





**CAPITAL INDIA FINANCE LIMITED**  
(Formerly known as Bhilwara Tex-Fin Limited)

Our Company was originally incorporated as 'Bhilwara Tex-Fin Limited', a public limited company under the Companies Act, 1956, with a certificate of incorporation issued by the RoC, Rajasthan at Jaipur on November 16, 1994. A certificate for commencement of business was issued to our Company by the RoC, Rajasthan on November 22, 1994. Pursuant to an order dated July 20, 2004 of Company Law Board and the certificate of registration dated August 25, 2004 issued by the RoC, Delhi, the location of the registered office of our Company was changed from the State of Rajasthan to the National Capital Territory of Delhi. Subsequently, the name of our Company was changed from 'Bhilwara Tex-Fin Limited' to 'Capital India Finance Limited' and a fresh certificate of incorporation was issued by the RoC, Delhi, on August 16, 2017. For details, including reasons for change in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 100.

**Corporate identification number:** L74899DL1994PLC128577  
**Registered Office:** 2<sup>nd</sup> Floor, DLF Centre, Sansad Marg, New Delhi 110 001  
**Tel. No.:** +91 11 4954 6000; **Fax:** Nil  
**Corporate Office:** A-1402, One BKC, 14<sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051  
**Tel. No.:** +91 22 4503 6000  
**Company Secretary and Compliance Officer:** Rachit Malhotra  
**E-mail:** secretarial@capitalindia.com; **Website:** www.capitalindia.com

OUR PROMOTER: CAPITAL INDIA CORP LLP (FORMERLY KNOWN AS TRIDENT HOLDING LLP)		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE SHAREHOLDERS OF CAPITAL INDIA FINANCE LIMITED ONLY		
DRAFT LETTER OF OFFER		
<p><b>ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF CAPITAL INDIA FINANCE LIMITED ("CIFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] (INCLUDING SHARE PREMIUM OF ₹ [●]) PER RIGHTS EQUITY SHARE ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT NOT EXCEEDING ₹ 2,500 MILLION TO THE ELIGIBLE SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF [●] RIGHTS EQUITY SHARE FOR EVERY [●] EQUITY SHARES HELD BY THE ELIGIBLE SHAREHOLDERS ON THE RECORD DATE, BEING [●] (THE "ISSUE"). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.</b></p>		
GENERAL RISKS		
<p>Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to 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 securities being 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 Letter of Offer. Investors are advised to refer to the section titled "Risk Factors" on page 13 before making an investment in this Issue.</p>		
ISSUER'S ABSOLUTE RESPONSIBILITY		
<p>The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.</p>		
LISTING		
<p>The existing Equity Shares of our Company are listed on BSE Limited ("BSE"). We have received "in-principle" approval from BSE for listing the Rights Equity Shares to be allotted pursuant to the Issue vide its letter dated [●]. For the purpose of this Issue, the Designated Stock Exchange is [●].</p>		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
 <b>Axis Capital Limited</b> 1 <sup>st</sup> Floor, Axis House C 2, Wadia International Centre P B. Marg, Worli Mumbai 400 025 <b>Tel No.:</b> +91 (22) 4325 2183 <b>Fax:</b> +91 (22) 4325 3000 <b>Email:</b> cifl.rights@axiscap.in <b>Investor Grievance Email:</b> complaints@axiscap.in <b>Website:</b> www.axiscapital.co.in <b>Contact Person:</b> Kanika Sarawgi Goyal <b>SEBI Registration Number:</b> INM000012029		 <b>Karvy Computershare Private Limited</b> Karvy Selenium Tower B Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad 500 032, India <b>Tel No.:</b> +91 40 6716 2222 <b>Fax:</b> +91 40 2343 1551 <b>E-mail:</b> einward.ris@karvy.com <b>Investor Grievance E-mail:</b> cifl.rights@karvy.com <b>Website:</b> https://karisma.karvy.com <b>Contact Person:</b> Mr. M Murali Krishna <b>SEBI Registration No.:</b> INR000000221
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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**SECTION I – GENERAL  
DEFINITIONS AND ABBREVIATIONS**

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. The words and expressions used in this document but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act; SEBI ICDR Regulations, the Depositories Act or the rules and regulations made thereunder. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

The following list of capitalized term used in this document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

**General Terms**

Term	Description
“the Company”, “our Company”, “the Issuer”, “we”, “our” or “us”	Capital India Finance Limited ( <i>formerly known as Bhilwara Tex-Fin Limited</i> ), having its registered office at 2 <sup>nd</sup> Floor, DLF Centre, Sansad Marg, New Delhi 110 001, unless stated otherwise.

**Company Related Terms**

Term	Description
ALCO	Asset-Liability Committee.
ALM Policy	Asset Liability Management Policy.
“Articles of Association” or “AoA”	The articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Board, as described in “ <i>Our Management</i> ” on page 109.
Auditor/ Statutory Auditor	The current statutory auditor of our Company, namely, Deloitte Haskins & Sells LLP, Chartered Accountants.
“Board” or “Board of Directors”	The board of directors of our Company (including any duly constituted committee thereof).
Capital India SPA	Share purchase agreement dated August 24, 2017 entered into between Capital India Corp LLP (then known as Trident Holding LLP) and Sainik Mining and Allied Services Limited.
Chief Financial Officer	The chief financial officer of our Company, namely Neeraj Toshniwal.
CHPL	CIFL Holdings Private Limited.
CIAMPL	Capital India Asset Management Private Limited.
Capital India Home Loans	Capital India Home Loans Limited.
CIMPL	CIFL Investment Manager Private Limited.
CIWMPL	Capital India Wealth Management Private Limited.
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely Rachit Malhotra.
Corporate Office	The corporate office of our Company situated at: A-1402, One BKC, 14 <sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.
CRISIL Reports	Collectively, the (i) CRISIL Research Report on Wholesale Lending, 2017, (ii) CRISIL Research Report on Housing Finance, 2017, and (iii) CRISIL Research – NBFC Report, November, 2017 prepared and issued by CRISIL Limited.
Director(s)	The director(s) on the Board of our Company, unless otherwise specified.
Equity Shares	Equity shares of our Company having face value of ₹ 10 each.
ESOP 2018	CIFL Employee Stock Option Plan, 2018.
Group Company	The group company of our Company, namely Sahyog Homes Limited.
Independent Director(s)	Independent director(s) on our Board.
Key Management Personnel	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in “ <i>Our Management</i> ” on

<b>Term</b>	<b>Description</b>
	page 109.
“Memorandum of Association” or “MoA”	The memorandum of association of our Company, as amended from time to time.
Promoter	The promoter of our Company, namely Capital India Corp LLP (formerly known as Trident Holding LLP).
Registered Office	The registered office of our Company situated at: 2 <sup>nd</sup> Floor, DLF Centre, Sansad Marg, New Delhi 110 001.
Restated Consolidated Financial Information	The audited consolidated financial information of our Company for Fiscal Year 2018, and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.
Restated Financial Information	Together, the Restated Consolidated Financial Information and the Restated Standalone Financial Information.
Restated Standalone Financial Information	The audited standalone financial information of our Company for the Fiscal Years 2014, 2015, 2016, 2017 and 2018, and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.
RoC, Delhi	The Registrar of Companies, National Capital Territory of Delhi and Haryana
RoC, Maharashtra	The Registrar of Companies, Maharashtra
RoC, Rajasthan	The Registrar of Companies, Rajasthan
Sainik Mining	Sainik Mining and Allied Services Limited
Sainik Mining SPA	Share purchase agreement dated January 11, 2005 entered into between Sainik Mining and Rajendra Prasad Baldwa and eleven other then Shareholders of our Company, identified therein as ‘promoter shareholders’.
Shareholders	The holders of the Equity Shares from time to time.
Subsidiary/ Subsidiary Companies	The subsidiary companies of our Company, namely <ol style="list-style-type: none"> <li>1. Capital India Home Loans Limited;</li> <li>2. Capital India Wealth Management Private Limited;</li> <li>3. Capital India Asset Management Private Limited;</li> <li>4. CIFL Holdings Private Limited; and</li> <li>5. CIFL Investment Manager Private Limited.</li> </ol>
Unaudited Standalone Interim Financial Information	The unaudited standalone financial information as of and for the three month period ended June 30, 2018

### Issue Related Terms

<b>Term</b>	<b>Description</b>
Abridged Letter of Offer	The abridged letter of offer sent to Eligible Shareholders of our Company with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Allotment / Allotted	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made.
Allottee(s)	Persons to whom our Rights Equity Shares will be issued pursuant to the Issue.
Applicant(s) / Investor(s)	Eligible Shareholders and / or Renounees who are entitled to apply or have applied for Rights Equity Shares under the Issue, as the case may be.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
ASBA / Application Supported by Blocked Amount	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the amount payable on application in the ASBA Account.
ASBA Account	Account maintained with an SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be.
ASBA Investor(s)	Eligible Shareholders proposing to subscribe to the Issue through ASBA process and who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and / or additional Equity Shares in dematerialized form; have not renounced their Rights Entitlements in full or in part; are not Renounees;

