”), alleging criminal fraud and embezzlement. Our Company alleges that Accused 1 in connivance with Accused 2 did not take any cheque from the concerned parties for the transaction of tendering foreign currency aggregating to ₹ 18,06,466 and made false entry in the computer statement of accounts in order to commit fraud and embezzlement on our Company. Aggrieved our Company lodged the FIR. The matter is currently pending.
3. Our Company, through its manager lodged a complaint dated August 14, 2009 with the station house officer, RK Puram against Mr. Pawan Kumar (“**Accused**”) who was posted at the Gurgaon branch of our Company as a Customer Service Executive, for the offence of criminal breach of trust, punishable under section 408 of the Indian Penal Code, 1860. Our Company claims that the Accused had fabricated a false story of loot in order to misappropriate the amount of ₹ 2,00,000 which was entrusted to him, in the capacity of servant of our Company. Aggrieved our Company filed the present complaint to register an FIR against the Accused under section 408 of the Indian Penal Code and to initiate investigation in the matter and recover the impugned amount. The matter is currently pending.
4. Our Company, through its manager lodged a complaint dated June 19, 2006 (“**Complaint**”) with the Deputy Commissioner of Police, Lalbazar, Kolkata (“**Authority**”) against Mr. Venkateshwar Rao Devakaruni (“**Accused**”) for cheating our Company to the tune of ₹ 19,39,950 by issuing false cheques which were dishonoured. Our Company claims that the Accused misappropriated the said amount and used the same for his own use by fraudulent or dishonest means. Aggrieved our Company lodged the Complaint requesting the Authority to investigate the matter, by treating the Complaint as an FIR. The matter is currently pending.
5. Our Company, through its manager lodged an FIR bearing number 337/2009 dated November 7, 2009 (“**FIR**”) with the IIC Capital Police station against Mrs. Pampa Banerjee (“**Accused**”), alleging criminal fraud, misappropriation, criminal breach of trust and criminal conspiracy. Our Company alleges that Accused had taken USD 21000 for the retail sale without following the rules and regulations of Reserve Bank of India and without maintaining the proper official procedure. Further, our Company alleges the Accused of committing criminal conspiracy in the misappropriation and fraud amounting to USD 21,000. Aggrieved our Company lodged the FIR. The matter is currently pending.

6. Our Company filed a complaint bearing number CC 2695/01 dated November 15, 2001 before the Additional Chief Judicial Magistrate, Ernakulam (“**Court**”) against Lavanya Tours & Travels (P) Limited, represented by its Managing Director (“**Accused 1**”), Nellikunnam Moosa (“**Accused 2**”), Nellikunnam Abdul Azeez (“**Accused 3**”) and Nellikunnam Ashraf (“**Accused 4**”) (together referred to as the “**Accused**”) under section 190 and 200 of the Criminal Procedure Code, 1973. The Accused had issued our Company a cheque for an amount of ₹ 1,39,500 as repayment of amount due to our Company. The cheque was dishonoured due to “insufficiency of funds”. Aggrieved our Company has filed the Complaint praying that the Court be pleased to take cognizance in the matter, issue warrant to the Accused, conduct the trial of the case and punish them as per law for the various offences committed by the Accused. Subsequently, the Court vide order dated November 18, 2010 held Accused 1 guilty of the offence under section 138 read with section 142 of the Negotiable Instruments Act, 1881 and was also convicted and sentenced to pay a fine of ₹ 1,39,500 to our Company as compensation. The Court further acquitted accused 3 and 4 under section 255(1) of the Criminal Procedure Code and the case against Accused 2 was abated. The matter is pending for execution.
7. Our Company filed a complaint bearing number CC No. 2584/07 dated November 23, 2007 before the Chief Judicial Magistrate Court at Ernakulam (“**Court**”) against Mr. P. Rajendran (“**Accused**”) under section 190 and 200 of the Code of Criminal Procedure Code for dishonor of cheque for an amount aggregating to ₹ 1,99,950. Aggrieved, the present complaint was filed praying that the Court be pleased to take cognizance in the matter, issue notice/warrant to accused, punish the Accused for various offences etc and the Accused be directed to pay compensation and penalty in respect of the dishonoured cheque to the Complainant. The matter is currently pending.
8. Our Company filed a complaint bearing number CC No. 3323/SS/05 dated March 28, 2005 before the Additional Chief 33rd Metropolitan Magistrate, Mumbai (“**Court**”) against Hemant Mahadev Takke (referred to as the “**Accused**”) under section 138 of the Negotiable Instruments Act (“**Act**”) for dishonor of three cheques for an amount aggregating to ₹ 17,67,880. The Court vide order dated March 28, 2005 ordered the issuance of process against Accused under section 138 of the Act. The matter is currently pending.
9. Our Company filed a complaint bearing number CC No.5265/2010 dated October 1, 2009 before the IX Metropolitan Magistrate Court, Chennai against M/s Touch Earth Projects limited & Ors (together referred to as the “**Accused**”) under section 138 and 141 of the Negotiable Instruments Act for dishonor of cheque for an amount aggregating to ₹ 3,49,625. The matter is currently pending.
10. Our Company had filed a complaint bearing number CC No.443 of 2002 dated December 7, 2001 (“**Complaint**”) before the XVIII Metropolitan Magistrate Court, Saidapet, Chennai (“**Court**”) against M/s Arrow Travels & Ors (together referred to as the “**Accused**”) under section 190(1)(a) read with sections 200 and 357 of Cr. P.C. for the offence punishable under section 138 of Negotiable Instruments Act, 1881, as amended by the Act 66 of 1998 for dishonor of cheque for an amount aggregating to ₹ 31,00,000. Our Company had filed the Complaint praying inter-alia that the Court be pleased to take this complaint on file, issue summons to the Accused, award compensation to the Company and render justice. The matter is currently pending.
11. Our Company, through its manager had lodged an FIR number 156 (1) dated November 1, 2009 (“**FIR**”) to the Inspector in Charge, Lingarag Police Station, Bhubaneswar against Kiran Chaudhary and Himnashu Chaudhary (together referred to as the “**Accused**”) for commission of fraud and misrepresentation for an amount of 21,000 USD. Our Company claims that the Accused had hatched the conspiracy to play fraud on us by misappropriating the money with intention to siphon the same. Aggrieved the FIR was lodged. The matter is pending.
12. Our Company filed three complaints bearing numbers 3382,3383 and 3385 of 2009 dated September 1, 2008 (“**Complaints**”) before the Court of ACMM, Patiala House Courts, New Delhi (“**Court**”) against Vivek Grover (“**Accused**”) under section 138 of the Negotiable Instruments Act, 1881 for recovery of ₹ 25,79,751. The Accused had issued three cheques for purchasing travellers cheque from our Company i.e. cheque dated May 27, 2008 for ₹ 10,77,750, cheque dated May 26, 2008 for ₹ 10,72,572 and cheque dated May 26, 2008 for ₹ 4,29,429. All the three cheques were dishonoured. Aggrieved our Company filed the Complaints praying that the Court be pleased to summon, try and punish the Accused in accordance with law. The matter is currently pending.

13. Our Company filed two complaints bearing numbers PVT SCC. No. 8061 and PVT SCC. No. 8063 of 2004 both dated July 21, 2004 (together referred to as “**Complaints**”) before the Court of Judicial Magistrate First Class (A. C.) Court, Pune (“**Court**”) against Rajiv R Invally & ors (“**Accused**”) under section 138 of the Negotiable Instruments Act, 1881. The Accused had issued our Company two cheques for an amount of ₹ 2,00,000 each as repayment of amount due to our Company. The cheques were dishonoured with remarks “Refer to Drawer”. Aggrieved our Company filed the Complaints praying that the Accused be directed to appear before the Court, punished with imprisonment and fine and the Accused be ordered to pay compensation out of the fine amount. The matter is currently pending.
14. Our Company filed a complaint case number 2517/1 of 2008 dated July 17, 2008 (“**Complaint**”) before the Court of ACMM, New Delhi (“**Court**”) against Mahesh Vinayak Godse (“**Accused**”) under section 138 of the Negotiable Instruments Act 1881, for the recovery of a sum of ₹ 99,375. The Accused had issued our company a cheque for an amount of ₹ 99,375 as repayment of amount due to our Company. The cheque was dishonoured due to “*insufficiency of funds*”. Aggrieved, our Company filed the Complaint praying that the Court be pleased to summon, try and punish the Accused in accordance with law. The matter is currently pending.
15. Our Company filed a complaint case number 2516/1 of 2008 dated July 17, 2008 (“**Complaint**”) before the Court of ACMM, Patiala House Courts, New Delhi (“**Court**”) against Mahesh Vinayak Godse (“**Accused**”) under section 138 of the Negotiable Instruments Act 1881, for the recovery of a sum of ₹ 1,21,110. The Accused had issued our company two cheques one for an amount of ₹ 60,000 and the second for a sum of ₹ 61,110, as repayment of amount due to our Company. Both the cheques were dishonoured due to “*insufficiency of funds*”. Aggrieved, our Company has filed the Complaint praying that the Court be pleased to summon, try and punish the Accused in accordance with law. The matter is currently pending.

Civil Cases

1. Our Company filed a complaint bearing number 63/2007 dated January 29, 2007 (“**Complaint**”) before the District Consumer Dispute Redressal Forum (south) at Chennai (“**District Forum**”), under section 12 of the Consumer Protection Act, 1986 against New India Insurance Company Limited (“**Defendant**”). Our Company had taken a Standard Money in Transit Policy from the Defendant bearing number 710800/48/03/00724 on June 23, 2003 which is valid till June 22, 2004. On May 7, 2004 the area manager of our Company was carrying travellers cheques valued at USD 20,000 from our Companies New Delhi office to our Gurgaon branch and the same were lost in transit. Aggrieved, our Company had lodged an FIR with the Defence Colony Police Station, New Delhi and later submitted its claim form to the Defendant on May 28, 2004. The Defendant on March 31, 2006 repudiated our claim. On September 7, 2006, our Company issued a legal notice on the Defendant to settle our claim for a sum of ₹ 8,65,000 along with interest within 15 days from the date of receipt of the notice. The Defendant filed their reply to the said notice on September 18, 2006 denying our allegations. Aggrieved, our Company filed the Complaint, praying that the District Forum be pleased to direct the Defendant to pay loss of Travellers Cheques amounting to ₹ 8,65,000 with 18% interest from May 7, 2004 till date of realization or pass such further or other orders as the District Forum may deem fit and proper. The District Forum vide order dated April 27, 2010 (“**Order**”) dismissed the Complaint. Aggrieved, our Company filed an appeal bearing F.A. No. ST 4 of 2010 dated August 30, 2010 before the State Consumer Disputes Redressal Commission (“**State Commission**”) praying that the State Commission be please to set aside the Order and allow the claim of our Company.
2. Our Company has filed an execution petition bearing number 18 of 2011 dated May 23, 2011 before the District Judge Tis Hazari Courts, Delhi against Mr. Rajiv Kumar Chugh (“**Judgment Debtor**”) for the execution of the decree dated February 27, 2008 passed in suit number 428/2007 (“**Suit**”) and for attachment and sale of immovable and movable properties of the Judgment Debtor and further for issuance of warrant of arrest for the imprisonment of Judgment debtor in the civil prison till realization of the amount. The aggregate amount involved in the litigation is ₹ 7,67,813. The matter is currently pending.
3. Our Company has filed a civil suit bearing number CS (OS) of 2011 dated April 28, 2011 (“**Suit**”) before the High Court of Delhi at New Delhi against ViveK Grover (“**Defendant**”) under order XXXVII of Civil Procedure Code for recovery of ₹ 25,79,751 with pendente lite and future interest @ 18% per annum. The Defendant had issued three cheques for purchasing foreign currency from our Company i.e. cheque dated May 26, 2008 for ₹ 4,29,429, cheque dated May 26, 2008 for ₹ 10,72,572 and cheque dated May 27, 2008

for ₹ 10,77,750. All the three cheques were dishonoured. Aggrieved our Company has filed the Suit. The matter is pending.

4. Our Company filed a civil suit C.S No. 162 of 2006 dated March 1, 2006 (“**Suit**”) before the High Court of Judicature at Madras against M/S Indo international Limited (“**Defendant**”). Our Company claims that the defendant had purchased foreign exchange amounting to US \$ 25,000 for a sum of ₹ 11,98,925 and subsequent to the purchase neglected and failed to pay the said amount. Subsequently, in order to secure the amount due to our Company the Defendant had executed a demand promissory note agreeing to repay a sum of ₹ 12,00,000 with interest at the rate of 10% per annum. Our Company claims that as on February 28, 2006 a sum of ₹ 12,18,000 was due to our Company with interest at the rate of 18% per annum. Subsequently, our Company filed the Suit praying that the Court be pleased to issue a judgement and decree against the Defendant for a sum of ₹ 12,18,000 together with interest at the rate of 18% per annum on ₹12,00,000 from the date of Suit till the date of realization and to grant any other order as the Court may think fit. Subsequently the Suit was transferred to the Additional District and Sessions Judge [Fast Track Court] (“**Court**”) and renumbered as OS.No.10578/2010. The Court later vide order dated May 6, 2011 (“**Order**”) held that our Company is only entitled to get the principal amount of ₹3,01,075 with 18% interest from the date of filing of the Suit till the date of Judgement deducting ₹ 2 lakhs paid at the time of filing of the Suit. The Court also held that our Company is entitled to get 7.5% interest from the date of Judgement till the date of realization with cost. Aggrieved, our Company filed an appeal dated November 5, 2012 before the High Court of Madras praying that part of the Order disallowing the claim of our Company to an extent of ₹ 8,98,925 be set aside and allow the Suit prayed for with costs. The matter is currently pending.
5. Our Company filed a civil suit bearing number 780/2011 dated May 28, 2011 (“**Suit**”) before the Court of District Judge, Jaipur (“**Court**”) against M/s Vinaykam Jeno Tradelink Pvt Ltd and its director Shri Manish Sharma (together referred to as the “**Defendants**”) for the recovery of cheque amount of ₹ 8,11,412. The Defendants purchased foreign currency from our Company and in consideration of its price gave a cheque of ₹ 8,11,412 which was dishonoured. Aggrieved our Company filed the Suit praying inter-alia that the Defendants be directed to pay to our Company the cheque amount of ₹ 8,11,412 along with interest at the rate of 18% per annum on cheque amount from the date of filing till the date of realization.
6. Our Company filed a writ petition bearing number 34128 of 2007 dated October 29, 2007 (“**Petition**”) before the High Court of Judicature at Madras (“**High Court**”) against Union of India (“**Respondent 1**”), Central Board of Excise and Customs (“**Respondent 2**”), Director General of Service Tax (“**Respondent 3**”), Airports Authority of India (“**Respondent 4**”), Director Airport Authority of India (“**Respondent 5**”) and Deputy General Manager-commercial (“**Respondent 6**”) (together referred to as the “**Respondents**”). Our Company received a notice from the Deputy General Manager (F&A), AAI, Chennai on January 19, 2007 demanding payment of ₹ 20,50,154, on the ground that renting of premises by the Airport Authority of India was a taxable service. Aggrieved, our Company filed the present Petition praying that the High Court be pleased to issue an interim injunction restraining the Respondents from collecting service tax from our Company on the rent/licensee fee to Respondent 5, pending disposal of the Petition and for the issuance of a writ to declare the levy or imposition of service tax from our Company as unconstitutional and for forbearing the Respondents from imposing, levying, demanding etc service tax from our Company on the rent/license fee paid by our Company to Respondent 5. The High Court vide order dated October 31, 2007 granted interim injunction for a period of four weeks. Subsequently, the Court vide order dated February 21, 2008 extended the stay. The matter is currently pending.
7. Our Company filed a civil suit bearing number 171 of 2006 dated March 1, 2006 (“**Suit**”) before the High Court of Judicature at Madras against M/s Rave Global Limited and Mr. Rajesh Lodha (together referred to as the “**Defendants**”). Our Company claims that the Defendants had purchased foreign currency amounting to ₹ 23,97,850 from our Company and subsequently failed and neglected to pay the amount due. Later the Defendants expressed their inability to pay the amount immediately and in order to secure the repayment the 1st defendant in the capacity of personal borrower and the 2nd defendant in the capacity of co obligant executed two demand promissory notes dated February 13, 2002 agreeing to repay a sum of ₹ 24,00,000 with interest at the rate of 18% every month. The Defendant later defaulted in payment of principal amount and interest. Our Company further claims that as on February 28, 2006 an amount of ₹ 24,36,000 was due to our Company. Aggrieved, our Company filed the Suit praying that a judgment and decree against the Defendants for a sum of ₹ 24,36,000 together with interest at the rate of 18% per annum on ₹ 24,00,000 till the date of realization of Suit. The matter is currently pending.