<b>Term</b>	<b>Description</b>
	and are applying through blocking of funds in a bank account maintained with SCSBs.
	All QIBs and Non-Institutional Investors, complying with the above conditions must participate in this Issue through the ASBA process only.
Banker(s) to the Issue	[●]
Composite Application Form / CAF	The form used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that would be issued for the Rights Equity Shares Allotted to each folio.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	[●]
Draft Letter of Offer	This draft letter of offer dated August 9, 2018, filed with SEBI for its observations.
Eligible Shareholder(s)	Shareholders of our Company as on the Record Date
Issue / Rights Issue	Issue of [●] Rights Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] (including share premium of ₹ [●]) per Rights Equity Share for an aggregate amount up to ₹ 2,500 million to the Eligible Shareholders on rights basis in the ratio of [●] Equity Share for every [●] Equity Shares held by the Eligible Shareholders on the record date, being [●].
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Rights Equity Share
Issue Proceeds	Gross proceeds of the Issue
Issue Size	The issue of [●] Rights Equity Shares aggregating up to ₹ 2,500 million.
Lead Manager	Axis Capital Limited
Letter of Offer	The letter of offer to be filed with the Stock Exchanges and SEBI
Listing Agreement	The uniform listing agreement dated February 29, 2016 entered into between us and the BSE
Monitoring Agency	[●]
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, see “ <i>Objects of the Issue</i> ” on page 59.
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non Institutional Investor(s)	Non institutional investor(s), as defined under Regulation 2(1)(w) of the SEBI ICDR Regulations.
“Qualified Foreign Investor(s)” / “QFI(s)”	Qualified foreign investor(s), as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India.
Qualified Institutional Buyer(s) / QIB(s)	Qualified institutional buyers as defined under Regulation 2(1)(zd) of SEBI ICDR Regulations.
Record Date	[●]
Registrar to the Issue	Karvy Computershare Private Limited
Registrar and Share Transfer Agent	Indus Portfolio Private Limited
Renounees	Any person(s) who has / have acquired Rights Entitlements from the Eligible Shareholders
Retail Individual Investor	Individual Investors who have applied for Rights Equity Shares and whose Application Money is not more than ₹ 200,000 (including HUFs applying through their karta).
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to, determined as a proportion to the number of Equity Shares held by such Eligible

<b>Term</b>	<b>Description</b>
	Shareholder on the Record Date, being [●] Equity Shares for [●] Equity Shares held on [●].
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
Self-Certified Syndicate Bank / SCSB	Self-Certified Syndicate Bank(s), registered with SEBI, which acts as a Banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> .
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio.
SAF	Split Application Form which is an application form used in case of renunciation in part by an Eligible Shareholder in favour of one or more Renouncee(s).
Stock Exchange	BSE Limited, where our Equity Shares are presently listed
Working Day	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to Issue Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

### Conventional / General Terms and Abbreviations

<b>Term</b>	<b>Description</b>
AGM	Annual general meeting of the Shareholders
ALM	Asset-Liability Mismatch.
AUM	Assets Under Management.
Bps	Basis points.
BSE	BSE Limited
Calendar Year	The 12 month period ending December 31.
CAGR	Compounded Annual Growth Rate
Companies Act	Means the Companies Act, 1956 or the Companies Act 2013, as may be applicable, as amended or substituted by any statutory modification / re-enactment thereof
CDSL	Central Depository Services (India) Limited
CRISIL	CRISIL Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depositories	Depositories registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act
ECS	Electronic Clearing System
EGM	Extra-ordinary general meeting of the Shareholders
EPS	Earnings per Equity Share
FCCB	Foreign Currency Convertible Bonds
FEMA	Foreign Exchange and Management Act, 1999
FIs	Financial Institutions
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014
Financial Year / Fiscal Year / FY	The 12 month period ending March 31.
FVCI	Foreign venture capital investor, registered with SEBI under Regulation 2(h) of the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product.
GNPA	Gross Non-Performing Assets ratio.
GST	Goods and services tax
GoI	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IRDA	Insurance Regulatory and Development Authority of India
Indian GAAP	The generally accepted accounting principles in India
IT Act	Income Tax Act, 1961
LLP Act	Limited Liability Partnership Act, 2008

<b>Term</b>	<b>Description</b>
LTV	Loan-to-value
KYC	Know Your Customer
Master Directions, 2016	Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
MIS	Management Information System
NACH	National Automated Clearing House
NBFC	Non- Banking Financial Company
NHB	The National Housing Bank
NOF	Net Owned Fund.
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NPA	Non-performing asset
NSDL	National Securities Depository Limited
PFRDA	Pension Fund Regulatory and Development Authority
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Real Estate Act/ RERA	Real Estate (Regulation and Development) Act, 2016
REIT	Real Estate Investment Trust.
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act, 1992, as amended
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992, as amended
SEBI ASBA Circular 2009	SEBI Circular No. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009
SEBI ASBA Circular 2011	SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011
SEBI ASBA Circular 2012	SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012
SEBI ASBA Circular 2013	SEBI Circular No. CIR/CFD/DIL/1/2013 dated January 2, 2013
SEBI Listing (Fourth Amendment) Regulations, 2018	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018.
SEBI Master Circular for Depositories	SEBI Master Circular No. SEBI/HO/MRD/DP/CIR/P/2016/134 dated December 15, 2016 titled 'Master Circular for Depositories'
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Securities Act	United States Securities Act of 1933
US Fed	United States Federal Reserve System

Notwithstanding the foregoing, capitalised terms in “*Statement of Tax Benefits*”, “*Financial Information*”, “*Basis for Issue Price*”, “*Outstanding Litigation and Material Developments*”, “*Issue Information*” and “*Main Provision of the Articles of Association*” on pages 65, 129, 62, 200, 217 and 254 respectively, shall have the meaning as ascribed to such terms in such sections.

## NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or CAF and issue of Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders and will dispatch this Draft Letter of Offer / Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address to our Company.

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

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the rights and the Equity shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction.

Neither the delivery of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer or the date of such information, as applicable. The contents of this Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.



## NOTICE TO OVERSEAS INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or CAF and issue of Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address to our Company.

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

Any person who makes an application to acquire rights and the Equity shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and the Equity shares in compliance with all applicable laws and regulations prevailing in his jurisdiction.

Neither the delivery of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer or the date of such information. The contents of this Draft Letter of Offer, the Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

### NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (“United States” or “U.S.”), or to, or for the account or benefit of “U.S. persons” (as defined in Regulation S of the Securities Act). The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer, the Letter of Offer / Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the

commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Shareholders and the Letter of Offer / Abridged Letter of Offer and CAF will be dispatched only to Eligible Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

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

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

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

In this Draft Letter of Offer, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India and to 'USD', 'U.S. Dollars' and 'US\$' are to the legal currency of the United States. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

Unless indicated otherwise, the financial data in this Draft Letter of Offer is derived from the Restated Financial Information prepared in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the applicable provisions of the Companies Act and other statutory and / or regulatory requirements and are included in this Draft Letter of Offer as required under the SEBI ICDR Regulations. In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

For additional definitions used in this Draft Letter of Offer, see "*Definitions and Abbreviations*" on page 2 of this Draft Letter of Offer.

## USE OF MARKET DATA

Information included in this Draft Letter of Offer regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Draft Letter of Offer pertaining to the various sectors in which we operate has been obtained or derived from publicly available information, including industry and government sources.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates.

Neither our Company, nor the Lead Manager have independently verified this data, and neither does our Company nor the Lead Manager make any representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and accordingly, neither our Company, nor the Lead Manager can assure the prospective investors as to their accuracy.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful is dependent on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" beginning on page 13. Accordingly, investment decisions should not be based on such information.

**Certain industry information has been included in this Draft Letter of Offer from the CRISIL Reports.**

### **Disclaimer clause of CRISIL**

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## FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the section titled “*Risk Factors*”. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industry and the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information.

Words such as “aims”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “would” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under “*Risk Factors*”, as well as those included elsewhere in this Draft Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- Our ability to successfully implement strategic initiatives of our new management;
- Volatility in interest rates;
- Retention of senior management team;
- Our ability to compete effectively in the lending business;
- Continued access to third party data sources that we rely on to perform certain key functions;
- Disruption in funding sources;
- Our inability to recover outstanding amounts under loans;
- Inability to obtain, retain or renew statutory and regulatory approvals, licenses, registrations and permits in a timely manner;
- Any asset-liability mismatch; and
- Changes to the regulatory framework.

For a further discussion of factors that could cause our actual results to differ, please refer to the section titled “*Risk Factors*” on page 13 of this Draft Letter of Offer. 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. Neither we nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we nor the Lead Manager nor any of their respective affiliates or advisors have any obligation 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 / Stock Exchange requirements, we and Lead Manager will ensure that the Eligible Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchange.

## SECTION II - RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any, or some combination, of the following risks actually occur, our business, cash flows, prospects, results of operations, and financial condition could materially suffer, the trading price of the Equity Shares could decline and you may lose all, or part, of your investment.*

*We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those we are not aware of or deem immaterial, may also result in decreased revenue, increased expenses or other events that could result in a decline in the value of the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the Issue, including the merits and risks involved. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue.*

*This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless otherwise stated, our financial information used in this section is derived from our Restated Standalone Financial Information.*

### INTERNAL RISK FACTORS

- 1. We face several risks associated with the change in our management and if we are unable to successfully implement strategic initiatives of our new management, our business, results of operations, financial condition and cash flows may be adversely affected.***

While our Company has been in existence for over two decades, our current Promoter, Capital India Corp LLP, completed the acquisition of Equity Shares from our erstwhile promoter pursuant to the Capital India SPA and from our public shareholders through an open offer, in December, 2017. Our new and dynamic senior management team has implemented a number of changes in the Company. However, as a part of the management change, we are susceptible to potential difficulties, including: (i) lack of past experience of our Promoter in the NBFC sector; (ii) developing a sound culture, ethos and conducive work environment in our operations; (iii) challenges involved in recruiting, training, retaining and building a team of qualified personnel; (iii) diversifying from real estate focused lending to sector agnostic lending; (iv) developing and enhancing internal policies, controls and administrative infrastructure; and (v) leveraging the existing relationships of our senior management team to develop a sustainable business. If we are unable to overcome the potential difficulties associated with the management change, the strategic initiatives of our new management team may not be successfully implemented fully, or at all, or may take longer to realise than expected. Our failure to successfully implement initiatives on time, or at all, could have an adverse effect on our business, results of operations, financial condition and cash flows.

- 2. Our business is vulnerable to volatility in interest rates which could adversely affect our income from our operations, our financial performance and consequently affect our profitability.***

An increase in interest rates applicable to our liabilities, without a corresponding increase in interest rates applicable to our advances would result in a net decline in our income from financing activity. Our net interest income (interest income less interest expenses) for Fiscal Years 2016, 2017 and 2018 was ₹ 4.77 million, ₹ 3.54 million and ₹ 37.49 million, respectively. Our interest income is affected by any volatility in interest rates.

Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI (including fluctuations in the liquidity ratios), domestic and global macro-economic conditions. Further, in the event of sharp rise in the interest rates, our borrowers who usually pay us a fixed interest rate may repay/pre-pay their loans with us and switch to our competitors, who may have access to low-cost funds or lower cost deposits. In addition, potential customers may be deterred from entering into any financing arrangements in an

increasing interest rate scenario. Any inability on our part to retain or attract customers because of rising interest rates could adversely affect our income from our operations, our financial performance and consequently affect our profitability.

**3. *Our business depends substantially on the continuing efforts of our senior management team and our business operations may be severely disrupted if we lose their services.***

While we have been in existence for over two decades, our current Promoter, Capital India Corp LLP, completed the acquisition of Equity Shares from our erstwhile promoter pursuant to the Capital India SPA and from our public shareholders through an open offer, in December, 2017. Consequently, our leadership positions were changed to bring in place a new senior management team having significant experience in the banking, financial services, consultancy and infrastructure sectors. A significant majority of our senior management team have joined our Company in the last Fiscal Year. Our continued success and growth will depend, to a large extent, on our ability to retain the services of our senior management team and heads of our functional groups, such as real estate finance, structured finance, risks, strategy, and operations and service. There is no assurance, however, that these individuals will not leave us or join a competitor who may offer higher remuneration. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with us. We may also be required to increase our levels of employee compensation more rapidly to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, cash flows and financial condition. Further, we do not currently maintain key-person insurance.

**4. *We face intense competition in our lending business, which may result in declining margins if our Company is unable to compete effectively.***

Our competitors in the lending business include established scheduled commercial banks, NBFCs, small finance banks and other financial institutions that offer similar financing products and services. In addition, due to the nature of our business, our Company may lose our customers to our competitors, who may have access to low-cost funds or lower cost deposits. Significant increases in the number and size of competitors for our business could result in a decrease in the number of loans that we fund, resulting in lower levels of revenue and earnings.

The RBI has liberalized the licensing regime for banks in India and intends to issue licenses on an ongoing basis, subject to meeting the criteria laid down by RBI. The RBI is supportive of creating more specialized banks and granting differentiated banking licenses such as for payment banks and small finance banks. The RBI also has plans to create wholesale and long-term finance banks in the near future. In November 2014, the RBI released guidelines for licensing of payment banks and for licensing of small finance banks in the private sector. On August 19, 2015 the RBI granted in-principle approval to 11 applicants to set up payment banks. In September 2015, the RBI granted in-principle licenses to 10 applicants for small finance banks. The RBI has also released guidelines with respect to a continuous licensing policy for universal banks in August 2016. The RBI has also put in the public domain, on April 7, 2017, a discussion paper on wholesale and long-term finance banks. We believe that these developments will further intensify the competition in the financial services sector. Some of the public, private sector, and foreign banks have subsidiaries and affiliates operating as NBFCs with significant market share, distribution reach and product portfolio, and our Company also competes with them for our lending business. Further, certain commercial banks may have access to a wide branch and distribution network, enabling them to market their products and services to more customers. Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs and other entities operating in the financial services sector offering a wider range of products and services, including personal loans, which could adversely affect our competitive environment. There can be no assurance that our Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive lending business. Increasing competition may also result in relatively slower growth and lower net interest margin, and consequently may have an adverse effect on our results of operations and financial condition.

5. ***Our Company relies on third party data sources to perform certain key functions and any failure to access those data sources as a result of operational or technological failure, including cybersecurity attacks on our third-party data sources could result in the interruption of our operations and systems and could result in significant costs and reputational damage to us.***

Our Company relies on third-party data sources for credit assessment of our borrowers. For instance, the applicant's details will be sourced from various websites, payment bureaus and third-party vendors. Some of these third-party data sources are currently, and may, in the future, be vulnerable to data privacy violation claims. If these claims are established and these data sources are no longer available to us, our Company will have to find alternate sources for such data which may increase our operational costs and adversely impact our results of operations. These third-party data sources are also susceptible to operational and technology vulnerabilities and are also exposed to changes in regulations, which may impact our business. In addition, these third-party data sources may rely on other parties (sub-contractors), to provide services to us which also face similar risks.

While we have not experienced any significant failures or security breaches by or of our third party data sources or their sub-contractors in the past, however, any such future instances, including any actual or perceived cybersecurity attacks, security breaches, fraud, phishing attacks, acts of vandalism, information security breaches and computer viruses which could result in unauthorized access, misuse, loss or destruction of data, an interruption in extraction of data or other similar events could interrupt our business, cause us to incur losses, subject us to fines or litigation and harm our reputation. An interruption in or the cessation of service by any third-party data source and our inability to make alternative arrangements in a timely manner could have a material impact on our ability to offer certain products and services and cause us to incur losses. We cannot assure that any of these third-party data sources or their subcontractors will be able to continue to provide their products and services in an efficient, cost effective manner, if at all, or that they will be able to adequately expand their services to meet our needs and those of our customers. Our Company may incur significant additional costs to implement enhanced protective measures and technology, to investigate and remediate vulnerabilities or other exposures or to make required notifications.

6. ***Our business will require substantial funds, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

Our business depends and will continue to depend on our ability to access diversified low-cost funding sources. Historically, our Company has relied on internal accruals and raising of capital through equity and inter-corporate deposits, which enabled us to keep our funding cost low. Recently, in June 2018, funds aggregating to approximately ₹ 2,500 million were mobilized for the business, operational and general corporate requirements of our Company. However, as our Company continues to grow its business, it will, in large part, be dependent upon our timely access to, and costs associated with raising capital including by borrowings from banks and lenders. Our Company is in the process of establishing relationships with various banks and lenders, considering that our Company does not have a track-record of such relationships, we may face difficulty in securing term loans and working capital lines from banks. Additionally as an NBFC, our Company faces certain regulatory restrictions on its ability to obtain financing from banks. Any change in the RBI regulations on onward lending to NBFCs, could further impair our ability to develop and maintain relationships with banks. Our average cost of borrowings in the Fiscal Years 2016, 2017 and 2018 was 14.24%, 13.11% and 10.20%, respectively.

Pursuing our growth strategy will also have an impact on our long-term capital requirements. With the growth of our business, we may be increasingly reliant on funding from capital markets. The market for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors, including the regulatory environment and policy initiatives in India, lack or inadequacy of liquidity in the market, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. If we are unable to obtain adequate financing or financing on terms satisfactory to us and in a timely manner, our ability to grow or support our



business and to respond to business challenges could be limited and our business prospects, liquidity and financial condition may be materially and adversely affected.

7. ***We may not be able to recover our loans on a timely basis, or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under such defaulted loans. Our inability to recover outstanding amounts under loans may adversely affect our business prospects, financial condition and results of operations.***

As of March 31, 2016, March 31, 2017 and March 31, 2018, Nil, 89.71 % (i.e., ₹ 785.00 million) and 89.42 % (i.e., ₹ 929.43 million), respectively, of our loans and advances relating to financing activity were secured. Depending upon the nature of product, our financings are secured typically by way of mortgage, hypothecation and/ or charge over property, escrow over project receivables, and other movables assets, personal guarantees of promoters or directors, corporate guarantee and a term deposit (debt service reserve account) in the form of bank fixed deposits lien marked in our favor. In certain instances, we obtain pledge of marketable securities or fixed deposits from our customers at the time of disbursement.

There can be no assurance that we will be able to sell such securities, or properties provided as collateral at prices sufficient to cover the amounts under default, or that we would be able to invoke personal and corporate guarantees. In addition, there may be delays associated with such processes. Further, certain ownership documents of the immovable properties that are mortgaged to us may not be duly registered or adequately stamped. Failure to adequately stamp and register a document renders the document inadmissible in evidence. While in such situations, we liaise with customers to work out a payment plan; however, there can be no assurance that we would be able to successfully retrieve payments due to us.