Compounding Application

1. Our Company has filed compounding applications with the Registrar of Companies, Chennai under section 621 A of the Companies Act, 1956 (“**Act**”) for non compliance under section 217 of the Act for FY 2004, and 2006 and under section 212 of the Act for FY 2004, FY 2006 and 2007 in relation to our then existing subsidiaries. Our Company has filed the applications praying that the authority be pleased to compound the offence committed by the Company under section 217 and 212 of the Act.

Litigations against our Directors

1. Our Company, Mr. Venkatasubramanian (‘Our Director’) and Mr. Nageswaran (‘Our Director’) (together referred to as the “**Appellants**”) filed civil miscellaneous appeals bearing numbers 614-619 of 2010 dated January 18, 2010 before the High Court of Judicature at Madras (“**High Court**”) against the final order dated September 25, 2009 of the Appellate Tribunal for Foreign Exchange, New Delhi in relation to appeal numbers 131-136/2006 respectively (“**Present Appeals**”).

On September 7, 2001, the Enforcement Directorate Officers searched the office of our Company and seized a file. On scrutiny it was found that M/s Leather Crafts and Goods Exports acquired foreign exchange to the extent of USD 1,25,000 on behalf of Mr. Kumaresh Poddar, Biswanath Roy and Abdul Haque and further, it was also found that M/S Lamco Exports P Ltd and M/s Leather Crafts and Goods Exports P Ltd acquired foreign exchange to the extent of USD 1,50,000 in the names of Manas kumar Maitra, Nripen Biswas and Swapan Krishna Paul for the purpose of its export promotion and did not use it for such purpose and also did not surrender the same. It was also found that our Company did not verify the identity and antecedents of the persons to whom forex was issued nor had it verified whether these companies existed at the mentioned address. Subsequently, the Enforcement Directorate issued show cause notices bearing numbers T-4/29/CAL/SCN/FEMA/02/DD/ADJ/5545-5547 (“**SCN 1**”) and T-4/28/CAL/SCN/FEMA/02/DD/ADJ/5538-5540 (“**SCN 2**”) both dated August 30, 2002 (together referred to as “**SCNs**”) to the Appellants to show cause as to why adjudication proceedings should not be initiated against alleged violations of the sections 10 (4) and 10 (5) read with 42 of the Foreign Exchange Management Act, 1999 (“**Act**”). Subsequently, the Enforcement Directorate vide order number 25/2005/FEMA/DD (SLH) dated December 15, 2005 (“**Order a**”) confirmed the allegations as stated in the SCN 1 and imposed a penalty of ₹ 2,10,000 on our Company and ₹ 20,000 each on Mr. Venkatasubramanian and Mr. Nageswaran in respect of SCN 1 and vide order bearing number 24/2005/FEMA/DD(SLH)/6647 dated December 15, 2005 (“**Order b**”) imposed a penalty of ₹ 2,50,000 on our Company and ₹ 30,000 each on Mr. Venkatasubramanian and Mr. Nageswaran in respect of SCN 2. Aggrieved by Order a and Order b, the Appellants filed appeals bearing numbers SD (A)/KOL/2005-06/71,72,73 and SD (A)/KOL/2005-06/68-70 respectively before the Special Director (Appeals) for setting aside Order a and Order b and also to dispense with the pre-deposit of penalty amount. The Special Director (Appeals) set aside the appeals and confirmed both Order a and Order b vide two separate orders both dated March 31, 2006 (“**Order 1**”). Aggrieved, the Appellants filed appeals bearing numbers 131-136/2006 (“**Appeal**”) before the Appellate Tribunal for Foreign Exchange, New Delhi (“**Appellate Tribunal**”) against Order a and Order b. The appellate Tribunal vide interim order dated January 12, 2007 directed the Appellant to make pre-deposit of 50% of the penalty amount. The Appellants had complied with the said interim order. Subsequently, the Appellate Tribunal vide order dated June 27, 2007 (“**Order 2**”) dismissed the Appeal and remanded the matter to Enforcement Directorate for re-consideration of the matter. Aggrieved by Order 2, the Appellants filed civil miscellaneous appeal CMA No. 494 to 499 of 2008 dated December 22, 2008 before the High Court of Judicature at Madras. Subsequently, the High Court of Judicature at Madras vide order dated December 22, 2008 (“**Order 3**”) set aside Order 2 and directed the Appellate Tribunal to dispose of appeals in 131 to 136 of 2006 on merits. Consequently, the Appellate Tribunal restored the appeals 131 to 136 of 2006 and vide common order dated September 25, 2009 (“**Order 4**”) dismissed the same. Aggrieved the Appellants filed the Present Appeals. Subsequently, the High Court vide order dated March 10, 2010 stayed the operation of Order 4 till the matter is finally disposed off by the High Court. The matter is currently pending before the High Court of Judicature at Madras.

2. Directorate of Enforcement, Kolkata conducted an enquiry on certain transactions done with Wesman Group of Companies in the year 2006. Subsequently, a show cause notice bearing number F.No.T-41/01/KOL/2010 dated April 30, 2010 was issued against our Company, Mr. Venkatasubramanian (‘our Director’) and Mr. Nageswaran (‘Our Director’) (together referred to as the “**Noticee**”) alleging that our Company had undertaken sale and purchase of foreign exchange without verifying the authenticity of the

documents submitted by Sandeep Basu and thereby violating sections 10 (4) & 10 (5) of Foreign Exchange management Act, 1999 (“**FEMA**”) and 10 (4) and 10 (5) of FEMA read with section 42 of FEMA. The Notice called upon our Company to show cause as to why adjudicating proceedings contemplated under section 13 of FEMA should not be held against us and why penalty under section 13 (1) of FEMA should not be imposed on us. Our Company vide its reply dated August 27, 2010 stated that it had followed the directions or sale procedures as laid down by RBI and there is no violation of FEMA. Subsequently, our Company attended a hearing before the Special Director, Directorate of Enforcement on January 5, 2011. The matter is currently pending.

3. The Assistant Director, Directorate of Enforcement, Bhubaneswar (“**Complainant**”) filed a complaint bearing number F.No.T-3/Misc./07/BBSR/2009/FEMA/AD(S) (“**Complaint**”) against our Company under section 16(3) of the Foreign Exchange Management Act, 1999 before the Deputy Director of Enforcement, Adjudicating Authority, Directorate of Enforcement, Kolkata. The Complaint has been filed after the seizure of certain incriminating documents by the officers of the Directorate of Enforcement, Kolkata Zonal Office and Bhubaneswar Sub – Zonal Office from our Company’s office at Bhubaneswar and Puri. The Complainant claims that the documents seized reveals that our Company had sold foreign exchange worth USD 26,000 without receiving any relevant documents with regard to the sale of foreign exchange and by not following K.Y.C norms as framed. It was therefore alleged that our Company contravened the provisions of section 10(4) & 10(5) read with section 42(1) & 42 (2) of the Foreign Exchange Management Act, 1999 and the Memorandum of Instructions to authorized Money changers vide A.P. (DIR Series), Circular No. 18 dated February 12, 2005 as amended vide Circular No. 39 dated June 26, 2006 issued by RBI under Section 10(4) and 11(1) of Foreign Exchange Management Act, 1999 and the Complainant also proposed that a show cause notice be issued to our Company for violating the above mentioned provisions.

Enforcement Directorate, Government of India, Calcutta Zonal Office, issued a summons notice bearing number T-3/7/BBSR/2009/FEMA/145 dated March 2, 2010 directing Mr. Nageswaran (“**Our Director**”) in connection with proceedings under Foreign Exchange Management Act, 1999 to give evidence personally and to produce the books of accounts and other documents. Mr. Nageswaran replied to the said notice vide reply letter dated March 12, 2010 requesting that, his personal appearance be dispensed with.

Subsequently, our Company, Mr. Venkatasubramanian (‘Our Director’) and Mr. Nageswaran (‘Our Director’) (together referred to as “Directors”) were issued show cause notices bearing number T-4/8/kol/2011/SCN/FEMA/DD/adj/3113,3114 and 3115 respectively dated April 21, 2011 by the Directorate of Enforcement calling our Company and our Directors to show cause as to why adjudication proceedings as contemplated under section 13 of the Foreign Exchange Management Act, 1999 (“**Act**”) should not be instituted for contravention of the provisions of section 10 (4) and 10 (5) of the Act read with section 42 (1) and (2) of FEMA and Memorandum of Instructions to authorised Money Changers vide A.P (DIR Series) Circular 18 dated February 12, 2005 as amended vide circular number 39 dated June 26, 2006. Our Company and our Directors vide reply dated June 16, 2011 denied all allegations stated in the Notices and inter-alia prayed that proceedings be dropped and no adjudication proceedings be instituted as contemplated under section 13 of Act. The matter is currently pending.

4. Our Company and Mr. Venkatasubramanian (‘Our Director’) was issued a show cause notice bearing number 2875/06.05.0769/2010-11 dated December 10, 2010 (“**Show Cause Notice**”) by the Reserve Bank of India calling us to show cause as to why the AD category – II license issued in favour of our Company should not be revoked under Section 10(3) of Foreign Exchange Management Act, 1999. RBI had conducted a snap scrutiny of the books and other records at our Chennai office on July 16, 2010 and noted that our Company had violated the directions issued under the provisions of the Foreign Exchange Management Act, 1999 and also had filed declarations on October 14, 2003, February 18, 2004, April 14, 2004 and August 12, 2004 stating that “the firm and its directors are not under investigation/adjudication of any of the law enforcing agencies such as ED/DRI etc. and that we also declare that there are no criminal cases filed by law enforcing agencies pending against the firm and its directors”. Further, our Company also filed two more declarations dated April 4, 2008 and March 30, 2009 while applying for the up-gradation of FPMC License to AD Category II stating that there were no pending cases filed by Enforcement Directorate or Department of Revenue Intelligence or any other law enforcing authorities against our Company and our Directors, which was also found to be incorrect. The Reserve Bank of India, while conducting a snap scrutiny dated September 24, 2010 to September 25, 2010 in connection with the complaint for fraudulent sale of foreign currency traveler’s cheques by our Company in Ludhiana found that our employees had perpetrated a series of frauds. It was further alleged that the internal control system and concurrent audit of our Company failed to detect these frauds and that the employees of our Company

were selling Forex at places other than the place of business as mentioned in the license. These irregularities have been accepted by our Company vide letter dated October 13, 2010. In light of the aforesaid since our Company has not complied with the conditions of the money changing license issued by the RBI or has made incorrect declarations, in terms of para 22 of Memorandum of Instructions to Authorised Money Changers vide A.P. (DIR Series) Circular No. 43 dated November 12, 2002 RBI has issued the aforesaid Show Cause Notice.

Our Company has vide letter dated December 31, 2010 replied to the above Show Cause Notice.

Further RBI vide letter dated January 19, 2012 bearing reference number CHE.FED.FMD/3087/06.05.769/2011-12 has cautioned our Company that in view of the multiple instances of employee fraud in our company to strengthen the internal control mechanism and risk management system to avoid recurrence of such instance in the future. No further communication has been received from RBI in this regard.

Past Penalties

Except as disclosed above in "*litigation against our Company*" there are no past penalties imposed on our Company by any statutory authorities.

Pending dues of Small Scale Undertakings and other Creditors:

The detail of small scale undertakings and other creditors to whom our Company owes ₹ 1 Lakh or more for more than 30 days as on September 30, 2012 is as follows:

1. Mphasis Limited- ₹ 12,99,798
2. Mphasis M Source- ₹ 2,29,619

Material Developments since September 30, 2012

1. The name of our Company was changed to VKC Credit and Forex Services Limited on conversion to Public Limited Company, consequent to which a fresh certificate of incorporation dated October 11, 2012 was issued by the Registrar of Companies, Chennai, Tamil Nadu.
2. Appointment of three independent directors.
3. Board resolution passed at its meeting held on October 24, 2012 authorizing the Issue.
4. Shareholders resolution passed at their meeting dated November 7, 2012 under Section 81(1A) of the Companies Act, authorising the Issue.
5. Opening and closing of our branches and franchisees
 - a. Opening of new branch situated at No. 37 Hissa No. 4, Ghorpadi, Taluka Haveli, Pune- 411 001.
 - b. Closing of existing branch situated at Sl. No. 40, Departures Kerbside area, (Between Grid No. 92-93), Terminal 2 B, Chatrapati Shivaji International Airport, Mumbai 400 099.
 - c. Closing of our franchise with Seven India Hospitality Pvt Ltd situated at 39/5, Outer Ring Road, Doddanekkundi, Bangalore-560 037.