Consequently, should any default arise in relation to the corresponding loans, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such securities. Further, if any of our borrowers take recourse of arbitration or litigation against our repayment claims, it may cause a further delay in our recovery process leading to depreciation of the secured asset. A failure or delay in recovering the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our business prospects, financial condition and results of operations.

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

We require a number of approvals, licenses, registrations and permits for our business. Our wholly-owned subsidiary, Capital India Home Loans, has applied to the National Housing Bank for seeking permission to carry on the business of a housing finance institution. This application is currently pending.

We may need to apply for renewal of approvals which may expire in the ordinary course. The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, or if there is any adverse interpretation of applicable regulations by any judicial, regulatory or administrative authority, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business. If we fail to comply with applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for carrying out our business. If we fail to obtain or renew such approvals, licenses, registrations and permissions, in a timely manner, or at all, our business, results of operations and financial condition may be adversely affected. For further details of key regulations applicable to our business and our operations, see “*Regulations and Policies*” on page 95 and for details of pending approvals relating to our business and operations, see “*Government and Other Approvals*” on page 206.

9. ***We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We face potential liquidity risks because our assets and liabilities mature over different periods. We may have to rely on funding options with short term maturity periods for extending long term loans, which may lead to an asset-liability mismatch. Further, any future mismatches between our assets and liabilities will be compounded in case of pre-payment of financing facilities we grant to customers. As per our Asset Liability Management Policy, we cover (i) liquidity risk management (structural liquidity plan and dynamic liquidity plan), (ii) interest risk management system and (iii) funding and capital planning. We have also constituted an Asset-Liability Committee to address the foregoing risks. We have not experienced any asset-liability mismatch in the last five years preceding the date of this Draft Letter of Offer. However, we cannot assure that we will not face any asset-liability mismatch in the future, which could affect our liquidity and consequently may adversely affect our operations and profitability.

For details of our ALM Policy, see “*Our Business – ALM Policy*” on page 89.

**10. *Changes in the regulatory framework could adversely affect our operations and growth prospects.***

The regulatory and policy environment in which we operate is evolving and subject to change. Being an NBFC, we are subject to various regulations and policies, including, but not limited to the regulations and directives framed by RBI. The RBI also regulates the credit outflow by banks to NBFCs and has issued guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Also, see “*Regulations and Policies*” on page 95.

The introduction of GST with effect from July 1, 2017 has resulted in an increase in the cost of tax compliance, which has moved to state-level tax compliance compared to the centralized tax compliance pre-GST. The rate of GST on financial services, excluding interest revenue, is 18.0%, compared to the 15.0% service tax rate payable pre-GST. As against other companies, which are allowed 100.0% of the input tax credit, NBFCs are required to reverse 50.0% of the input tax credit under GST as well as the erstwhile service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased from 7.5% under service tax to 9.0% under GST for most of the services that we avail, resulting in additional costs. In addition, the introduction of the payment of GST on a reverse charge basis for the procurement of taxable goods and services from any unregistered person will also increase our costs considering the fact that we are required to reverse 50.0% of the input tax credit paid under the reverse charge as well. This impact is expected to be partially offset by the fact that we are entitled to avail input tax credit on purchase of goods, which pre-GST was not available, and the fungibility of taxes on goods and services.

The RBI, from time to time, amends the regulatory framework governing NBFCs. Further, uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, any governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, there can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that regulatory compliance issues will not be raised in respect of our operations, which could have a material adverse effect on our business, financial condition and results of operations.

**11. *We have substantial exposure to real estate sector and if these exposures become non-performing, it could affect our business, financial condition and results of operations.***

Following the change in management control of our Company in December 2017, we have expanded our targeted customer group from the real estate sector to position ourselves as sector agnostic lender. While our real estate lending, in the Fiscal Year 2018, has come down to 37.0%, as compared to 70.0% of our lending portfolio in the Fiscal Year 2017, it still constitutes a substantial part of our asset portfolio.

Any significant difficulty in real estate sector, driven by events not within our control, such as local and economic conditions, slump in the demand for properties, changes in the applicable governmental regulations, demographic trends, employment and income levels and interest rates, among other factors, could adversely impact the ability of customers to service their debt obligations to us. Further, during economic downturns, market sentiment for real estate projects may be adversely affected, buyers may become cautious, rentals of

office space may face downward pressure and sales or collections of our real estate customers could be adversely affected. Consequently, our business, results of operations, cash flows and financial condition have been and will continue to be partly dependent on the performance of, and the prevailing conditions affecting, the real estate sector. As a result, we would experience increased delinquency risk, which may materially and adversely impact our business, prospects, financial condition and results of operations.

Further, the Government of India has introduced the Real Estate Act to regulate the real estate sector and has imposed certain obligations on real estate developers, such as mandatory registration of real estate projects, maintenance of a separate account for amounts realized from each real estate project and restrictions on withdrawal of amounts from such accounts. The implementation of the Real Estate Act is still ongoing, including by various states in India, and we cannot assure you that our customers from the real estate sector will not be impacted by any further rules or regulations announced by the Government of India or such state Governments. Further, if our customers are subjected to penal action by the adjudicating authority under the Real Estate Act, it may affect their ability to repay loans.

**12. Our Promoter will continue to have the ability to control or influence the outcome of matters submitted to Shareholders for approval and their interests may differ from those of other Shareholders.**

Our Promoter currently owns 68.58% of the outstanding Equity Shares. Our Promoter has given an undertaking that it will subscribe in the Issue at least to the extent of its entitlement. Upon allotment in the Issue, our Promoter will continue to hold similar number of outstanding Equity Shares (assuming it will subscribe in the Issue, to the extent of its entitlement). As long as our Promoter continues to hold a significant ownership stake in our Company, it will have the ability to control or influence the outcome of any matter submitted to our Shareholders for approval, including matters relating to sale of all or part of our business, mergers or acquisitions; disposal of assets; the distribution of dividends; appointment or removal of our directors or officers; and our capital structure or financing. This control could 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 making a tender offer or otherwise attempting to obtain control of our Company, even if it is in the best interests of other shareholders of our Company. Our Promoter may have interests that are adverse to the interests of our Shareholders and may take positions with which our other Shareholders do not agree.

**13. Our Company and Group Company are party to certain outstanding litigations, and any adverse outcome in any of these proceedings, may have a material adverse impact on our business and financial condition.**

There are certain outstanding litigation against our Company and our Group Company. These proceedings are pending at different levels of adjudication before various courts, tribunals, quasi-judicial authorities and appellate tribunals. A summary of material proceedings involving our Company and Group Company as of the date of this Draft Letter of Offer is set forth below:

**I. Litigation against our Company**

(Amount in ₹)

Sr . No.	Nature of litigation	Number of cases	Approximate amount involved
1.	Tax proceedings	4	3,070
<b>Total</b>		4	3,070

**II. Litigation against the Group Company**

(Amount in ₹ )

Sr . No.	Nature of litigation	Number of cases	Approximate amount involved
1.	Statutory or regulatory action	1	23.16 million
2.	Criminal proceedings	1	-
3.	Tax proceedings	13	103.53 million
<b>Total</b>		15	126.69 million

The amounts claimed in these legal proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in the applicable laws or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial information that could increase our expenses and current liabilities.

We cannot assure you that these legal proceedings will be decided in favour of our Company or our Group Company, as the case may be, or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.

***14. Our business is concentrated around limited number of borrowers. If we fail to retain these borrowers or if we fail to expand our borrower base, our business, results of operations, cash flows and financial condition may be materially adversely affected.***

Our business is concentrated around limited number of borrowers. Our exposure to our single largest borrower as on March 31, 2016, 2017 and 2018 was ₹ 502.50 million, ₹ 150 million and ₹ 549.23 million, representing 98.0%, 17.0% and 53.0% of our total exposure as on such date. Further, as of March 31, 2016, 2017 and 2018, we had five, 10 and six borrowers, respectively. If we fail to retain our borrowers, or if any of our existing borrowers choose to repay their loans with us, if such loans become non-performing, or if we are unable to attract a broader range of borrowers, it would have a material adverse effect on our business, results of operations, cash flows and financial condition.

***15. We have in the past failed to comply with the relevant provisions of the SEBI Listing Regulations and the erstwhile listing agreement entered into by us with BSE.***

We have, in the past, inadvertently failed to comply with certain reporting obligations in terms of the erstwhile listing agreement entered into with the BSE. For instance, we missed filing of our shareholding pattern for the quarter ended September 30, 2004, within the prescribed time limit. Consequently, the BSE had temporarily suspended trading of our Equity Shares with effect from December 21, 2004. Thereafter, upon completion of requisite formalities, the suspension on trading of our Equity Shares was revoked by the BSE with effect from December 1, 2008.