LICENSES AND APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business or to undertake the Issue. Unless otherwise stated, these approvals are all valid as of the date of the DRHP.

I. Approvals for the Issue

Corporate Approvals

1. Our Board has, pursuant to a resolution passed at its meeting held on October 24, 2012 authorized the Issue.
2. Our shareholders have pursuant to a resolution passed at their meeting dated November 7, 2012 under Section 81(1A) of the Companies Act, authorised the Issue.

Approvals from Stock Exchange

1. The Company has obtained approval from SME platform of the National Stock Exchange of India Limited vide letter dated [•] to use the name of the Stock Exchange in the DRHP for listing of Equity Shares on the Stock Exchange.

Approvals from Lenders

1. All approvals required from the lenders in relation to the Issue have been obtained.

Approvals from Selling Shareholders

1. The Offer for Sale has been authorized by the Selling Shareholders pursuant to (i) a resolution dated October 24, 2012 of the board of directors of VKC Finsoft Solutions Private Limited and (ii) consent and authorisation letter dated December 7, 2012 and December 7, 2012 issued by Dr. Jayam Kannan.

II. Incorporation Details

1. Corporate Identity Number: U67190TN1995PLC031910
2. Certificate of Incorporation dated June 19, 1995 issued by the Registrar of Companies, Chennai, Tamil Nadu.
3. Fresh Certificate of Incorporation dated October 11, 2012, issued by the Registrar of Companies, Chennai, Tamil Nadu, consequent upon change of name of our Company upon conversion to public limited company.

III. Tax Related Registrations




1. Permanent Account Number: AAACV3640E
2. Tax Deduction Account Number: CHEV02139E
3. Service Tax Registration: AAACV3640EST001
4. Professional Tax Registration: 09-136-PE-0045

IV. Approvals/ licenses in relation to the business of our Company

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

1. Authorised Dealer-Category II license no. 1/2012 dated January 19, 2012 from Foreign Exchange Department, Reserve Bank of India. The license is valid till January 31, 2013.
2. Our Company is registered under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 vide letter number D1/TN/48823/Enf/Regl/2000 dated March 15, 2000, code no. TN/48823 issued by the Regional Provident Fund Commissioner, Tamil Nadu.
3. Our company is registered under the Employees State Insurance Act, 1948 vide code number 51-90255-101 OTH dated July 9, 2009 issued by the Regional Director, Tamil Nadu.
4. Approval from RBI bearing number EC.CO.FMD.NO.824/18.08.03/2001-02 dated April 2, 2002 for appointing franchisees for undertaking Restricted Money Changing Activities.
5. Approval from RBI bearing number FE.CO.FMD.4467/18.07.03(Misc)2012-13 dated August 30, 2012 for importing foreign currency notes of value of USD 1 million upto May 31, 2013.

V. Intellectual Property

Sr. No	Particulars	Trade Mark/ Logo
1.	“VKC”	
2.	“VKC Forex”	
3.	“VKC Credit and Forex Services Limited”	

We have applied with the Registry for Trade Marks for registration of the above mentioned trade mark/logo. The status of the application for the marks “VKC” and “VKC Forex” is shown as objected and for the mark “VKC Credit and Forex Services Limited” the status is shown as "sent back to EDP". As of the date of the DRHP, the applications for trade mark registration are pending.

VI. Approvals/ licenses in relation to Branches of our Company

Shops and Establishment License

Sl No.	Certificate Number	Premises	Validity
Andhra Pradesh			
1	ACL-III/HYD/1132/2006	Shop No. 23, 1st Floor, Amrutha Mall, Somajiguda, Hyderabad	December 31, 2012
2	ALO/BNG/1299/2008	1-90/2G, 1st Floor, Main Road, Madhapur, Hyderabad- 500081	December 31, 2012
3	7553/ALO-1/TPT	Shop No.4, first floor, door no 392 A, Krishna Complex, Tilak Road,	One time registration

Sl No.	Certificate Number	Premises	Validity
		Tirupathi	
Kerala			
4	C 116/1847	SHOP No. F3, 1st Floor, EMGEE Square, Ernakulum, Cochin-682 035	December 31, 2012
5	KLR-488	Technopark Campus, Technopark, Thiruvananthapuram	December 31, 2012
6	THPR- 1806/09	Saga Tower, TC 25/235-8,1st Floor, Pulimoodu Junction, M.G. Road, Trivandrum-695 001	December 31, 2012
Karnataka			
7	HKNIM-8/76/V.No-6292	No.1, "The Presidency", Unit No.G-1/6, St.Marks Road, Bangalore – 560 001.	December 31, 2015
8	S 2 I -15/W-54/CE-69/2011	Plot Nos.13,14,&15, Survey No.143&151 Industrial Area, Hoodi Village, K.R.Puram, Hobli, Bangalore – 560 066	December 31, 2016
9	BST/V.No/1906/2008	Unit 1, Ground Floor, No:8, Electronic city, Bangalore – 561 229	December 31, 2015
10	13/AM/1318	Ganesh Mahal Complex, No 13-13-131513/26, First floor, K.S.Rao Road, Hampanakatta, Mangalore - 575 001	December 31, 2014
11	HKNIM-3/31/V.No-0072/2004	Door No:2045/2044, New No.15 & 16, ANE Saarot St., Raj Kamal Theatre Cross Road, Devaraja mohalla, Mysore – 570 001	December 31, 2013
West Bengal			
12	Kol/Bhow/P-II/36425	A8, Fifth Floor, No.234/3A, A.J.C.Bose Road, Kolkatta – 700 020	July 17, 2015
Orissa			
13	II-2861	Shop No.2, Arihant Plaza, Plot No.B-15, Sahid Nagar, Bhubaneshwar – 751 007	December 31, 2012
Punjab			
14	ASR/IV-07/2/611	Door No : 104, Building No : 1326 / X-III – 17, First Floor, Lawrence Road, Amritsar – 143 001	March 31, 2013
15	LDH/5/6366	147, Feroze Gandhi Market, 5 th Floor, Ludhiana – 141 001	March 31, 2013
16	CH/26/2011-2012/313	Showroom No:7, Sector – 26, Madhya Marg, Chandigarh – 160 026	March 31, 2013
Uttar Pradesh			
17	35/11529	Shop No.GF-6, Ansal Fortune Arcade Sector-18, Gautam Budh Nagar, Noida – 201 301	March 31, 2016
18	1-22/1020-1250	Office No : 516, City Centre, Mall Road, Kanpur – 208 004	2016-2017
19	1/2705	No: D-47/199, Ground Floor, Ramapura, Varanasi – 221 001.	2015-2016
20	UPS094601000439	Shop no. 2, new janpath market, 9A, Ashok Marg, Lucknow-226 001	March 31, 2017
Haryana			
21	PSA/REG/GGN/LI-GGN-1-2/0066085	CA-202, Central Arcade, DLF Qutab Enclave, Phase II, Gurgaon – 122 002.	March 31, 2015
Madhya Pradesh			
22	37/KHJ/CE/2011	Shop No. 80, Gole Market, Khajuraho	2015

SI No.	Certificate Number	Premises	Validity
		471 606	
Rajasthan			
23	SH/815/R-11A/P-113/ 08	Shop No 11A, Ganapathi Plaza, M.I.Road, Jaipur – 302 001	One time registration
24	SH/700/R/C1/page/78/2012	Golimar Sadan, Amer Road, Near Brahmapuri Police Station, Jaipur – 302 012.	December 31, 2012
25	184/SH/7 (2)	No.127, Bhattiyani Chohatta, near Ashapala Temple, Udaipur – 313 001	One time registration
26	JSM/1812/2010	Shop No.2, Sadar Bazar, Gopa Chowk, Jaisalmer – 345 001.	One time renewal
Maharashtra			
27	CI 11519	No:413, Fourth Floor, Paradise Tower, Near Mc Donalds, Gokhale Road, Thane(West) – 400 602	December 16, 2012
28	KE013940/COMMERCIAL II Ward KE	104, Atlanta Tower, 1 st Floor, Chakala, Sahar Road, Andheri (E), Mumbai-400099	December 31, 2013
29	12612201220000592826	Shop No.24, Ground Floor, Jaijawan CHS, Plot No.1, Sector – 17, Vashi, Navi Mumbai – 400 703.	December 16, 2014
30	A023171/COMMERCIAL II Ward A	No.2, First Floor, Rahimtoola House, 7, Homiji Street, Fort, Mumbai – 400 001.	December 31, 2012
31	760234319/commercial II Ward PN	Unit No.LG011A, Lower Ground Floor, 'Infinity - Malad' situated at Link Road, Malad (West), Mumbai – 400 064.	December 31, 2012
32	Pune Camp/ II/ 5353	Shop No:25, 1st Floor, Kumar Pavillion, East Street Camp, Pune – 411 001	December 16, 2012
33	760260325/Commercial II Ward L	Ground Floor, Phoenix Market City, Kamani, Kurla West, Mumbai 400070	December 31, 2012
34	Section II/9445	No. 37 Hissa No.4 Ghorpadi, Taluka Haveli, Pune-411 001	2014
Goa			
35	C/II/Y2K/868	Shop No.GS-16, Rani Pramila Arcade, 18th June Road, Panaji,Goa – 403 001.	December 31, 2016
36	S&E/II/MRG/Y2K/1320	Reliance Plaza, Ground Floor, Shop No 3A, Isidore Baptista Road, Margao, Goa – 403 601	December 31, 2012
Gujarat			
37	PII/EL/01/0000504	Shop No.2, Upper level, Empire Tower, C.G. Road, Panchwati, Ahmedabad – 380 006	December 31, 2014
38	B-25/11257	B/8, Megh Danush Complex, Race Court Circle, Baroda – 390 007.	2013
39	CZ/ES/1/212764	G-4, Jolly Plaza, Athwagate Circle, Athwalines, Surat – 395 001	December 31, 2013

Application made for License

1. Our Company has filed an application dated July 12, 2012 before the Reserve Bank of India seeking approval to open Nostro Account. The license/approval is awaited.

2. Our Company has made an application for shops and establishment license for the branch situated at Room No.107, Ground Floor, No.134-C, Blue Marine Beach Resort, Thirvambadi, Kurakkanni, Varkala PO, Trivandrum – 695 581 for the year 2012-2013. The license is awaited.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution passed by our Board of Directors at their meeting held on October 24, 2012 and by the shareholders of our Company by a special resolution, pursuant to Section 81(1A) of the Companies Act, passed at the EGM of our Company held on November 7, 2012, at Chennai.

The Offer for Sale has been authorized by the Selling Shareholders pursuant to (i) a resolution dated October 24, 2012 of the board of directors of VKC Finsoft Solutions Private Limited and (ii) consent and authorisation letter dated December 7, 2012 and December 7, 2012 issued by Dr. Jayam Kannan. The following is the details of shares offered by the Selling Shareholders.

Sr. No.	Name of the Selling Shareholders	No. of Equity Shares offered for sale
1.	VKC Finsoft Solutions Private Limited	3,00,000
2.	Dr. Jayam Kannan	15,00,000

The Selling Shareholders have confirmed that they have not been prohibited from dealing in securities market and the Equity Shares offered are free from any lien, encumbrance or third party rights.

We have received in-principle approval from the Stock Exchange for the listing of our Equity Shares pursuant to letter no. [•] dated [•].

Prohibition by SEBI, RBI or Other Governmental Authorities

Our Company, our Promoters, our Directors, our Promoter Group, Group Companies and the Selling Shareholders, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Directors or persons in control of our Company are/ were associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors.

Prohibition by RBI

Neither our Company, nor our Promoters, or the relatives (as defined under the Companies Act) of our Promoters or the Selling Shareholders or Group Companies have been identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for this Issue

Our Company is eligible for the Issue in accordance with regulation 106M(1) and other provisions of chapter XB of the SEBI ICDR Regulations as the post issue face value capital does not exceed ₹ 2,500 lakhs. Our Company also complies with the eligibility conditions laid by the Stock Exchange for listing of our Equity Shares.

We confirm that:

- 1 In accordance with regulation 106(P) of the SEBI ICDR Regulations, this Issue will be hundred percent underwritten and that the BRLM will underwrite atleast 15% of the total issue size. For further details pertaining to underwriting please see chapter titled “General Information” on page 43 of the DRHP.
- 2 In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the BRLM will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the

Issue. For further details of the market making arrangement see chapter titled “General Information” on page 43 of the DRHP.

- 3 The Company has not been referred to Board for Industrial and Financial Reconstruction.
- 4 No petition for winding up is admitted by a court of competent jurisdiction against the Company.
- 5 No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
- 6 The Company has a track record of at least 3 years and has positive cash accruals (earnings before depreciation and tax) from operations for atleast 2 financial years preceding the application and our net worth is positive.
- 7 The cash accruals (earnings before depreciation and tax) and net worth of the Company as per the restated financial statements for the year ended and as at March 31, 2012, 2011 and 2010 is as set forth below:

(₹ in Lakhs)

Particulars	As at March 31		
	2012	2011	2010
Cash accruals	150.37	113.81	111.83
Net worth	1,502.06	1,456.12	1,402.35

- (i) Cash accruals means earnings before depreciation and tax.
- (ii) Net worth means the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

Further, we undertake that the number of Allottees in the Issue shall be atleast 50, otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company, shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

In terms of Rule 19(2)(b)(i) of the SCRR, this is an issue for atleast 25% of the post-Issue paid-up equity share capital. The Issue is being made through the Book Building Process wherein [●] Equity Shares shall be reserved for Market Maker. Not more than 50% of the Net Issue will be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion 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. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis

Caution

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, INGA CAPITAL PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDERS, ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, INGA CAPITAL PRIVATE LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●].

AS PER REGULATION 106(O) OF THE SEBI ICDR REGULATIONS, ONLY THE PROSPECTUS HAS TO BE FILED WITH SEBI ALONG WITH A DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS, INCLUDING ADDITIONAL CONFIRMATIONS AS PROVIDED IN FORM H, OF SCHEDULE VI BY THE BRLM. ACCORDINGLY, THIS SECTION WILL BE UPDATED AT THE TIME OF FILING THE PROSPECTUS WITH THE STOCK EXCHANGE, SEBI AND ROC.

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company and the Selling Shareholders 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 the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from our Company, the Selling Shareholders and the BRLM

Our Company, our Directors, the Selling Shareholders and the BRLM accepts no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our website www.vkcforex.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 Issue Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders and the BRLM 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, at bidding centres or elsewhere.

Neither our Company nor the Selling Shareholders or any Member of Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, the Syndicate Members 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 of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholders, the Underwriters, the Syndicate Members 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 of our Company.

The BRLM and its respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates, for which they have received, and may in the future receive, compensation.

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, except those having valid demat account, as per demographic details provided by Depositories, 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, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India and to FIIs, Eligible QFIs, Eligible NRIs, AIFs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). The Draft 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 Draft 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 Draft Red Herring Prospectus has been submitted with the Stock Exchange. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft 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 Draft 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 restrictions as stated above will apply to the Issue, investors are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of the Equity Shares.

Disclaimer Clause of NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the SME platform of NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of the Draft Red Herring Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Draft Red Herring Prospectus in terms of regulation 106(M)(3) of the SEBI ICDR Regulations. However a copy of the Prospectus will be filed with SEBI at Corporation Finance Department, 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 documents to be filed under section 60B of the Act, and a copy of the Prospectus to be filed under section 60 of the Companies Act would be delivered for registration to the Registrar of Companies at Registrar of Companies, Block No.6, B Wing, 2nd Floor, Shastri Bhawan, 26 Haddows Road, Chennai 600 034, Tamil Nadu.

Listing

Initial listing application will be made to the SME platform of the NSE for permission to deal in and for an official quotation of the Equity Shares, it shall also act as the Designated Stock Exchange.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchange, our Company and the Selling Shareholders will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company and the Selling Shareholders becomes liable to repay it, then our Company, the Selling Shareholders and every Director of our Company, who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest, at the rate of 15% p.a. on application money, as prescribed under section 73 of the Companies Act.

Our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 12 Working Days from the Bid/Issue Closing Date.

Consents

Consents in writing of: (a) our Directors, our Company Secretary and Compliance Officer, the Statutory Auditors, the Peer Reviewed Auditors, the legal advisors, the Bankers to our Company; and (b) the BRLM, IPO Grading Agency*, the Syndicate Member*, the Escrow Collection Bank(s)*, Refunds Bank*, the Market Maker*, the Nominated Investor* and the Registrar to the 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 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

*The aforesaid will be appointed prior to filing of the Red Herring Prospectus with RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with RoC.

G. Ramesh Kumar & Co, Chartered Accountants, Statutory Auditors, have given their written consent for inclusion of the statement of the tax benefits dated November 8, 2012 available to our Company and its members in the form and context in which it appears in the Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of submission of the Draft Red Herring Prospectus with Stock Exchange.

M/s. Sreedhar, Suresh & Rajagopalan, Chartered Accountants, Peer Reviewed Auditors, have given their written consent to the inclusion of their report dated December 11, 2012 in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of submission of the Draft Red Herring Prospectus with Stock Exchange.

[●], the IPO grading agency engaged for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent for inclusion of its report in the form and context in which it appears in the Red Herring Prospectus vide letter dated [●] and such consent and report has not been and will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Expert to the Issue

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

1. Report of the Statutory Auditor of our Company on statement of Tax Benefits
2. Report of Peer Reviewed Auditor on the restated financial statements presented in the DRHP and report on re-audited financial statement for financial year 2011-12 and for stub period ending September 30, 2012
3. Report of [●] in respect of the IPO grading of this Issue, furnishing the rationale for its grading.

Price information of past issues handled by the BRLM

Please refer Annexure I

Track record of past issues handled by the BRLM

For details regarding the track record of the Book Running Lead Manager, please refer to the website of the Book Running Lead Manager at www.ingacapital.com.

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. For details of total expenses of the Issue, see the section —Objects of the Issue on page 64 of the DRHP.

Fees Payable to the Syndicate

The total fees payable to the Members of Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the engagement letter, Issue Agreement and the Syndicate Agreement, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement signed among our Company, Registrar to the Issue and the Selling Shareholders, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund in any of the modes described in the Red Herring Prospectus or Allotment Advice by registered post/speed post.

Particulars regarding Public or Rights Issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of the Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in the section —Capital Structure on page 51 of the DRHP, our Company has not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, 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 the Equity Shares since our Company's inception.

Previous capital issue during the previous three years by our listed group- companies/ associates of our Company

None of our group companies/ associates are listed on any stock exchange.

Promise vis-à-vis objects – Public/ Rights Issue of our Company and/ or our listed group-companies/associates of our Company

Neither our Company nor any of our group- companies /associates has undertaken any public or rights issue since incorporation.

None of our group companies/ associates are listed on any stock exchange.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds as of the date of the Draft Red Herring Prospectus.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares as of the date of the Draft Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, our Company and the Selling Shareholders will provide for retention of records with the Registrar to the Issue for a minimum period of three years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the designated branch of the relevant SCSB or Members of Syndicate at Specified Cities where the Bid cum Application Form was submitted by the ASBA Bidder and the details of the Syndicate Member through whom the Bid cum Application Form was submitted (in the event the Bid cum Application Form was submitted through a Syndicate Member).

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. Our Company has constituted the shareholders/investors grievance on October 24, 2012. The members of shareholders/investors grievance are:

1. Mr. Nagarajan Ramakrishnan, Chairman;
2. Dr. Qudsia Gandhi, Member; and
3. Mr. Jagadesh Sekhar, Member.

Our Company has appointed Mr. Sushanta Panda, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems at the following address:

VKC Credit and Forex Services Limited

115/55, TTK Road,
Alwarpet, Chennai 600 018,
Tamil Nadu, India
Tel: 91 44- 4314 4415
Fax: 91 44 - 4314 4416
Email: ipo@vkcforex.com

Changes in Auditors

There has been no change in auditors in the last three years.

Capitalisation of Reserves or Profits

Except as disclosed in the section — Capital Structure on page 51 of the DRHP, our Company has not capitalised our reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not re-valued its assets since inception.

SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued and transferred are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI and/or any other authorities while granting its approval for the Issue.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non-Institutional Bidders and other applicants whose application amount exceeds ₹ 2 lakhs can participate in the Issue only through the ASBA process. The Retail Individual Bidders can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process.

Ranking of Equity Shares

The Equity Shares proposed to be issued and transferred shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section “Main Provisions of the Articles of Association” on page 243 of the DRHP.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to its shareholders in accordance with the provisions of the Companies Act, the Articles of Association and the provisions of the Listing Agreement.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company and the Selling Shareholders shall comply with all disclosure and accounting norms, as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreement and our Company’s Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see the section “Main Provisions of the Articles of Association” on page 243 of the DRHP.

Market Lot and Trading Lot

In terms of section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. The trading of Equity Shares will happen with the minimum contract size of [●] Equity Shares and the same may be modified by the Stock Exchange from time to time by giving prior notice to investors at large. Allotment of Equity Shares in this Issue will be done only in electronic form, in multiple of [●] Equity Share, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum bid lot size for the Issue will be decided by our Company, and the Selling Shareholders in consultation with the BRLM and advertised in [●] edition of English national daily [●], [●] edition of Hindi national daily [●], and [●] edition of Tamil language newspaper [●], at least five working days prior to the Bid/ Issue Opening Date.

Nomination Facility to 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 holder(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 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/Corporate Office of our Company or to the registrar and transfer agent of our Company.

Further, any person who becomes a nominee shall, upon the production of such evidence as may be required by our Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective Depository Participant.

Bid/Issue programme

Bid/Issue Opening Date	[●]
Bid/Issue Closing Date	[●]*

*Our Company and the Selling Shareholders may consider closing the Issue Period for QIBs one day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulation.

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If our Company does not receive the subscription of 100% of the Issue through the Red Herring Prospectus and Prospectus including devolvement of Underwriters within sixty days from the date of closure of the Issue, our Company

and the Selling Shareholders shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company and the Selling Shareholders becomes liable to repay the amount, our Company and the Selling Shareholder shall be liable to repay the money, with interest prescribed under section 73 of the Companies Act, 1956.

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 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 will be offered and sold outside the United States in compliance with Regulation S of the Securities Act 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.

Migration to main board

Our company may migrate to the main board of NSE from the Stock Exchange on a later date subject to the following:

- a) If the Paid up Capital of our Company is likely to increase above ₹ 2,500 lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b) If the Paid up Capital of our company is more than ₹ 1,000 lakhs but below ₹ 2,500 lakhs, our Company may still apply for migration to the Main Board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The shares offered through this Issue are proposed to be listed on the Stock Exchange, and shall be traded in the SME Call auction market, wherein the BRLM shall ensure compulsory market making through the registered Market Makers of the Stock Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing of shares offered through the Red Herring Prospectus. For further details of the market making arrangement see chapter titled “*General Information*” on page 43 of the DRHP.

Arrangement for disposal of odd lot

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the Stock Exchange.

Restriction on transfer of Equity Shares

Except for lock-in of the pre-Issue Equity Shares including our Promoter’s minimum contribution in the Issue as detailed in the section “Capital Structure” on page 51 of the DRHP, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of

Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. For details, see the section “Main Provisions of the Articles of Association” on page 243 of the DRHP.

Issue of Equity Shares in dematerialized form in the Issue

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

ISSUE STRUCTURE

Public Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) (“**Issue Price**”) aggregating ₹ 1,600 lakhs, consisting of a Fresh Issue of [●]* Equity Shares by our Company aggregating ₹ [●] lakhs (“**Fresh Issue**”) and an Offer for Sale of upto 18,00,000 Equity shares by the Selling Shareholders aggregating to ₹ [●] lakhs (“**Offer for Sale**”) at the Issue Price (the Offer for Sale and Fresh Issue are together referred to as the “**Issue**”) of which [●] Equity Shares of face value of ₹ 10 each will be reserved for subscription by Market Maker to the Issue (“**Market Maker Reservation Portion**”) the Issue less the Market Maker Reservation Portion i.e. Issue of [●] Equity Shares of face value of ₹ 10 each is hereinafter referred to as the “**Net Issue**”. The Issue and the Net Issue will constitute [●] % and [●]%, respectively of the post issue paid up equity share capital of the Company.

**Our Company is considering a private placement of upto 10,00,000 Equity Shares for cash consideration aggregating upto ₹650 lakhs, at its discretion prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.*

The Issue is being made through the Book Building Process:

Particulars	Qualified Institutional Buyers	Non-Institutional Bidders	Retail Individual Bidders	Market Maker Reservation Portion
Number of Equity Shares*	Not more than [●] Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than [●] Equity Shares shall be available for allocation	Not less than [●] Equity Shares shall be available for allocation	[●] Equity Shares
Percentage of the Issue Size available for allocation	Not more than 50% of the Net Issue shall be allocated to QIBs. However, not less than 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of the Net Issue shall be available for allocation	Not less than 35% of the Net Issue shall be available for allocation	[●]% of the Issue
Basis of Allotment, if respective category is oversubscribed	Proportionate as follows: [●] Equity Shares, constituting 5% of the QIB Portion, shall be available for allocation on a proportionate basis to Mutual Funds; [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a)	Proportionate	The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis	Proportionate

Particulars	Qualified Institutional Buyers	Non-Institutional Bidders	Retail Individual Bidders	Market Maker Reservation Portion
	above			
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	[●] Equity Shares 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
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed ₹ 2,00,000	Not exceeding the size of the Issue
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
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.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment 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	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Trading Lot	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations.	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations.	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations.	[●] Equity Shares however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations.
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs and sub-account registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), multilateral and bilateral development financial institutions, venture	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies and trusts, Eligible QFIs, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, Nominated Investor(s)	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta)	Market Maker

Particulars	Qualified Institutional Buyers	Non-Institutional Bidders	Retail Individual Bidders	Market Maker Reservation Portion
	capital funds registered with SEBI, AIFs, foreign venture capital investors registered with SEBI, state industrial development corporations, permitted insurance companies registered with the Insurance Regulatory Development Authority, provident funds, (subject to applicable laws) with minimum corpus of ₹ 2,500 lakhs and pension funds with minimum corpus of ₹ 2,500 lakhs in accordance with applicable law, National Investment Fund set up by Government of India, insurance funds set up and managed by the army, navy and air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and Nominated Investor(s).			
Terms of Payment ^{##}	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* *The Issue is being made through the Book Building Process wherein [●] Equity Shares shall be reserved for Market Maker. Not more than 50% of the Net Issue will be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion 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. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall*

be Allotted on a proportionate basis.

Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue portion, shall be made on a proportionate basis, except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. Under-subscription, if any, in any category other than QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

Under-subscription if any in the Market Maker Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, other than QIB Portion, spill-over to the extent of under-subscription shall be permitted to be met from Market Maker Reservation Portion at the discretion of our Company, in consultation with the BRLM and the Stock Exchange.

- ** 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, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the Bid cum Application Form.
- *** SEBI vide circular CIR/MRD/DSA/06/2012 dated February 21, 2012 (the “Circular”) standardized the lot size for initial public offer proposing to list on SME exchange/platform and for the secondary market trading on such exchange/platform, as under

Price Band (in ₹)	Lot Size (No of shares)
Upto 14	10000
more than 14 upto 18	8000
more than 18 upto 25	6000
more than 25 upto 35	4000
more than 35 upto 50	3000
more than 50 upto 70	2000
more than 70 upto 90	1600
more than 90 upto 120	1200
more than 120 upto 150	1000
more than 150 upto 180	800
more than 180 upto 250	600
more than 250 upto 350	400
more than 350 upto 500	300
more than 500 upto 600	240
more than 600 upto 750	200
More than 750 upto 1000	160
above 1000	100

Further to the Circular, at the initial public offer stage the Registrar to Issue in consultation with Book Running Lead Manager, our Company and the Designated Stock Exchange shall ensure to finalize the Basis of Allotment in minimum lots and in multiples of minimum lot size, as per the above given table. The secondary market trading lot size shall be the same, as shall be the IPO Lot Size at the application/allotment stage, facilitating secondary market trading. At the initial public offering stage if the price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into. For example: if the proposed price band is at 24-28 then the Lot size shall be 4000 shares. The lot size shall not be reduced by NSE to below the initial lot size if the trading price is below the IPO issue price. NSE can review the lot size once in every 6 months / wherever warranted, by giving an advance notice of at least one month to the market. However, as far as possible the stock exchange shall ensure that odd lots are not created. Further, NSE shall ensure that the lot size shall be the same for a securities traded across the stock exchanges. In case of oversubscription, if the option to retain ten percent of the net issue to public for the purpose of making allotment in minimum lots is exercised, then it shall be ensured by the Issuer/Stock Exchange/ Book Running Lead Manager that the post issue paid up capital of the issuer does not go beyond ₹ 2,500 lakhs.