Additionally, as a public listed company, the limited review and the audit reports submitted by us to the Stock Exchange are required to be provided by auditors who have subjected themselves to the peer review process of ICAI and hold a valid certificate issued by the "Peer Review Board" of the ICAI. Our statutory auditor for the Fiscal Year 2018, namely, M/s Divyank Khullar & Associates, had consented and confirmed to us their eligibility to act as our statutory auditor in accordance with the Companies Act, 2013. It has come to our knowledge while they are a registered member of the ICAI, they did not hold a valid peer review certificate. Accordingly, in terms of the applicable provisions of the SEBI Listing Regulations, we may be subject to regulatory actions. We have appointed Deloitte Haskins & Sells LLP, Chartered Accountants, a registered member of ICAI, holding a valid certificate issued by the "Peer Review Board" of the ICAI, as the statutory auditor of the Company with effect from May 3, 2018. Further, we have also got Deloitte Haskins & Sells LLP, Chartered Accountants to conduct a special purpose audit of our financials for the Fiscal Year 2018 which has been approved by our Board on August 7, 2018 and there were no qualifications that were made by Deloitte Haskins & Sells LLP.

***16. We have had instances of non-compliances in relation to maintenance of leverage ratios and minimum net owned fund prescribed by the RBI which may lead to regulatory actions.***

Pursuant to the Master Directions, with effect from March 31, 2015, we are required to maintain the leverage ratio (i.e., outside liabilities/ owned funds) of not more than seven at all points of time. However, our leverage ratios during the last three Fiscal Years exceeded the prescribed regulatory requirement. Our leverage ratios at the end of periods mentioned below, were as follows:

Particulars	March 31, 2016	March 31, 2017	March 31, 2018
Leverage Ratio* (in times)	14.88	35.24	23.35

\* Leverage Ratio means the total Outside Liabilities/ Owned Funds.

Additionally, as an NBFC, we are required to maintain the minimum net owned fund of ₹ 20 million. Our net-owned funds as of March 31, 2018, i.e, ₹ (85.30) million, was below the prescribed regulatory requirement.

In June 2018, our Company raised ₹ 2,500 million through a preferential allotment of Equity Shares and thereby meeting the leverage ratio and net-owned fund requirements. However, there is no assurance that RBI will not take any action for breaches by our Company in the past. If we are subject to any such action, it may materially affect our business.

**17. Once we become a ‘Systemically Important NBFC’, we will be subject to stringent regulatory requirements and prudential norms which could adversely affect our business, financial conditions and results of operations.**

Presently, we are a “Non-Systemically Important Non-Deposit taking NBFC”. However, once we become a ‘Systemically Important NBFC’, we will be subject to more stringent regulations and compliance framework. The requirements that are applicable to ‘Systemically Important NBFCs’ in terms of the regulatory framework are significantly more stringent, and may require our Company to incur significant costs to ensure compliance. We will be subjected to the ‘Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016’ once we become a ‘Systemically Important NBFC’. For instance, as per these master directions, every ‘Systemically Important NBFC’ is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% of its aggregate risk weighted assets on-balance sheet and risk adjusted value of off-balance sheet items. This requirement is not presently applicable to us. We will also be subject to other notifications, circulars etc., issued by the RBI for monitoring the operations of ‘Systemically Important NBFCs’, including but not limited to the Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016, whereby we will be required to put in place a reporting system for recording frauds. In the event of failure to comply with the applicable directives and reporting requirements, the RBI may impose penalties, restrict business activities or otherwise enforce increased scrutiny and control over our operations. The additional costs that may be incurred by our Company in order to ensure compliance with the RBI regulations applicable to ‘Systemically Important NBFCs’, including in relation to maintenance of capital adequacy ratios, reporting of frauds, or a delay or non-compliance thereof, may significantly affect our business, reputation, results of operations, financial condition and prospects.

**18. Our Company has issued Equity Shares in the last 12 months at a price which may be lower than the Issue Price.**

The details of Equity Shares issued by our Company in the last one year preceding the date of filing of this Draft Letter of Offer which may have been issued at a price lower than the Issue Price are as follows:

Sr. No.	Name of allottees	Whether allottee belongs to Promoter Group	Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share	Reason for/ Nature of allotment
1	Capital India Corp LLP, Samrat Banerjee, Dharampal Satyapal Limited, Sudhir Power Limited, RJ Corp Limited, Vasudevan	Except for our Promoter, none of the allottees belonged to the Promoter Group.	June 8, 2018	39,683,000	10	63	Preferential Allotment

The price at which our Company has issued the Equity Shares in the preceding 12 months is not indicative of the price at which they will be traded.

***19. An inability to manage our growth in our lending business may place significant demands on our management and our infrastructure and could be costly.***

If we achieve significant rapid growth in our lending business, such growth may place significant demands on our management and our operational and financial infrastructure. Expanding our products or entering into new markets can be costly and require significant management time and attention. Additionally, as our operations grow in size, scope and complexity and our product offerings increase, we will need to enhance and upgrade our systems and infrastructure to offer an increasing number of enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain our ability to maintain reliable service levels for our customers, develop and improve our operational, financial and management controls, develop and enhance our legal and compliance controls and processes, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel. Managing our growth will require significant expenditures and allocation of valuable management resources. Failure to achieve the necessary level of efficiency in our organization as it grows could materially adversely affect our business, prospects, results of operations, financial condition and cash flows and could impair our ability to continue current operations.

***20. Due to the limited information regarding loan servicing histories of customers in India, we may be at a higher risk compared to financial sector companies with lending operations in more developed countries.***

For certain key elements of the credit assessment process, we depend on the accuracy and completeness of information furnished by the customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer. Our principal activity is providing financing to borrowers. The credit risk of our borrowers may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment. In addition, India's system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it or corporate or financial information relating to companies or other economic enterprises may not be as comprehensive as those of several countries with established market economies.

For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. Moreover, the availability of accurate and comprehensive credit information on individuals and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Difficulties in assessing credit risks associated with our day-to-day lending operations may cause our assets becoming non-performing or may require to be restructured.

***21. Our operations are concentrated in Delhi and Mumbai. Additionally, we may not be successful in expanding our business to other parts of India which could have an adverse effect on our business, financial condition and results of operations.***

Historically, our presence was limited to Delhi. In November 2017, we opened our Corporate Office in Mumbai. However, our competitors already have established operations in other locations in India and while we currently don't have any plans for geographic expansion, we may find it difficult to attract customers from other geographies as and when we decide to expand geographically. Due to our presence being limited to Delhi

and Mumbai, we may not be able to successfully expand into new markets or increase our customer base, which could have a material adverse effect on our business, financial condition and results of operations.

- 22. *If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We have devoted significant resources to develop our risk management architecture and procedures and plan to continue to do so in the future. However, there can be no assurance that our policies and procedures to identify, monitor and manage risks will be fully effective. Some of our risk management procedures may not be automated and could be subject to human error, while certain of our risk management methods are based on observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. To the extent any of the instruments and strategies which we may use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients, borrowers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Our earnings in the lending business are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management framework, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

- 23. *As an NBFC, we are subject to periodic inspections by the RBI. Non-compliance with observations made by RBI during these inspections could expose us to penalties and restrictions.***

The RBI has a right to conduct periodic inspection on us pursuant to section 45N of the Reserve Bank of India Act, 1934 (the “**RBI Act**”). Accordingly, the RBI may inspect our books of accounts and other records to verify the correctness or accuracy of any statement, information or particulars furnished to the RBI. If we are unable to resolve any deficiencies to RBI’s satisfaction, our ability to conduct business may be restricted. Imposition of any penalty or adverse findings by the RBI during any future inspections may have an adverse impact on our business prospects, financial condition and results of operations.

- 24. *The requirement and deployment of the Net Proceeds have not been independently appraised and are based on management estimates.***

The requirement and deployment of the Net Proceeds have not been appraised by any bank or financial institution. Our Company may have to revise its management estimates from time to time and consequently our funding requirements may also change. Our management will have flexibility over the use of the Net Proceeds. We intend to use the Net Proceeds of the Issue towards augmenting our capital base to meet our future capital requirements, in accordance with applicable law, and in the manner indicated in “*Objects of the Issue*” on page 59.

Our management may not apply the Net Proceeds in ways that increase the value of your investment. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds in the manner indicated in “*Objects of the Issue*” on page 59.

- 25. *Certain of our corporate records are not traceable.***

Certain of our corporate records, such as the initial memorandum of association of our Company are not traceable. Despite having conducted an internal search of our records, and a search in the records of the RoC

Delhi, we have been unable to retrieve the aforementioned document. Accordingly, we have relied on other documents, including relevant form filings and the resolutions passed by our Board and Shareholders, for the disclosure of amendments to our Memorandum of Association, in this Draft Letter of Offer. We cannot assure you that our initial Memorandum of Association will be available in the future.

**26. Other interests of our Directors may cause conflict of interest in the ordinary course of our business.**

One of our Directors, Vineet Kumar Saxena is a non-executive director in another NBFC, Fintree Finance Private Limited. We cannot assure of any current or potential conflict of interests as a result of such directorship. Also, see, “Our Management” on page 109.

**27. Our trademarks are held by our Promoter. If we are unable to protect our intellectual property rights, our business, reputation, results of operations, cash flows and financial condition could be adversely affected.**

The trademark over the corporate logo of our Company and our wholly-owned subsidiary, Capital India Home Loans, is registered in the name of our Promoter, Capital India Corp LLP. Additionally, the applications for registration of trademarks “Capital India Asset Finance”, “Capital India Investment Banking” and the “Capital India Wealth Management”, made by our Promoter have been presently objected to. Though we have obtained no-objection certificates from the Promoter for usage of the aforementioned trademarks, however, there is no specified time period for such usage and our Promoter may at any point of time withdraw its no-objection certificates and may use the trademarks as a part of its own business and operations. Neither our Company, nor Capital India Home Loans have entered into any trademark licensing agreements with our Promoter for the usage of the aforementioned trademarks.