Withdrawal of the Issue

Our Company and the Selling Shareholders, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time after the Bid Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published, within two days of the closure of the Issue, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the Bidders who have applied through ASBA process within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed.

If our Company/the Selling Shareholders withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI/ stock exchanges including SME platform of NSE.

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

Bid/Issue Programme

BID / ISSUE OPENS ON	[•]
BID / ISSUE CLOSES ON*	[•]

** Our Company and the Selling Shareholders may decide to close the Issue Period for QIBs one Working Day prior to the Issue Closing Date.*

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 Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs or Syndicate Members in Specified Cities, except that on the Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). On the Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Issue Closing Date, the Bidders, are advised to submit their Bids one day prior to the Issue Closing Date and, in any case, no later than 1.00 pm on the Issue Closing Date. It is clarified that Bids not uploaded in the book, would be rejected. Bids by Bidders applying through ASBA shall be uploaded by the SCSBs or Syndicate Members (for Bids submitted in Specified Cities) in the electronic system to be provided by the Stock Exchange.

In case of discrepancy of data between the Stock Exchange and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholders, the BRLM, the Syndicate Members and the SCSBs shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company and the Selling Shareholders, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid Period in accordance with the SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least five working days prior to the Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of the Price Band subject to the Bid Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the Syndicate Members. Further, the SCSBs shall also be notified by the BRLM, through the Registrar to the Issue, of any such revision.

Indicative dates of Bid closing, finalization of Basis of Allotment, credit of Equity Shares to successful Bidder's demat account, initiation of refunds and commencement of trading of Equity Shares is as set forth below:

Activity	Indicative dates
Bid Closing Date	[●]
Finalisation of Basis of Allotment	[●]
Credit of Equity Shares	[●]
Initiation of refunds	[●]
Commencement of trading of Equity Shares	[●]

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. Please note that QIBs and Non-Institutional Bidders can participate in the Issue only through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that may be different from the procedure applicable to the 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 along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs.

Our Company, the Selling Shareholders, the BRLM and the Syndicate Members do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable laws, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus.

Book Building Procedure

The Issue is being made in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

In terms of Rule 19(2)(b)(i) of the SCRR, this Issue is for at least 25% of the post-Issue capital of our Company. The Issue is being made through the Book Building Process wherein [●] Equity Shares shall be reserved for Market Maker. Not more than 50% of the Net Issue will be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion 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. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis

Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue, shall be made on a proportionate basis, except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. Under-subscription, if any, in any category other than QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Stock Exchange.

Under-subscription, if any, in the Market Maker Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, other than QIB Portion, spill-over to the extent of under-subscription shall be permitted to be met from Market Maker Reservation Portion at the discretion of our Company in consultation with the BRLM and the Stock Exchange.

All Bidders can submit their Bids through the Members of Syndicate. ASBA Bidders are required to submit their Bids, either through the SCSBs or through the Syndicate Members (in Specified Cities).

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, PAN and beneficiary account number, shall be treated as incomplete and will be liable to be rejected.

Bidders are required to ensure that the PAN (of the sole/first Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Bids, only the name of the First Bidder (which should also be the first name in which the beneficiary account is held) should be provided in the Bid cum Application Form.

Bid cum Application Form

Pursuant to SEBI Circular dated September 27, 2011 and bearing No. CIR/CFD/DIL/4/2011, the Bid cum Application Form has been standardized i.e., there will be single application form for ASBA and non- ASBA Bidders.

The prescribed colour of the Bid cum Application Form for various investors applying in the Issue is as follows:

Category	Colour of Bid cum Application Form
Retail Individual Bidders, QIBs, Non-Institutional Bidders applying on a non-repatriation basis (ASBA as well as non ASBA Bidders) ⁽¹⁾	White
Eligible NRIs (bidding in Retail Portion/ Non-Institutional Portion), QIBs, Non-Institutional Bidders applying on a repatriation basis (ASBA as well as non ASBA Bidders) ⁽¹⁾	Blue
Market Maker	[•]

⁽¹⁾ Bid cum Application Forms for ASBA Bidders and the abridged prospectus will also be available on the website of the NSE (www.nseindia.com).

Bidders (other than ASBA Bidders) are required to submit their Bids through the Members of Syndicate. Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a Member of Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

ASBA Bidders are required to submit their Bids, only through the SCSBs, authorising blocking of funds that are available in the bank account specified in the Bid cum Application Form, except for the Bids submitted to the Syndicate Members in Specified Cities. In the case of Bids submitted to the Syndicate Members in Specified Cities, the Bids may either be submitted with the Designated Branches or with the Members of Syndicate. ASBA Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

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 Members of Syndicate or SCSB, as the case may be, will acknowledge the receipt of the Bid cum Application Forms or Revision Forms 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.

ASBA Bidders bidding through the Members of Syndicate should ensure that the Bid cum Application Form is submitted to the Members of Syndicate only in the Specified Cities. ASBA Bidders should also ensure that Bid cum Application Form submitted to the Members of Syndicate in the Specified Cities will not be accepted if the SCSB, where the ASBA Account, as specified in the Bid cum Application Form is maintained, has not named at least one branch at that location for the Members of Syndicate to deposit the Bid cum Application Form (a list of such branches is available at <http://www.sebi.gov.in>). ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form. Upon completion and submission of the Bid cum Application Form to Members of Syndicate or the SCSB, the Bidders are deemed to have authorised our Company and the Selling Shareholders 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 Bidders .

Who can Bid?

- Indian Nationals, resident in India, who are competent to contract under Indian Contract Act, 1872 as amended and minors, having valid demat account, as per demographic details provided by Depositories;
 - 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 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, limited liability partnerships registered under the Limited Liability Partnership Act, 2008 and authorised to invest in equity shares;
 - Mutual Funds registered with SEBI;
 - Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
 - Indian financial institutions, scheduled 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 under the QIB category;
 - Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
 - Eligible QFIs
 - VCFs and AIFs registered with SEBI;
 - FVCIs registered with SEBI;
 - Multilateral and bilateral development financial institutions;
 - 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 respective constitutions to hold and invest in equity shares;
 - Scientific and/or industrial research organisations authorised in India to invest in equity shares;
 - Insurance companies registered with Insurance Regulatory and Development Authority;
 - Provident Funds with a minimum corpus of ₹. 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
 - Pension Funds with a minimum corpus of ₹. 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
 - National Investment Fund;
 - Insurance funds set up and managed by the army, navy or air force of the Union of India;
 - Insurance funds set up and managed by the Department of Posts, India; and
 - Any other person eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and policies applicable to the, and under Indian laws.
- As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates and affiliates of the BRLM and the Syndicate Members

The BRLM and the Syndicate Member shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations or market making obligations. However, the associates and affiliates of the BRLM and Syndicate Member may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion or Retail Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis, except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund 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 [●] 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.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such 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 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 company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may bid through any of the following ways:

- In case of bids:
 - on **repatriation basis** shall use the Bid cum Application Form meant for Non Resident Indians (Blue in colour) or
 - on **non repatriation basis** shall use the Bid cum Application Form meant for resident bidders (White in colour)

Eligible NRIs may please note that only such applications as are accompanied by payment 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 shall be considered for Allotment under the Eligible NRI category on repatriable basis.

In case the application is on **non-repatriation basis**, the application should be accompanied by payment 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.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Eligible NRIs can obtain Bid cum Application Form from the Members of Syndicate or SCSBs and from registered office of our Company.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Bidders or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility.

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 total post-Issue paid-up share capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid-up share capital or 5% of our total paid-up share capital in case such sub-account is a foreign corporate or a foreign individual. A sub account of a FII

which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI ICDR Regulations, for this Issue.

As of now, pursuant to the shareholders resolution dated November 7, 2012 the aggregate FII holding in our Company cannot exceed 49% of our total paid-up share capital. With the approval of our Board and our shareholders by way of a special resolution, the aggregate FII holding can go up to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the —SEBI FII Regulations), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in or hold, offshore derivative instruments (as 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 recognised 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. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the Underwriters including the BRLM and the Syndicate Members 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 or claim or claim on or an interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 (“VCF Regulations”) and SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended *inter alia* prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF, a FVCI can invest its entire funds committed for investment into India in one venture capital undertaking. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription in an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

Bids by Eligible QFIs

In terms of circular dated January 13, 2012 SEBI and RBI has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs shall be included under the Non-Institutional Bidders category. Eligible QFIs have been permitted to invest through SEBI registered qualified depository participants (“DP”) in equity shares of Indian companies which are offered to the public in India in accordance with SEBI ICDR Regulations and other applicable circulars. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital, respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap. Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue. Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Eligible QFIs shall open a single non interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time.

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 attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, 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).

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject such Bid, in whole or in part, in either case without assigning any reasons thereof.

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 and the Selling Shareholders reserves the right to reject any Bid without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies, provident funds with minimum corpus of ₹ 2,500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lakhs; 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 with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

With respect to Bids by VCFs, AIFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority (IRDA) a certified copy of the certificate of registration issued by the IRDA must be lodged with the Bid cum Application Form.

With respect to Bids made by provident funds with minimum corpus of ₹ 2,500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company and the Selling Shareholders reserves the right to relax the above conditions including simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, the Selling Shareholders 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/ Allotment Advice or refunds through electronic transfer of funds, 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 in the Bid cum Application Form instead of those obtained from the depositories.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders 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 Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable 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.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount shall not be less than ₹ 1,00,000 and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by them does not exceed ₹ 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2,00,000 and does not fall below ₹1,00,000. In case the Bid Amount is over ₹ 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion. In the case of non ASBA Bids, if the Bid Amount is over ₹ 2,00,000, the Bid is liable to be rejected. In case the Bid Amount is below ₹. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be liable to be rejected. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process. In case the Retail Individual Bidder Bids at Cut-off Price the Bid Amount for the purpose of blocking of funds by SCSB or determining amount payable with Bid cum Application Form shall be calculated as if the Bidder has Bid at Cap Price.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by QIBs should not exceed the investment limits prescribed for them by applicable laws. **QIBs and the Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage and are required to pay the Bid Amount upon submission of the Bid. Our Company and the Selling Shareholders may close Issue Period for QIBs one Working Day prior to the Issue Closing Date.**

In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion may be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at “Cut-off Price”.

Information for the Bidders:

- (a) Our Company, the Selling Shareholders and the BRLM shall declare the Issue Opening Date and 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 Tamil newspaper with wide circulation. Such advertisement shall be in the prescribed format.
- (b) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Issue Opening Date.
- (c) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate Members. For ASBA Bidders, physical Bid cum Application Forms will be

available with the Designated Branches of the SCSBs, the Syndicate Member (in the Specified Cities) and at the Registered Office of our Company. For ASBA Bidders, electronic Bid cum Application Forms will also be available on the website of NSE.

- (d) Any eligible Bidder who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office of our Company.
- (e) Eligible Bidders who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or Syndicate Member in Specified Cities to register their Bids.
- (f) The Bids should be submitted in the prescribed Bid cum Application Form only. Bid cum Application Forms submitted to the Members of Syndicate (including by ASBA Bidders applying in Specified Cities) should bear the stamp of the Members of Syndicate, otherwise they are liable to be rejected. Bid cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, if not, the same are liable to be rejected.
- (g) In case of ASBA Bidders, the Bid cum Application Form can be submitted (i) in physical mode, to a Member of Syndicate in the Specified Cities; or (ii) either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. Bid cum Application Form in electronic mode can be submitted only to the SCSBs with whom the ASBA Account is maintained and not to the Members of Syndicate in the Specified Cities. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (h) ASBA Bidders bidding through a Member of Syndicate in the Specified Cities should ensure that the Bid cum Application Form is submitted to a Member of Syndicate only in the Specified Cities. ASBA Bidders should also ensure that Bid cum Application Forms submitted to the Members of Syndicate in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Members of Syndicate to deposit Bid cum Application Form from ASBA Bidders (a list of such branches is available at <http://www.sebi.gov.in>).
- (i) For ASBA Bids submitted to the Members of Syndicate in the Specified Cities, the Members of Syndicate shall upload the ASBA Bid onto the electronic bidding system of the Stock Exchange and deposit the Bid cum Application Form with the relevant branch of the SCSB, named by such SCSB to accept such Bid cum Application Forms from the Members of Syndicate (a list of such branches is available at <http://www.sebi.gov.in>). The relevant branch of the SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form. For ASBA Bids submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form, before entering the ASBA Bid into the electronic bidding system.
- (j) Except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of Bid in joint names, the first Bidder (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax 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. Any Bid cum Application Form without PAN is liable to be rejected. The demat accounts of Bidders for whom PAN details have not been verified, excluding persons resident in the state of Sikkim or persons 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.

The applicants should note that in case the PAN, the DP ID and client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchange by the Syndicate Member does not match with the PAN, DP ID and client ID available in the database of Depositories, the Bid cum Application Form is liable to be rejected.

Method and Process of Bidding

- (a) Our Company and the Selling Shareholders, in consultation with the BRLM, will decide the Price Band and the minimum bid lot size for the Issue and the same shall be advertised in all editions of [•] in the English language, [•] in the Hindi language and [•] in the Tamil language at least five Working Days prior to the Issue Opening Date. The Members of Syndicate and the SCSBs shall accept Bids from the Bidders during the Issue Period.
- (b) The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Issue Period, if applicable, will be published in all editions of [•] in the English language, [•] in the Hindi language and [•] in the Tamil language and also by indicating the change on the website of the BRLM and at the terminals of the Syndicate Members. Further, the SCSBs shall also be notified by the BRLM, through the Registrar to the Issue, of any such revision.
- (c) During the Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Members of Syndicate or their authorised agents to register their Bids. The Members of Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or Members of Syndicate in Specified Cities to register their Bids.
- (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 — ‘Bids at Different Price Levels and Revision of Bids’ 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 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 Amount, 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 Syndicate (in case of ASBA Bidders only in Specified Cities) or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another Member of Syndicate or SCBS 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 Bidders can revise their Bids (except for QIBs and the Non-Institutional Bidders who shall not lower the size of their Bids at any stage) through the Revision Form, the procedure for which is detailed under the *paragraph entitled — ‘Bids at Different Price Levels and Revision of Bids’ below*.
- (f) The Member of Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (**TRS**), (only on demand) 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.
- (g) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in *paragraph entitled — ‘Escrow Mechanism, terms of payment and payment into the Escrow Accounts’* given below.
- (h) Upon receipt of the Bid cum Application Form from the ASBA Bidders/ Members of Syndicate in Specified Cities, submitted whether 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 mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchange or on receipt of the Bid cum Application Form from Members of Syndicate in Specified Cities.
- (i) If sufficient funds are not available in the ASBA Account, such Bids shall be liable to be rejected.

- (j) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form. SCSB or the Syndicate Members (in Specified Cities) will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (k) 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 (except for QIBs and the Non-Institutional Bidders who shall not withdraw their Bids at any stage) of the 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 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.

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 THE COMPANY, THE SELLING SHAREHOLDERS, BRLM, SYNDICATE MEMBERS, ESCROW BANKS SHALL NOT BE LIABLE FOR SUCH REJECTION.

Bids at Different Price Levels and Revision of Bids

- (a) The Bidders can bid at any price within the Price Band, in multiples of ₹ 1 (One). The Price Band and the minimum Bid lot size for the Issue will be decided by our Company and the Selling Shareholders in consultation with the BRLM and advertised in all editions of [•] in the English language, [•] in the Hindi language and [•] in the Tamil language atleast five (5) Working Days prior to the Issue Opening Date.
- (b) Our Company and the Selling Shareholders, in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the 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 five Working Days prior to the Issue Opening Date and the Cap Price will be revised accordingly.
- (c) Our Company and the Selling Shareholders, in consultation with the BRLM, will finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- (d) 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 QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (e) 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 not applying through ASBA shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Members of Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIBs) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- (f) QIBs and the Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, see — ‘Payment Instructions’ given below in this section.

Electronic Registration of Bids

The Members of Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchange.

- (a) The Members of Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Issue Closing Date.
- (b) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The Syndicate Member and/or SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Members of Syndicate and the SCSBs, (ii) the Bids uploaded by the Syndicate Member and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Member and the SCSBs or (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account. With respect to Bids by ASBA Bidders, which are accepted and uploaded by a Member of Syndicate, the designated branch(s) of the relevant SCSB, which receives the relevant schedule (along with Bid cum Application Forms), will be responsible for blocking the necessary amounts in the ASBA Accounts.
- (c) The Stock Exchange will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate Members and the SCSBs during the Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building Process on a regular basis. On the Bid/ Issue Closing Date, the Syndicate Members and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchange.
- (d) Neither the BRLM nor our Company nor the Selling Shareholders nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by a Syndicate Members or the SCSBs, (ii) the Bids uploaded by Syndicate Members or the SCSBs or (iii) the Bids accepted but not uploaded by Syndicate Members or the SCSBs.
- (e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand and price as available on the website of the Stock Exchange will be made available at the bidding centres during the Bid/Issue Period.
- (f) At the time of registering each Bid other than ASBA Bids, the Members of Syndicate shall enter the following details and any other details as may be required of the Bidders in the on-line system:
 - Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the depository account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure 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;
 - Investor category – Individual, HUF, NRI, , etc.;
 - Numbers of Equity Shares Bid for;
 - Bid Amount;
 - Price option
 - Cheque Details;
 - Bid cum Application Form number;
 - DP ID and client identification number of the beneficiary account of the Bidder; and
 - PAN (of the sole/first Bidder), except for Bids on behalf of Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information and any other details as may be required, pertaining to the ASBA Bidders into the online system:

- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the depository account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure 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;

- Bid cum Application Form number;
- PAN (of first ASBA Bidder, in case of more than one ASBA Bidder), except for Bids on behalf of Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Investor category and sub-category- Individual, HUF, NRI, etc.;
- DP ID and client identification number of the beneficiary account of the Bidder;
- Number of Equity Shares Bid for;
- Bid Amount; and
- Bank account number.

With respect to ASBA Bids submitted to the Members of Syndicate at the Specified Cities, at the time of registering each Bid, the Members of Syndicate shall enter the following details on the on-line system:

- Bid cum Application Form Number;
 - PAN (of the sole/first Bidder);
 - Investor category and sub-category;
 - DP ID and client identification number of the beneficiary account of the Bidder;
 - Number of Equity Shares Bid for;
 - Bid Amount;
 - Bank code for the SCSB where the ASBA Account is maintained; and
 - Name of Specified City.
- (g) TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the Members of Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the Members of Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allotted either by the Company or the Selling Shareholders.
- (h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (i) In case of QIBs (i) SCSBs; and (ii) the BRLM and Syndicate Members (only in Specified Cities) have the 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. Further, QIB Bids can also be rejected on technical grounds listed herein. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein. The Members of Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- (j) The permission given by the Stock Exchange to use its network and software of the online IPO system should not in any way be deemed or construed to mean, compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the BRLM are cleared or approved by the Stock Exchange; 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 Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.
- (k) Only Bids that are uploaded on the online IPO system of the Stock Exchange shall be considered for allocation/ Allotment. Members of Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify the DP ID and client ID uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic bid details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such bids are liable to be rejected.
- (l) The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details.

Build up of the book and revision of Bids

- (a) Bids received from various Bidders through the Members of Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchange mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/Issue 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, which is a part of the Bid cum Application Form. However, QIBs and the Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Members of Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (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 Syndicate or the SCSB through which such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 2,00,000 if the Bidder wants to continue to Bid at the Cut-off Price). In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹. 2,00,000, 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 of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
- (g) In case of a downward revision in the Price Band, Retail Individual Bidders who have Bid at the 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. In case the Bid Amount falls below ₹. 1,00,000 then the Bid shall be liable to be rejected.
- (h) Our Company and the Selling Shareholders, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value shall be not less than ₹. 1,00,000.
- (i) 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 shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Members of 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 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 to the Issue 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.

- (j) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS and request for a revised TRS from the Member of Syndicate or the SCSB, as proof of his or her having revised the previous Bid. However, QIBs and the Non-Institutional Bidders shall not lower the size of their Bids at any stage.

Price Discovery and Allocation

- (a) Based on the demand generated at various price levels, our Company and the Selling Shareholders, in consultation the BRLM, shall finalise the Issue Price.
- (b) The Issue is being made through the Book Building Process wherein [●] Equity Shares shall be reserved for Market Maker. Not more than 50% of the Net Issue will be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion 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. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.
- (c) Under-subscription, if any, in any category other than QIB Portion, 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 Stock Exchange.
- (d) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (e) QIBs and the Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage.
- (f) Allotment status details shall be available on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholders, Registrar to the Issue and the Underwriters shall enter into an Underwriting Agreement.
- (b) After signing the Underwriting Agreement, our Company and the Selling Shareholders will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the "Prospectus". The Prospectus will contain details of the Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

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 one English language national daily newspaper, one Hindi language national daily newspaper and one Tamil language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement 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/ CAN

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Members of Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.
- (b) The Registrar to the Issue will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

Designated Date and Allotment of Equity Shares:

- (a) Our Company and the Selling Shareholders will ensure that: (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days from the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company and the Selling Shareholders will ensure the credit to the successful Bidder's depository account is completed within 12 Working Days from the Issue Closing Date.
- (b) In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) 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 allocated/ Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid cum Application Form;
- (d) Ensure that the details about the PAN, the depository participant and the beneficiary account are correct and the Bidder's depository account is active as Allotment of Equity Shares will be in dematerialised form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a Member of Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted either to the Members of Syndicate (only in Specified Cities) or Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- (f) With respect to Bids by ASBA Bidders ensure that the Bid cum Application 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 Bid cum Application Form;
- (g) QIBs and Non-Institutional Bidders should submit their Bids through the ASBA process only

- (h) Ensure that you request for and receive a TRS for all your Bid options;
- (i) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the Bid cum Application Form to the respective Designated Branch of the SCSB or a Member of Syndicate (located in Specified Cities), as the case may be;
- (j) Ensure that the full Bid Amount is paid for the Bids submitted to the Members of Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs or a Member of Syndicate (located in Specified Cities), as the case may be;
- (k) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (l) Submit revised Bids to the same Member of Syndicate/SCSB through which the original Bid was placed and obtain a revised TRS;
- (m) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court and residents of Sikkim, for whom submissions of PAN is not mandatory, all Bidders should mention their PAN allotted under the IT Act;
- (n) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- (o) Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, only the name of the First Bidder (which should also be the first name in which the beneficiary account is held) should be provided in the Bid cum Application Form;
- (p) Ensure that the DP ID, the beneficiary account number and the PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the stock exchange by the Members of Syndicate, or the Designated Branch of the SCSB, as the case may be, match with the DP ID, beneficiary account number and PAN available in the Depository database;
- (q) In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the relevant SCSB and/or the Designated Branch and/or the Members of Syndicate (located in Specified Cities), except in case of electronic forms;
- (r) In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Member of Syndicate in the Specified Cities, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;
- (s) ASBA Bidders bidding through a Member of Syndicate should ensure that the Bid cum Application Form is submitted to a Member of Syndicate only in the Specified Cities and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at-least one branch in the Specified Cities for the Members of Syndicate to deposit Bid cum Application Forms (a list of such branches is available at <http://www.sebi.gov.in>);
- (t) Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form; and
- (u) In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch or from the Member of Syndicate in the Specified Cities, as the case may be, for the submission of your Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;

- (c) QIBs and the Non-Institutional Bidders should neither withdraw nor lower the size of their Bids at any stage.
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Member of Syndicate or the SCSBs, as applicable;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stock invest;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a Member of Syndicate or the SCSBs only;
- (g) Do not Bid at Cut-off Price (for QIBs and Non-Institutional Bidders, for Bid Amount in excess of ₹. 2,00,000);
- (h) Do not Bid for a Bid Amount exceeding ₹. 2,00,000 (for Bids by Retail Individual Bidders);
- (i) Do not Bid for a Bid Amount less than ₹. 1,00,000;
- (j) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- (l) Do not submit the Bids without the full Bid Amount;
- (m) Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- (n) Do not submit Bids on plain paper or incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
- (o) Do not Bid if you are not competent to contract under the Indian Contract Act, 1872, as amended;
- (p) Do not submit the Bid cum Application Form if you are applying through the ASBA process with a Member of Syndicate at a location other than the Specified Cities; and
- (q) Do not submit ASBA Bids to a Member of Syndicate in the Specified Cities unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at-least one branch in the relevant Specified City, for the Members of Syndicate to deposit Bid cum Application Forms (a list of such branches is available at <http://www.sebi.gov.in>).

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Members of Syndicate and / or the SCSBs and/or our Company and/or the Selling Shareholders, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Members of Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

- (d) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 2,00,000.
- (e) For Non-Institutional Bidders and QIBs, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. Bids by QIBs cannot be made for more than the size of the Issue. Bids by Non-Institutional Bidders cannot be made for more than the Issue size, excluding QIB Portion. 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. Bids must be submitted through the ASBA process only.
- (f) In single name or in joint Bids, only the name of the First Bidder (which should also be the first name in which the beneficiary account is held) should be provided in the Bid cum Application Form
- (g) 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.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. 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/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar to the Issue or the Escrow Collection Bank(s) or the SCSBs nor our Company and the Selling Shareholders 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.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the 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/ 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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither our Company, the Selling Shareholders, the Escrow Collection Bank(s), the Registrar to the Issue nor the BRLM 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 no corresponding record is available with the Depositories, which matches the two parameters, namely, PAN of the Bidder and the DP ID/client ID, then such Bids are liable to be rejected.

Bids by Non-Residents including Eligible NRIs, FIIs, Eligible QFIs and Foreign Venture Capital Investors on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. Bid cum Application Form or the Revision Form, as applicable should be Blue in colour and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or in case of joint Bids, only the name of the First Bidder (which should also be the first name in which the beneficiary account is held) should be provided in the Bid cum Application Form.
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs, Eligible QFIs or FVCIs but not in the names persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs or Eligible QFIs) or their nominees.

QIBs and the Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage.

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, the Selling Shareholders and BRLM, 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 Bidders will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholders, Registrar to the Issue, Escrow Collection Banks and the Members of Syndicate shall enter into an Escrow Agreement pursuant to which Escrow Account(s) with one or more Escrow Collection Bank(s) will be opened, 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 would be deposited in the Escrow Account. Please note that escrow mechanism is applicable only to Bidders applying by way of non ASBA process.

The Escrow Collection Bank(s) will act in terms of the Red Herring 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 Banks 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 Banks shall transfer the funds represented by allocation of Equity Shares (including the amount due to the Selling Shareholders and 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 Bankers 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 be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus and Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Members of Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. However, QIBs and the Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Bid cum Application Forms, the

Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bid by ASBA Bidder, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Bidders or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders (excluding ASBA Bidders) shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Members of Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of resident Retail Individual Bidders: —[●]
 - (b) In case of Non-Resident Retail Individual Bidders: —[●]
4. In case of Bids by Eligible 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 authorised 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 a 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.
5. In case of Bids by Eligible 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, the payment should be made out of funds held in a Special Non-Resident Rupee Account along with documentary evidence in support of the remittance.
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 Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. Payments should be made by cheque, or a 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 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.

10. Payments made through cheques without the Magnetic Ink Character Recognition (“MICR”) code will be rejected.
11. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three) however, the Bid cum Application Form shall be submitted in the name of the First Bidder. 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 (and not more than one) Bid.

In case of a Mutual Fund, a separate Bid may 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 submitting a Bid to SCSB or to Member of Syndicate in Specified Cities using a Bid cum Application Form either in physical or electronic mode, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another Bid cum Application Form, to either the same or another Designated Branch of the SCSB or to the Member of Syndicate in Specified Cities. Submission of a second Bid in such manner will be deemed a multiple Bid and would 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, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in paragraph entitled —‘*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 will not accept a total of more than five Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of Bid cum Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

Our Company and the Selling Shareholders, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or all except one of such multiple Bid(s) in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. For Bids from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and beneficiary account numbers. In case such Bids bore 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 and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names the First Bidder 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. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim, may be exempted from specifying their PAN for transactions in the securities market. 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.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Further the beneficiary accounts of the Bidders for whom PAN details have not been verified will be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

REJECTION OF BIDS

In case of QIBs, our Company and the Selling Shareholders, in consultation with the BRLM, may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids can be rejected based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NECS/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs and Members of Syndicate in Specified Cities shall have the right to reject Bids by ASBA Bidders 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 Bid by ASBA Bidder by the SCSB, Bids by ASBA Bidders can be rejected only on technical grounds.