In addition, our Promoter may be unable to obtain, maintain or enforce our intellectual property rights, including for our “Capital India” brand, which is fundamental to our business. The registered or unregistered trademarks or trade names that we use may be challenged, infringed, lapsed or determined to be infringing on or dilutive of other marks. Our rights in these trademarks and trade names, which we need in order to build name recognition with potential customers, may not be protected. In addition, third parties may in the future file for registration of trademarks similar or identical to our trademarks. If third parties succeed in registering or developing other legal rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to commercialize our products in certain geographies or contexts. If we are unable to maintain our name recognition or enforce our trademarks, trade names or other intellectual property, we may not be able to compete effectively and our business, reputation, results of operations, cash flows and financial condition could be adversely affected. For more details, see the section “Our Business–Intellectual Property” on page 93.

**28. Our Registered Office and Corporate Office are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavorable to us could adversely affect our operations.**

Our Registered Office and Corporate Office are functioning from leased premises, with lease tenures ending on December 10, 2020 and July 31, 2022, respectively. Further, these lease agreements do not have an auto-renewal provision. If any of the owners of these premises terminate or do not renew the lease agreements, or if they seek renewal on such agreements on terms and conditions which may be unfavorable to us, or if they terminate the agreement, we may suffer a disruption in our operations or substantial rent escalation and relocation costs as a result, or both. Our Company also faces the risk of being evicted in the event that our lessors allege a breach on our part of the terms of the respective lease agreements. If any of such events were to occur, it may adversely affect our business and results of operations.

**29. Our Company has had negative cash flows in the past and may continue to have negative cash flows in the future.**

The following table sets forth our cash flow for the periods indicated:

(Amounts in ₹ million)

Particulars	Fiscal ended March 31,		
	2016	2017	2018



Particulars	Fiscal ended March 31,		
	2016	2017	2018
Net Cash generated/(used) from Operating Activities	42.50	(388.09)	(39.06)
Net Cash generated/(used) from Financing Activities	(42.97)	893.48	(56.80)

For further details, see “*Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 129 and 184, respectively. We cannot assure you that our net cash flows will be positive in the future.

**30. *If our borrowers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected.***

Our borrowers may default on their repayment obligations to us on account of several factors, including as a result of their insolvency, competition within their respective sectors, lack of liquidity, time and cost overrun, operational failure, breach of contract, regulatory or judicial intervention and other reasons. In the last five years preceding the date of this Draft Letter of Offer, none of our borrowers have defaulted on their repayment obligations to us, however, if any such defaults were to occur, it could adversely affect our business, financial performance and results of operations.

**31. *We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. We, in the course of our operations, run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest borrowers despite putting in place systems and controls to prevent the occurrence of these risks as is customary in our jurisdiction. In certain of our activities and in our pursuit of business, our financial products and services may be offered to unsuitable customers despite our KYC and AML policies. Such incidents may result in regulatory action or requirements to invest further in our relevant systems, either of which could result in increased expenses, or in damage to our reputation which could reduce our attractiveness to investors.

**32. *We have entered into certain transactions with related parties. There can be no assurance that any such transactions or any future related party transactions will be the most beneficial option for our Company.***

We have entered into a number of related party transactions. While we believe that all such transactions have been conducted on an arm’s length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. We may enter into transactions with related parties in the future as well. Although all related party transactions that we may enter into, will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, and the SEBI Listing Regulations, we cannot assure you that we could not have achieved more favorable terms if such transactions had not been entered into with the related parties.

For details, see *Related Party Transactions* on page 127.

**33. *Our ability to pay dividends will depend on our capital requirements, future earnings, cash flows, financial condition, restrictive covenants under our financing arrangement.***

Any future determination as to the declaration and payment of dividends will be decided by our Board and will be subject to the discretion of the Shareholders. It will further depend on factors that our Board and Shareholders consider to be relevant, including our capital requirements, future earnings, cash flows, financial condition and restrictive covenants under our financing arrangements. We cannot provide any assurance that we will be able to pay dividends in the future.

Our Company did not declare any dividend for the Fiscal Years 2014, 2015, 2016 and 2017. For details of our dividend policy, see “*Dividend Policy*” on page 128.

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

We store customers' bank information, credit information and other sensitive data. Any accidental or willful security breaches or other unauthorized access could cause the theft and criminal use of this data. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, legal proceedings and negative publicity, which could divert the attention of our management team. While there have been no such incidents in the past, however, if security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to customer data, our relationships with customers will be severely damaged, and we could incur significant liability. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Any security breach may cause our customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation, and result in lost customers, could in turn have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows.

**35. *Our Group Company has made loss in one of the last three Fiscal Years.***

Sahyog Homes Limited, our Group Company, incurred a loss after tax of ₹ 47.82 million in Fiscal Year 2015. For further details, see "Our Group Company" on page 124.

**36. *Any adverse credit ratings in future could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.***

The cost and availability of debt capital depends on our credit ratings. Credit ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. Our present borrowings have not been rated. Any adverse credit ratings in future could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations and cash flows. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future.

**37. *Insurance coverage and policies obtained by us may not adequately protect us against economic losses arising from any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flow.***

We maintain insurance coverage in accordance with industry standard and practice that we believe is adequate for our operations. We maintain directors' and officer's insurance policy, group health policy and group personal accident policy. However, there can be no assurance that the terms of our insurance policies will be adequate to cover any or all damages or losses suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected.

For further details on our insurance coverage, see "Our Business - Insurance" on page 93.

**38. *Our Subsidiaries may not pay dividends on shares that we hold in them or may not contribute adequate revenue on a consolidated basis, year on year. Consequently, our Company may not receive any return on investments in our Subsidiaries.***

As on the date of this Draft Letter of Offer, our Subsidiaries are yet to commence their business activities. Further, our Subsidiaries have no obligation to pay dividends and may be restricted from doing so by law or

contract, including applicable laws, charter provisions and the terms of their respective financing arrangements. We cannot assure you that our Subsidiaries will generate sufficient profits and cash flows, or otherwise be able to pay dividends to us in the future. Additionally, our Subsidiaries may not contribute adequate revenue on a consolidated basis, year on year, owing to various internal and external factors, which may consequently affect our results of operations and financial condition.

## **External Risk Factors**

### ***39. A slowdown in economic growth in the markets in which we operate could adversely affect our business and operations.***

Our performance and growth are dependent on the health of the economy of the markets in which we operate. Various factors may lead to a slowdown in the Indian or world economy, which in turn may adversely impact our business, prospects, financial performance and operations. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance of our business and operation.

### ***40. Civil disturbances, terrorist attacks, extremities of weather, regional conflict, political instability and other unforeseen events may have adverse effects on our operations and financial performance.***

Any significant event such as earthquake, fire, floods and similar natural calamities or man-made disasters, civil unrest or terrorist attacks, may cause interruption in our business and operations. The market price and liquidity of our Equity Shares may be affected by changes in laws, regulations and policies implemented by the central, state or local bodies. Other social, ethnic, economic or political disturbances or communal tensions could also have a materially adverse impact on our businesses and financial performance.

### ***41. Enforcement of foreign judgments against our Company or our management may not be possible or may require additional legal proceedings.***

Our Company is a limited liability company incorporated under the laws of India and all our Directors and executive officers are residents of India. A substantial portion of our assets and the assets of the Directors and the executive officers of our Company, who are Indian residents, are located in India. As a result, it may be difficult for the investors to affect service of process upon our Company or such persons outside India or to enforce judgments obtained in courts outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908 (the “**Civil Code**”). Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be executed in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against the Company or its officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment in the same manner as any other suit filed to enforce a civil liability in India. If, and to the extent that, an Indian court were of the opinion that fairness and good faith so required, it would, under current practice, give binding effect to the final judgment that had been rendered in the non-reciprocating territory, unless such a judgment contravenes principles of public policy in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In

addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of such a judgement.

**42. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.***

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or 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. 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, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

**43. *Financial instability, economic developments and volatility in securities markets may cause the price of the Equity Shares to decline.***

The volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges may have negative impact on the market conditions in which our Equity Shares trade. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. The governing bodies of the various Indian stock exchanges have from time-to-time imposed restrictions on trading in certain securities, limitations on price movements and constraints on the margin requirements. Previously, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which may have negatively impacted the market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

**Risks relating to the Issue and the Equity Shares**

**44. *We will not distribute the Letter of Offer, the Abridged Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.***

We will dispatch the Letter of Offer, the Abridged Letter of Offer and CAF (the "Issue Materials") to the shareholders who have provided an address in India for service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

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

Under current Indian tax laws, capital gains arising from the sale of equity shares are generally taxable in India. The Union Budget presented in the Indian Parliament on February 1, 2018, introduced a number of amendments to the existing direct and indirect tax regime, such as the withdrawal of long term capital gains exemptions on equity shares, among others. Prospective investors should consult their own tax advisors in relation to the consequences of investing in the Equity Shares.

**46. *Any future issuance of the Equity Shares, or convertible securities or other equity linked securities by our Company may dilute your future shareholding and sales of the Equity Shares by the Promoter or Promoter***

***Group or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, or convertible securities or other equity linked securities by our Company, may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Any future sales of the Equity Shares by the Promoter or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

***47. You may not receive the Equity Shares that you subscribe in the Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you may be Allotted in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

***48. There is no guarantee that the Equity Shares will be listed on the BSE in a timely manner, or at all, and any trading closures at the BSE may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the BSE until after those Equity Shares have been issued and Allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

**PROMINENT NOTES:**

1. The Lead Manager has submitted a due diligence certificate with SEBI. Investors may contact the Lead Manager for any complaints pertaining to this Issue. Investors may also contact the Company Secretary and Compliance Officer, and the Registrar to the Issue for complaints pertaining to this Issue. For details see “General Information” and “Issue Information” on pages 45 and 217, respectively.
2. Issue of [●] Rights Equity Shares for cash at a price of ₹ [●] (including share premium of ₹ [●]) per Rights Equity Share for an aggregate amount not exceeding ₹ 2,500 million to the Eligible Shareholders on rights basis in the ratio of [●] Equity Share for every [●] Equity Shares held by the Eligible Shareholders on the Record Date, being [●]. The Issue Price is [●] times the face value of the Equity Shares. For further details, refer to “Issue Information” on page 217 of this Draft Letter of Offer.
3. As at March 31, 2018, the net worth\* of our Company was ₹ 69.03 million and ₹ 67.41 million, on a standalone and consolidated basis, respectively, as per our Restated Financial Information.

\*Net worth = Equity share capital + Reserves & Surplus (including Statutory Reserve under Section 45-IC of the RBI Act, 1934)

4. As at March 31, 2018, our net asset value/ book value per Equity Share was ₹ 19.71 and ₹ 19.25 on standalone and consolidated basis, respectively, as per our Restated Financial Information.

5. The name of our Company was changed from the originally incorporated name 'Bhilwara Tex-Fin Limited' to our present name 'Capital India Finance Limited' and a fresh certificate of incorporation was issued by the RoC, Delhi on August 16, 2017. Subsequent to the change of our name, there was no variation to the activities being undertaken by our Company. Accordingly, the objects clause of our Memorandum of Association was not required to be altered. For reasons for change in the name of our Company, see '*History and Certain Corporate Matters*' on page 100.
6. Details of related party transactions, on a standalone basis, during Fiscal 2018:

Nature of Transaction	Fiscal 2018
	(₹ million)
Managerial remuneration paid	7.42
Investment in equity shares	150.40
Advance towards share application money	1250.00
Reimbursement of Expenses	7.11
Interest Income	13.26
Interest Expenses	5.28
ICD taken	150.00
Repayment of ICD taken	150.00
ICD given	228.00
Refund of ICD given	228.00

Details of related party transactions, on a consolidated basis, during Fiscal 2018:

Nature of Transaction	Fiscal 2018
	(₹ million)
Managerial remuneration paid	10.88
Advance towards share application money	1250.00
Reimbursement of Expenses	2.01
Interest Income	14.98
Interest Expenses	5.28
ICD taken	150.00
Repayment of ICD taken	150.00
ICD given	333.00
Refund of ICD given	333.00
Loan Taken	0.05
Loan Repaid	0.05

7. For details of transactions entered into by our Company with the Subsidiaries and Group Company and the cumulative amounts involved in such transactions, see "*Related Party Transactions*" on pages 127.
8. For information regarding the business or other interests of our Group Company in our Company, see "*Group Company*" and "*Related Party Transactions*" on pages 124 and 127, respectively.
9. There has been no financing arrangement whereby our Promoter, the designated partners of our Promoter, the Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Letter of Offer with the SEBI.
10. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the Lead Manager who has submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.

## SECTION III - INTRODUCTION

### SUMMARY OF INDUSTRY

*Investors should note that this is only a summary of the industry overview in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Letter of Offer, including the information in the “Risk Factors”, “Industry Overview” “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information”, beginning on pages 13,68, 85, 184 and 129, respectively. An investment in the Equity Shares involves a high degree of risk.*

*The information contained in this section is derived from various government and other industry resources. Such information also includes information available from reports or databases of CRISIL Research, a division of CRISIL, that has been commissioned by our Company. Neither our Company, nor our Promoter, the Lead Manager, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. The Company, its Promoter and Directors are not directly or indirectly related to CRISIL.*

#### 1. Global Financial Markets

Although markets remained relatively calm and stable during most part of 2017 and January 2018 even in the wake of the unwinding of the Fed’s balance sheet, financial markets turned volatile in February and went into swift correction on fears of faster rate hikes by the US Fed. Early March also witnessed the return of volatility on announcement of protectionist measures by the US and the momentary calm was shattered by intensification of trade protectionism between China and the US. The growing financial market integration in recent years has led to spillovers of volatility from advanced economies (“AEs”) to emerging market economies (“EMEs”) due to monetary policy actions and financial events, as witnessed recently.

Global economic activity has been witnessing a broad-based cyclical upturn. The acceleration in global trade outpacing global growth is a welcome development. Inflation remains below policy target levels in many key economies despite rise in some commodity prices and improving demand outlook, while monetary policy stances remain diverse. The recent volatility in financial markets stemming mainly from the uncertainty over the pace of normalization of monetary policy in AEs could pose a challenge to the EMEs, while fears of rising trade protectionism have clouded the global trade outlook.

*(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#V4>)*

#### 2. Indian Economy – Overview & Trends

The Central Statistics Office (“CSO”) released its second advance estimates for 2017-18 in February 2018, revising India’s real gross domestic product (“GDP”) growth marginally upward to 6.6% from 6.5% in the first advance estimates released in January 2018. GDP growth in 2017-18 at 6.6% was lower than 7.1% in 2016-17 and the deceleration was broad-based, but each component revealed intra-year turning points. Private consumption growth – whose contribution to GDP growth in 2017-18 was 68% – moderated in the second half. GST implementation had an adverse, even if transient, effect on urban consumption through loss of output and employment in the labor-intensive unorganized sector. Government expenditure provided sustained support to aggregate demand, with a pick-up in pace in the second half. The projected CPI inflation for 2018-19 is revised to 4.7-5.1% in H1:2018-19 and 4.4% in H2, including the house rent allowance (“HRA”) impact for central government employees, with risks tilted to the upside, as illustrated below. Excluding the impact of HRA revisions, CPI inflation is projected at 4.4-4.7 % in H1:2018-19 and 4.4 % in H2.

Headline CPI inflation reached a peak of 5.2% in December 2017 (4.9%, excluding the estimated impact of HRA for central government employees), reflecting an unseasonal spike in the prices of vegetables and the full impact of the central government implementing the 7<sup>th</sup> Central Pay Commission's ("CPC's") HRA award. For 2019-20, assuming a normal monsoon and no major exogenous/policy shocks, structural model estimates indicate that inflation will move in a range of 4.5-4.6%. The 50% and the 70% confidence intervals for Q4:2019-20 are 3.0-6.1% and 2.2-7.0%, respectively.

(Source: [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=43573](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=43573))

#### **a. GDP Growth**

Going forward, economic activity is expected to gather pace in 2018-19, benefitting from a conducive domestic and global environment. In the March 2018 round of the RBI's survey, professional forecasters expected real GDP growth to pick up marginally from 7.2% in Q3:2017-18 to 7.3% in Q1:2018-19 and remain at 7.2% Q2-Q4. Taking into account the baseline assumptions, survey indicators and model forecasts, real GDP growth is projected to improve from 6.6% in 2017-18 to 7.4% in 2018-19 – 7.3% in Q1, 7.4% in Q2, 7.3% in Q3 and 7.6% in Q4 – with risks evenly balanced around this baseline path. For 2019-20, the structural model estimates indicate real GDP growth at 7.7%, with quarterly growth rates in the range of 7.4-7.9%, assuming a normal monsoon, and no major exogenous/policy shocks.

(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#I2>)

#### **b. Fiscal and current deficit:**

The Central Government's fiscal deficit for 2017-18 and 2018-19 is likely to be above initial expectations and the medium-term adjustment path has also been postponed. An empirical assessment presented in the - Monetary Policy Report ("MPR") of October 2017 suggests that: (a) in India, causality runs from fiscal deficits to inflation; and (b) the impact of fiscal deficits on inflation is non-linear, i.e., higher the initial levels of the fiscal deficit and inflation, higher is the impact of an increase in the fiscal deficit on inflation. Given the present levels of the combined (centre and states) fiscal deficit, an increase in the fiscal deficit to GDP ratio by 100 bps could lead to an increase of about 50 bps in inflation. Apart from its direct impact on inflation, fiscal slippage has broader macro-financial implications, notably on economy-wide costs of borrowing which have already started to rise. These may feed into inflation and elevate it further.

(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#I2>)

#### **c. Interest rate trajectory:**

Since December 2017 and January 2018, respectively, deposit and lending rates have begun to inch up in line with interest rates in other financial market segments. With the transition of system-level liquidity from surplus towards neutrality, banks have started raising their interest rates in a sequence beginning with bulk term deposit rates, retail term deposit rates and on to marginal cost of funds based lending rate ("MCLR's").