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 Bids by ASBA Bidders, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 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;
- Bid by persons not competent to contract under Indian contract Act, 1872 as amended, except bids by Minors having valid demat account as per demographic details provided by Depositories;
- PAN not mentioned in the Bid cum Application Form except for Bids by or on behalf of the Central and State Government and the officials appointed by the courts and by investors residing in the State of Sikkim;
- 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 more than the Cap Price;
- Signature of sole and/or joint Bidders missing;

- Submission of more than five Bid cum Application Forms per bank account in case of bidding under ASBA process;
- Bids by Bidders whose demat accounts have been suspended for credit;
- Bids for a Bid Amount less than ₹ 1,00,000 by a Retail Individual Bidder;
- Bids at Cut-off Price by Non-Institutional Bidders and QIBs;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not indicated;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/postal order/cash;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Member or the SCSB (except for electronic ASBA Bids);
- Bid cum Application Forms does not have the Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and/ or the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to Bids by ASBA Bidders, if there are inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bid cum Application Forms submitted under the ASBA process not having details of the ASBA Account to be blocked;
- Bid cum Application Forms not containing the authorizations for blocking the Bid Amount in the bank account specified in the Bid cum Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchange;
- Bids by QIBs and Non-Institutional Bidders not submitted through ASBA process;
- Bids by QIBs and Non-Institutional Bidders accompanied by cheque(s) or demand draft(s);
- Bid cum Application Form submitted under the ASBA process to a Member of Syndicate at locations other than the Specified Cities and Bid cum Application Forms submitted under the ASBA process to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholders or the Registrar to the Issue;

- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids by OCBs;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
- The application by a Bidder whose cumulative value of Equity Shares applied for is more than ₹ 2 lakhs but has not done so through the ASBA process.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGE BY THE MEMBERS OF SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.

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) However, they may get the specified securities re-materialised subsequent to allotment.

In this context, two agreements have been signed among our Company, the respective Depositories and Link Intime India Private Limited:

- Agreement dated [●] among NSDL, our Company and the Registrar to the Issue; and
- Agreement dated October 15, 2012, among CDSL, our 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 beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or 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 or 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 or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where the Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of our Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchange.

- (i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue 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 number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Member of Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

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 Net Issue less QIB Portion and Allotment made to Non-Institutional Bidders will 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.
- The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.
- If the aggregate demand in this category is less than or equal to [●] 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 [●] Equity Shares at or above the Issue Price, Allotment to Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of shares in retail individual investor category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For the method of proportionate Basis of Allotment, refer below given illustration.

ILLUSTRATION EXPLAINING PROCEDURE OF ALLOTMENT

A.

- (1) Total no. of specified securities on offer@ ₹. 600 per share: 1 crore specified securities.
- (2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.
- (3) The issue is over-subscribed 2.5 times whereas the retail individual investors' category is oversubscribed 4 times.
- (4) Issuer decides to fix the minimum application / bid size as 20 specified securities (falling within the range of ₹. 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.
- (5) Assume that a total of one lakh retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 – 16 bid lots, based on the maximum application size of upto ₹ 2,00,000.
- (6) Out of the one lakh investors, there are five retail individual investors A, B, C, D and E who have applied as follows: A has applied for 320 specified securities. B has applied for 220 specified securities. C has applied for 120 specified securities. D has applied for 60 specified securities and E has applied for 20 specified securities.

(7) As per allotment procedure, the Allotment to Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

The actual entitlement shall be as follows:

Sr. No.	Name of Investor	Total Number of specified securities applied for	Total number of specified securities eligible to be allotted
1.	A	320	20 specified securities (i.e. the minimum bid lot) + 38 specified securities $[\{35,00,000 - (1,00,000 * 20)\} / \{140,00,000 - (1,00,000 * 20)\}] * 300$ (i.e. 320-20)
2.	B	220	20 specified securities (i.e. the minimum bid lot) + 25 specified securities $[\{35,00,000 - (1,00,000 * 20)\} / \{140,00,000 - (1,00,000 * 20)\}] * 200$ (i.e. 220-20)
3.	C	120	20 specified securities (i.e. the minimum bid lot) + 13 specified securities $[\{35,00,000 - (1,00,000 * 20)\} / \{(140,00,000 - (1,00,000 * 20))\}] * 100$ (i.e. 120-20)
4.	D	60	20 specified securities (i.e. the minimum bid lot) + 5 specified securities $[\{(35,00,000 - 1,00,000 * 20)\} / \{(140,00,000 - (1,00,000 * 20))\}] * 40$ (i.e. 60-20)
5.	E	20	20 specified securities (i.e. the minimum bid lot)

B.

(1) Total no. of specified securities on offer @ ₹ 600 per share: 1 crore specified securities.

(2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.

(3) The issue is over subscribed 7 times whereas the retail individual investors' category is over subscribed 9.37 times.

(4) Issuer decides to fix the minimum application / bid size as 20 specified securities (falling within the range of ₹ 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.

(5) Assume that a total of two lakh retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 – 16 bid lots, based on the maximum application size of upto ₹ 2,00,000, as per the table shown below.

(6) As per allotment procedure, the Allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares.

(7) Since the total number of shares on offer to retail individual investors is 35,00,000 and the minimum bid lot is 20 shares, the maximum no. of investors who can be allotted this minimum bid lot will be 1,75,000. In other words, 1,75,000 retail applicants will get the minimum bid lot and the remaining 25,000 retail applicants will not get allotment.

The details of allotment shall be as follows:

No. of Lots	No. of Shares at each lot	No. of retail Investors applying at each lot	Total No. of Shares applied for at each lot	No. of investors who shall receive minimum bid-lot (to be selected on lottery)
A	B	C	D=(B*C)	E
1	20	10,000	2,00,000	$8,750 = (1,75,000/2,00,000)*10,000$
2	40	10,000	4,00,000	8,750
3	60	10,000	6,00,000	8,750
4	80	10,000	8,00,000	8,750
5	100	20,000	20,00,000	17,500
6	120	20,000	24,00,000	17,500

7	140	15,000	21,00,000	13,125
8	160	20,000	32,00,000	17,500
9	180	10,000	18,00,000	8,750
10	200	15,000	30,00,000	13,125
11	220	10,000	22,00,000	8,750
12	240	10,000	24,00,000	8,750
13	260	10,000	26,00,000	8,750
14	280	5,000	14,00,000	4,375
15	300	15,000	45,00,000	13,125
16	320	10,000	32,00,000	8,750
Total		2,00,000	328,00,000	1,75,000

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 Net Issue less QIB Portion and Allotment made to Retail Individual Bidders will 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 [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] 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 refer below.

C. For QIBs

- Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIBs will be made at the Issue Price.
- The QIB Portion will be available for Allotment to QIBs 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 Bids by Mutual Fund 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 from them at or above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds will be available for Allotment to all QIBs 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 QIBs who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who 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 QIBs.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIBs on a proportionate basis.
- The aggregate Allotment (other than spill-over in case of under-subscription in other categories) to QIBs shall be not more than [●] Equity Shares.

Method of Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company, BRLM and Registrar to the Issue 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 (*except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted 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, (*except for Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted 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 case of Bids by QIBs and Non-Institutional Bidders 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 is 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) In case of Bids by Retail Individual Bidders Allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. In case, the Retail Portion is over-subscribed such that Allotment of minimum bid lot is not possible to each Retail Individual Bidders, in such a case 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 is equal to the number of Equity Shares calculated in accordance with (illustration B) above.
- (f) If the Allotment to a Bidder is a number that is more than [●] but is not a multiple of one, 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.

- (g) If the Equity Shares allocated to any category are more than the Equity Shares Allotted to the Bidders in that category (except QIBs), the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allocated Equity Shares are not sufficient for Allotment to the successful Bidders in that category.

Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the QIB Portion

A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	2,000 million equity shares
2.	Allocation to QIB (50%)	1,000 million equity shares
4.	Portion available to QIBs	1,000 million equity shares
	Of which:	
	a. Allocation to MF (5%)	50 million equity shares
	b. Balance for all QIBs including MFs	950 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	5,000 million equity shares

B. Details of QIB Bids in the QIB Portion

Sr. No.	Type of QIB bidders [#]	No. of equity shares bid for (in million)
1	A1	500
2	A2	200
3	A3	1,300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	Total	5,000

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Equity shares bid for (in million)	Allocation of 50 million equity shares to MF proportionately (please see note 2 below)	Allocation of balance 950 million equity shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	500	0	96.0	0.0
A2	200	0	38.4	0.0
A3	1,300	0	249.5	0.0
A4	500	0	96.0	0.0
A5	500	0	96.0	0.0
MF1	400	10	74.8	84.8
MF2	400	10	74.8	84.8
MF3	800	20	149.7	169.7
MF4	200	5	37.4	42.4
MF5	200	5	37.4	42.4
	5,000	50	950.0	424.2

Please note:

1. The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in the section titled “Issue Structure” beginning on page 204 of the DRHP.
2. Out of 1,000 millions Equity Shares allocated to QIBs, 50 millions (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 millions Equity Shares in QIB category.
3. The balance 950 millions Equity Shares (will be allocated on proportionate basis among 10 QIB applicants who have applied for 5,000 million Equity Shares (including five MF applicants who applied for 2,000 million Equity Shares).
4. The figures in the fourth column entitled “Allocation of balance 950 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 950 / 4950.
 - 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 950 / 4950.

The numerator and denominator for arriving at allocation of 1000 millions Equity Shares to the 10 QIBs are reduced by 50 millions Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the Bidder's DP ID and beneficiary account number provided by them in the Bid cum Application Form, 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 as appearing on a cheque leaf to make refunds.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Refund Bank shall despatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where clearing houses are managed by the RBI, except where the applicant is eligible and opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as mentioned in the Bid cum Application Form, 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. RTGS – Applicants having a bank account at any of the centres where clearing houses are managed by the RBI and whose refund amount exceeds ₹ 2,00,000 will be considered to receive refund through RTGS. For such eligible applicants, Indian Financial System Code (IFSC) code will be derived based on the MICR code of the Bidder as per depository records/RBI master. In the event the same is not available as per depository records/RBI master, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks 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.

Investors are requested to note that the Government of India has discontinued the facility of despatch of refund orders of value up to ₹ 1,500 under certificate of posting.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 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 and the Selling Shareholders, 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 of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchange within twelve Working Days of Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company and the Selling Shareholders, shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date; and
- 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 12 Working Days of 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 12 Working Days from the Bid/Issue Closing Date.
- Our Company, shall pay interest at 15% p.a. for any delay beyond 12 Working Days from the Bid/Issue Closing Date, whichever is later, 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 an 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 the 12 Working Days prescribed above. If such money is not repaid within eight days from the day our Company and the Selling Shareholders becomes liable to repay, our Company, the Selling Shareholders

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 the applicable law.

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.”

UNDERTAKINGS BY OUR COMPANY AND THE SELLING SHAREHOLDERS

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed will be taken within 12 Working Days from the Bid/Issue Closing Date;
- 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 Working Days from the Bid/ Issue Closing Date giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched 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., except as disclosed in the section —Capital Structure on page 51 of the DRHP; and
- That adequate arrangements shall be made to collect all Bid cum Application Forms by ASBA Bidders and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

The Selling Shareholders undertake that:

- The Selling Shareholders consents to the inclusion of 18,00,000 Equity Shares held by them in the Company as part of the Offer for Sale in the Issue, for cash at such premium per share as may be fixed and determined through the Book Building Process, by them and the Company in consultation with BRLM, to such category of persons, in accordance with the SEBI ICDR Regulations or other provisions of law as may be prevailing at that time and in such manner as may be determined by the Company.
- The Equity Shares proposed to be sold pursuant to the Offer for Sale in the Issue are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the specified time;
- The funds required for despatch of refund orders or Allotment Advice by registered post or speed post shall be made available to the Registrar to the Issue by the Selling Shareholders;

- That the complaints received in respect of this Issue shall be attended to by the Selling Shareholders expeditiously and satisfactorily. The Selling Shareholders have authorized the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors;
- That the refund orders or Allotment Advice to the successful Bidders shall be dispatched within 12 Working Days from the Bid/ Issue Closing Date;
- That the Selling Shareholders shall not have recourse to the proceed of the Issue until approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received; and
- No further offer 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.
- That if the Selling Shareholders do not proceed with the Offer for Sale after the Bid/ Issue Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/ Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- That the Selling Shareholders shall not transfer Equity Shares during the period commencing from submission of the Draft Red Herring Prospectus with Stock Exchange until the final approval on Basis of Allotment has been obtained from the Stock Exchange for the Equity Shares Allotted/ to be Allotted pursuant to the Issue, except to transfer the Equity Shares held by them to demat escrow account atleast seven working days prior to Bid Opening Date or as mutually agreed between our Company, Selling Shareholder and the BRLM;
- That the Selling Shareholders will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in the Offer for Sale;
- That the Selling Shareholders will take all such steps as may be required to ensure that the Equity Shares are available for transfer in the Offer for Sale.

Our Company shall transfer to the Selling Shareholders, the net proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

Utilisation of Fresh Issue proceeds

The Board of Directors certify that:

- all monies received out of the Fresh 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 Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh 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;

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of our Articles relating to, inter alia, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting 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' of the First Schedule to the companies Act 1956 shall apply to our company except so far as the same are expressly dealt with herein in these Articles.

Capital		
2.	Authorized Capital	The authorized share capital of the company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association, with power to increase or reduce the capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided by the regulations of the Company.
3.	Increase of capital by the company and how carried Into effect	The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 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 the Act.
4.	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.
5.	Power to issue Shares/Securities Preference shares	Subject to the provisions of Section 80 of the Act, the Company shall, have the power to issue preference shares which are or at the option of the Company are to be liable, to be redeemed at any time but not later than 10 years from the date of issue and the resolution authorizing such issue shall prescribed the manner, terms and conditions of redemption. The shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit. Further, subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully

		paid-up or partly paid-up shares as aforesaid.
6	Provisions to apply on issue of Redeemable Preference Shares	<p>On the issue of Redeemable Preference Shares under the provision of Article 7 hereof the following provisions shall take effect:-</p> <ol style="list-style-type: none"> No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption. No such shares shall be redeemed unless they are fully paid. 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 share premium account before the shares are redeemed. Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the 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. 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.
7.	Issue of sweat equity shares	<ol style="list-style-type: none"> The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions: <ol style="list-style-type: none"> the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting; the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business. Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made thereunder, the Company may issue Sweat Equity Shares if such issue is authorised by a Special Resolution passed by the Company in the general meeting. The Company may also issue shares to employees including its Directors, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution of the Company in general meeting subject to the provisions of the Act and the Rules and applicable guidelines made thereunder, by whatever name called.
9	Buyback	<ol style="list-style-type: none"> Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company. Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Companies Act, 1956 and the

		applicable guidelines and regulations that may be issued in this regard.
10.	Reduction of share capital	The Company may from time to time by Special Resolution reduce its share capital in the manner Authorised by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.
11.	Shares with different voting right	The Company may from time to time by Special Resolution issue such shares which may have different voting rights depending upon the class of shares issued by the Company, in compliance with the Act, listing agreement and other applicable provisions of law.
12.	Conversion of loan to shares	Subject to the approval of the Shareholders, the Company may convert loans to issue shares of the Company.
13.	Acceptance of shares	Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts shares and whose name is on the Register shall for the purpose of these Articles, be a member.
14.	Restriction on allotment	The Board shall observe the restrictions as regards allotment of shares to the public contained in section 69 and 70 of the Act and as regards return on allotments, the Directors shall comply with section 75 of the Act.
15.	Issue of share warrants	The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115, and accordingly, the Board may in its discretion, with respect to any share which is fully paid up on an application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the persons signing the application, and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
Consolidation, division and Subdivision of Shares		
16	Consolidation, division and Subdivision of Shares	Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (I) of Section 94. 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.
Modification of Class Rights		
17	Modification of Rights	If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights, privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.
18.	New issue of Shares not to affect rights attached to existing shares of that class	The rights conferred upon the holders of the Shares (including Preference Share, 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, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.
19.	Shares at the	Subject to the provisions of Section 81 of the Act and these Articles, the

	Disposal of the Directors	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 persons, 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 the 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 of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
20.	Further Issue of Shares	<ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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) such 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 within which 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 off 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 persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever: <ol style="list-style-type: none"> a) if a special resolution to that effect is passed by the company in General Meeting, or b) where no such 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 so to do, 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: <ol style="list-style-type: none"> a) to extend the time within which the offer should be accepted; or b) to authorize 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

		<p>capital of the company caused by the exercise of an option attached to the debenture issued by the company:</p> <p>(i) to convert such debentures or loans into shares in the company; or</p> <p>(ii) to subscribe for shares in the company.</p> <p>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:</p> <p>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 Rules, if any, made by that Government in this behalf; and</p> <p>b) in the case of debentures or loans 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 General Meeting before the issue of the debenture or raising of the loans.</p>
21	Shares should be numbered progressively and no share to be subdivided	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
22	Acceptance of Shares	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.
23	Directors may allot Shares as full paid-up	Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid –up shares as aforesaid.
24	Deposit and call etc. to be a debt payable Immediately	The money (if any) which the Board 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 become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.
25.	Liability of Members	Every Member, or its heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.
26.	Registration of Shares	Shares may be registered in the name of any limited company or other corporate body but not in the name of firm, an insolvent person or a person of unsound mind.
Certificates		
27	Limitation of Time for Issue of Certificates	a) 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 time 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 for registration of transfer, transmission, sub-division, consolidation or

		<p>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 of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.</p> <p>b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.</p> <p>c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>
28	Issue of new certificates in place of one defaced, lost or destroyed	<p>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.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable thereof in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company. This Article shall be in accordance with the procedures set out under the Act and rules prescribed thereunder.</p>
29	The first named Joint holder deemed sole holder	<p>If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole</p>

		holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.
30.	Maximum number or Joint holders	<p>The Company shall not be bound to register more than three persons as the joint holders of any share.</p> <p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize 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 the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.</p> <p>If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, 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 share or his legal representative.</p> <p>Particulars of all duplicate share certificates issued by the Company shall be recorded in the Renewed and Duplicate Certificate registered in accordance with the provisions of the Act.</p>
Interest out of Capital		
33	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 the provision of any plant, or onshore or offshore rigs, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital at a 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 provision of plant.
Calls		
34	Directors may make calls	<p>1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.</p> <p>2) A call may be provoked or postponed at the discretion of the Board.</p> <p>3) A call may be made payable by installments.</p>
35	Notice of Calls	Fifteen 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.
36.	Calls to date from resolution	A call be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.
37	Calls on uniform basis	Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.
38	Directors may extend time	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the resident at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

39	Calls to carry Interest	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
40.	Sums deemed to be 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.
41	Proof on trial of Suit for money due on shares	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
42	Judgement, decree, partial payment not to proceed for forfeiture	Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.
43	Payments in anticipation of call may carry interest	<p>a) 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 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.</p> <p>b) The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.</p> <p>The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.</p>
Lien		
44	Company's lien on Shares/ Debentures	The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that 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 to be exempt from the provisions of this clause.
45	As to enforcing lien by sale	For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall 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 lieu thereof to the purchaser or purchasers concerned.
46	Application of proceeds of sale	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.
Forfeiture and Surrender of shares		
47.	If call or installment Not paid, notice may be given	If any Member fails to pay the whole or any part of any call or installment or any moneys due to in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.
48	Terms of notice	The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid 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 or places appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
49	On default of payment, shares to be forfeited	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
50	Notice of forfeiture to a Member	When any shares have been 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.
51	Forfeited shares to be property of the Company and may be sold etc	Any shares 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 thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.
52	Members still liable to pay money owing at 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 as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.
53	Effect of forfeiture	The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in 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.
54	Evidence of Forfeiture	A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have 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 shares.
55	Title of purchaser and allottee of forfeited shares	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.
56	Cancellation of share Certificate in respect of forfeited shares	Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares 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 duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.
57	Forfeiture may be remitted	In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.
58	Surrender of shares	The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.
Transfer and Transmission of shares		
59	Execution of the instrument of shares	a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee. b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture Holders in respect thereof.
60	Common form of Transfer	The instrument of transfer shall be in writing, duly stamped and all the provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.
61	Transfer not to be registered	The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the

	except on production of instrument of transfer	transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares, Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law. Upon being satisfied with the transfer instruments submitted to the Company, the Company shall record such transfer in the register of transfer maintained by the Company and make appropriate noting in the Register of Members.
62	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 on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
63	Endorsement of Transfer	In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.
64	Notice of refusal to be give to transferor and transferee	If the Company refuses to register the transfer of any share or transmission of any rights therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.
65	No fee on transfer or transmission	No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
66	Closure of Register Members	Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year or any statutory modification thereof.
67	Custody of transfer Deeds	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine
68	Application for	Where an application of transfer relates to partly paid shares, the transfer

	transfer of partly paid shares	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.
69	Notice to transferee	For this purpose the 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.
70	Recognition of legal representative	<p>a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.</p> <p>b) Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnify or otherwise, as the Board in its absolute discretion, may consider adequate.</p> <p>c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>
71	Registration of persons entitled to share otherwise than by transfer (transmission clause)	Subject to the provisions of the Act and these Articles, any person becoming entitled to any 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 presents, may, with the consent of the Directors (which they 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 this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee as instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.
72	Refusal to register nominee	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration.
73	Board may require evidence of transmission	Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
74	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 or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or

		neglecting so to do though it may have been entered or referred to in some 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 Directors shall so think fit.
75	Form of transfer outside India	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 60 hereof as circumstances permit.
76	No transfer to insolvent etc	No transfer shall be made to any infant, insolvent or person of unsound mind except fully paid shares through a legal guardian.
Conversion of shares into stock		
81	Conversion of Shares into stock or reconversion	The Company may, by ordinary resolution in General Meeting. a) convert any fully paid-up shares into stock; and b) re-convert any stock into fully paid-up shares of any denomination.
82	Transfer of stock	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from 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 the stock arose.
83	Rights of stock holders	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.
84	Regulations	Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.
Borrowing Power		
85	Power to borrow	Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting 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 specified purpose.
86	Term 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. 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.
87	Securing payment or repayment of moneys borrowed	The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and

		future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture-stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.
88	Bonds, Debentures etc. to be under the control of the Directors	Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
89	Mortgage of uncalled capital	If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall 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 favor such mortgage or security is executed.
90	Indemnity may be given	Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability

Meeting of Members

91	Annual General Meeting	<p>(a) The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that the next and the Annual General Meeting shall be held within six months of the expiry of its financial year. Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three month, then such Annual General Meeting may be held within such extended period.</p> <p>(b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.</p> <p>(c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.</p>
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Capitalisation

183	Capitalisation	<p>1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <ol style="list-style-type: none"> that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled hereto, if distributed by way of dividend and in the same proportions. <p>2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:</p>
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		<ul style="list-style-type: none"> i. paying up any amounts for the time being unpaid on any shares held by such members respectively; ii. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or iii. partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii). <p>3) A Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.</p> <p>4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.</p>
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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 the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on working days (Monday to Friday) from the date of filing of the Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Agreement dated December 7, 2012 entered into between our Company, the Selling Shareholders and the Book Running Lead Manager.
2. Agreement entered into between our Company, the Selling Shareholders and the Registrar to the Issue dated December 7, 2012.
3. Escrow Agreement dated [●] between our Company, the Selling Shareholders, the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the Book Running Lead Manager and the Syndicate Members.
5. Underwriting Agreement dated [●] between our Company, the Selling Shareholders, the Book Running Lead Manager, Registrar to the Issue and the Syndicate Members.
6. Market Making Agreement dated [●] between our Company, Market Maker and the Book Running Lead Manager.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.
2. Our certificate of incorporation dated June 19, 1995 issued by the Registrar of Companies, Chennai, Tamil Nadu.
3. Fresh Certificate of incorporation dated October 11, 2012, issued by the Registrar of Companies, Chennai, Tamil Nadu consequent upon change of name on conversion to Public Limited Company.
4. Board resolutions authorising the Issue dated October 24, 2012.
5. Shareholders' resolution authorizing the Issue dated November 7, 2012.
6. A resolution dated October 24, 2012 of the board of directors of VKC Finsoft Solutions Private Limited and consent and authorisation letter dated December 7, 2012 and December 7, 2012 issued by Dr. Jayam Kannan, authorising the Offer for Sale.
7. Board and shareholders resolutions dated October 24, 2012 and November 7, 2012 respectively appointing Mr. Venkatasubramanian Renganathan as Chairman and Managing Director and appointing Mr. Nageswaran Narayanaswamy as Managing Director.
8. Report of our Peer Reviewed Auditors M/s Sreedhar Suresh & Rajagopalan, Chartered Accountants, on our Company's Restated Financial Statements as of and for the Financial Years ended March 31, 2008, 2009, 2010, 2011, and 2012 and for the six months period ended September 30, 2012 dated December 11, 2012 and their consent.
9. Statement of Tax Benefits from, M/s G Ramesh Kumar & Co, Chartered Accountants dated November 8, 2012 and their consent.

10. Consents of our Directors, our Company Secretary and Compliance Officer, the Statutory Auditors, the Peer Reviewed Auditors, the legal advisors, the Bankers to our Company; the BRLM, IPO Grading Agency*, the Syndicate Member*, the Escrow Collection Bank(s)*, Refunds Bank*, the Market Maker*, the Nominated Investor* and the Registrar to the Issue, in their respective capacities.

**The aforesaid will be appointed prior to filing of the Red Herring Prospectus with RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with RoC.*

11. Annual Reports of our Company for the Financial Years ended March 31, 2008; March 31, 2009; March 31, 2010; March 31, 2011 and March 31, 2012 and auditors report for six months period ended September 30, 2012.
12. Re-audit report of the Peer Reviewed Auditor for six months period ended September 30, 2012 and for the financial year ended on March 31, 2012.
13. Due diligence certificate dated [●], issued to SEBI by the Book Running Lead Manager upon filing the Prospectus.
14. SME IPO grading report and rationale dated [●] issued by [●], a credit rating agency and their consent.
15. In-principle listing approval dated [●] received from the Stock Exchange.
16. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated [●].
17. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated October 15, 2012.

Any of the contracts or documents mentioned in the Draft 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, 1956 and other relevant statutes.

DECLARATION

We, the Directors, hereby certify and declare that, all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations / guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Name	Designation	Signature
Mr. Venkatasubramanian Renganathan	Chairman and Managing Director	Sd/-
Mr. Nageswaran Narayanaswamy	Managing Director	Sd/-
Mr. Jagadesh Sekar	Non-Executive Director	Sd/-
Mr. Narayanasami Krishnaswamy	Independent Director	Sd/-
Dr. Qudsia Gandhi	Independent Director	Sd/-
Mr. Nagarajan Ramakrishnan	Independent Director	Sd/-

Signed by the Managing Director

Sd/-

Mr. Nageswaran Narayanaswamy

Signed by the Assistant Vice President (Finance)

Sd/-

Mr. A Ravindra Pandian

Signed by the Company Secretary and Compliance Officer

Sd/-

Mr. Sushanta Panda

Date: December 12, 2012

Place: Chennai

DECLARATION BY SELLING SHAREHOLDERS

The Selling Shareholders, hereby certify and declare that, all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations / guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. The Selling Shareholders further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

Signed by the Selling Shareholders

VKC Finsoft Solutions Private Limited

Sd/-

Authorised Signatory

Name: Mr. Nageswaran Narayanswamy

Designation: Managing Director

Sd/-

Dr. Jayam Kannan

Date: December 12, 2012

Place: Chennai

ANNEXURE I

Disclosure of Price Information of Past Issues Handled By Inga Capital Private Limited

S. No	Issue Name	Issue Size (₹ in Cr)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in price on listing date (Closing vs Issue Price)	Benchmark index on listing date (closing)	Closing price as on 10th calendar day from listing day (₹)	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day (₹)	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day (₹)	Benchmark index as on 30th calendar day from listing day (closing)
1.	Flexituff International Limited	104.63	155	October 19, 2011	155	166.40	7.35%	17,085.34	222.60	17,804.80	263	17,569.53	Rs.257.05	16,461.71
2.	Technofab Engineering Limited	71.66	240*	July 16, 2010	265	295.65	23.19%	17,955.82	276.3	18,020.05	286.9	18,217.44	264.25	18,050.78
3.	Intrasoft Technologies Limited	53.65	145	April 12, 2010	140	159.35	9.90%	17,853.00	131.4	17,472.56	127.7	17,386.08	126.25	17,141.53

Notes:

1. *In Technofab Engineering Limited, the issue price to eligible employees was Rs. 220/- per equity share after discount of Rs. 20.
2. The 10th, 20th and 30th calendar day computation includes the listing day.
3. In the event any day falls on a holiday, the price/ index of the immediately succeeding working day has been considered
4. All prices are according to trades on BSE and the benchmark index is the SENSEX.

SUMMARY STATEMENT OF DISCLOSURE

Financial Year	Total no. of IPOs	Total Funds Raised (₹ Cr.)	Nos. of IPOs trading at discount on listing date (based on closing price)			Nos. of IPOs trading at premium on listing date (based on closing price)			Nos. of IPOs trading at discount as on 30 th calendar day from listing day (based on closing price)			Nos. of IPOs trading at premium as on 30 th calendar day from listing day (based on closing price)		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
FY 2011	2	125.31	NIL			-	-	2	-	-	1	-	-	1
FY 2012	1	104.63	NIL			-	-	1	-	-	-	1	-	-
FY 2013, till November 30, 2012	NIL													

Note: Total Funds raised is taken as the sum of individual Issue Size.