(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#I2>)

### **3. NBFC Sector Overview**

The RBI regulates and supervises three categories of NBFIs, viz. All-India financial institutions ("AIFIs"), primary dealers ("PDs") and NBFCs. As an NBFC, they can be classified into deposit taking and non-deposit NBFCs. The non-deposit NBFCs can be further classified as 'Systemically –Important NBFCs-ND' and other NBFCs-ND. NBFCs-ND-SI have become significantly larger than NBFCs-D – their share in total assets of the two categories taken together was about 86 % in 2017. NBFCs were brought under the regulation of the Reserve Bank in 1964 by inserting Chapter III B in the RBI Act. In more recent years, regulatory measures have been motivated by the objectives of financial stability, financial inclusion and harnessing of specialized domain expertise.

Based on the activities undertaken, NBFCs can be classified into 12 major categories:



- i. Asset Finance Company
- ii. Loan Company
- iii. Investment Company
- iv. Infrastructure Finance Company
- v. Systemically Important Core Investment Company
- vi. Infrastructure Debt Fund
- vii. Micro Finance Institution
- viii. NBFC Factor
- ix. NBFC Non-Operative Financial Holding Company
- x. Mortgage Guarantee Company
- xi. Account Aggregator
- xii. Non-banking Financial Company – Peer to Peer Lending Platform

NBFCs-ND-SI have traditionally funded both the industrial sector and the retail segment. Several NBFCs-ND-SI specialize in financing niche segments, including the micro and small enterprises, which particularly figure prominently in the loan portfolios of NBFCs-MFI and loan companies. Over recent years, there has been a steady growth in the credit to MSE sector from these two categories. This was mainly on account of the revision in December 2015 in the returns filed by NBFCs. The number of NBFCs-ND-SI increased till 2014 due to increased licenses given to these entities following notification of newer categories. Thereafter, there was a decline in their number mainly reflecting the increase in threshold asset size for defining NBFCs-ND-SI. The number of NBFCs has declined because of the regulatory initiatives aimed at protecting depositors' interests and safeguarding financial stability. Nevertheless, the overall balance sheet size of NBFCs has expanded with their credit growth recording a higher reading in 2016-17 when bank credit witnessed historically low growth.

NBFCs act as a critical cog in the credit system of the economy, by providing financial services with respect to products as well as customer and geographic segments at the grassroots level. As of March 2017, they accounted for 16% of the overall systemic credit. The outstanding loans disbursed by NBFCs grew at a 19% CAGR since the fiscal year 2011-2012. The growth is distributed in various sectors. Unlike banks, NBFCs cannot accept demand deposits, do not form part of the payment and settlement system and cannot issue cheques drawn on itself and cannot offer deposit insurance facility of Deposit Insurance and Credit Guarantee.

(Source: [https://m.rbi.org.in/Scripts/BS\\_ViewBulletin.aspx?Id=17147](https://m.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=17147))

#### **4. Indian wholesale lending industry overview**

Wholesale finance includes the lending services to medium-to-large-sized corporates, institutional customers, real estate developers by banks and other financial institutions. The ticket size of loans disbursed vary from ₹ 500 million to ₹ 5000 million, with some NBFCs taking collateral cover as high as three times depending on the structure of the loan. Wholesale finance NBFCs offer funding which is industry-specific (such as real estate finance), structured and customized as per the needs of the borrower and suits the risk appetite of the respective NBFC. Real estate financing accounts for majority share in overall wholesale credit, for the fiscal 2017, compared with structured credit and capital market lending. While most NBFCs have limited exposure in long-term funding, banks extend both long and short-term funding to diverse sectors. They also have a higher market share in wholesale lending *vis-à-vis* NBFCs.

The AUM of wholesale financing NBFCs (excluding HFCs) has grown at a robust CAGR of 31% between 2012-2017, to touch a market share of ₹1.3 trillion by March 2017. Despite a poor growth demonstrated by the banks in this segment, NBFCs have been able to expand their market share to 9% from 5% during between fiscals 2012 and 2017, where the wholesale loans outstanding of NBFCs and HFCs together also grew at a CAGR of 23%. The strong growth of NBFCs in the wholesale financing can be explained by couple of reasons: customized solutions,

with features such as interest moratorium and bullet repayment schedules, which are not offered by banks; lower turnaround time, whereby the NBFCs usually disburse a large-ticket loan to a new customer within 45-60 days; slower decision-making processes in public sector banks, owing to their risk aversion and fragile capital position; and strong client relationships of NBFCs due to their presence in allied businesses, or because they are supported by well-established parent companies.

On the other hand, introduction of RERA, has caused a sense of concern and uncertainty in the markets. This sentiment is likely to persist till the market adjusts itself to RERA and is able to implement it effectively. RERA is eventually expected to instill more confidence in the market, particularly in financial institutions while lending funds to builders and developers on account of having established a regulatory authority and laying down stringent compliances. Despite these concerns, it is expected that the wholesale financing by NBFCs will grow at 23-26% CAGR to capture a market size of ₹ 2.0 trillion by end of fiscal year 2018-19.

*(Source: CRISIL Research Report on Wholesale Lending, 2017)*

## **5. Housing Finance Industry Overview**

For the NBFCs, housing finance occupies the second largest portfolio after infrastructure. The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to growth in construction and demand for housing. The National Housing Bank (“NHB”) was set up in 1988 as the apex institution for regulating and controlling housing finance companies in the country. Over the years, through its innovative measures, active guidance and appropriate regulatory interventions, NHB has significantly facilitated broadening and deepening of the housing finance market in the country.

The financial crisis of 2007-08 had a long lasting effect on the housing situation in different countries, which was evidenced by a downward trend in the housing prices all over the world. As per the IMF Global Watch Report, India was classified as a “boom” economy, thus presenting itself as an opportunity for the housing finance market. The CAGR of HFCs is approximately 22% in loan outstanding between 2011-12 and 2016-17. Both banks and HFCs offer mortgage backed loans, with the banks having a 60% share in the loan assets as of 2016-17. The share of HFCs has increased rapidly to 40% from 34% over the last couple of years, largely supported by their sharper focus on loan against property and developer loan segment. Due to HFCs strong origination skills, focused approach of catering to a particular category of customers, relatively superior customer service and diverse channels of business sourcing placed in the backdrop of increased urbanisation, the growth is expected to accelerate leading to a 18-20% CAGR over next five fiscal years.

HFCs can be categorised as large, medium and small size HFCs. Mid-size HFCs comprise of those HFCs with total retail housing loan outstanding of below ₹ 300 billion, as of March 2017. It is expected that with the focus of the mid-size HFC on affordable-housing projects and their relatively higher concentration in Tier-II and smaller cities, they will continue to grow. Higher transparency in the sector, increasing urbanisation and government’s incentive coupled with an increased financial penetration in urban areas are primary growth drivers for the housing finance market for the next couple of years. Demand for loans for new housing is one of the primary drivers in the HFC disbursements. The Government has also taken key initiatives for improving the housing stock, such as simplification of foreign investment through automatic route, allowance of investment in real estate sector through REITs, and enabling affordable housing by facilitating availability of long term funds for developers and NHB.

*(Source: CRISIL Research Report on Housing Finance, 2017 and <https://nhb.org.in/wp-content/uploads/2018/02/T%20&%20P%202016.pdf>).*

## SUMMARY OF BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 11 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors” on page 13 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise indicated, the financial information included herein is based on our Restated Standalone Financial Information for Fiscal Years 2014, 2015, 2016, 2017 and 2018 included in this Draft Letter of Offer. For further information, see “Financial Information” on page 129. Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the 12 months ended March 31 of that year.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the CRISIL Reports.

### Overview

We are an NBFC primarily focused in providing bespoke asset backed financing solutions to customers. While we have been in existence for over two decades, our current Promoter, Capital India Corp LLP, completed the acquisition of Equity Shares from our erstwhile promoter pursuant to the Capital India SPA and from our public shareholders through an open offer, in December, 2017. The new management took control in November 2017 and the new leadership has brought in significant changes in the senior management to efficiently anchor the Company and also made significant changes to the business outlook and the product portfolio of the Company.

The product portfolio offered by us can be broadly classified into real estate financing and structured financing. Our real estate financing primarily consists of Real Estate Project Finance, Loan Against Property, Lease Rental Discounting and Commercial Property Purchase Loan. Our offerings for structured financing solutions include funding for acquisition, expansion, buyouts, diversification, pre-IPO financing needs and promoter funding. For information on the products description, see “Our Business - Product Portfolio” on page 85.

Presently, we are a “Non-Systemically Important Non-Deposit taking NBFC”. As of March 31, 2018 our portfolio of loans and advances relating to financing activity was ₹ 1,039.44 million.

The following table provides the details of our broad product-wise AUM as at the end of the periods indicated:

(Amounts in ₹ million)

Product	Fiscal Year ended		
	March 31, 2016	March 31, 2017	March 31, 2018
Real Estate Financing	-	730.00	380.21
Structured Financing	513.79	145.00	659.23
<b>Total</b>	<b>513.79</b>	<b>875.00</b>	<b>1,039.44</b>

Our business is operated from our Registered Office and Corporate Office. Our enterprise-wide loan management system, *OmniFin* (developed by AS Software Services Private Limited), which provides single platform operational support such as risk management, documentation management and customer service and consequently enabling us to focus our resources on delivering quality services to our customers. For details see “Our Business - Information Technology” on page 93.

Our total revenue in the Fiscal Years 2016, 2017 and 2018 was ₹ 75.43 million, ₹ 87.83 million and ₹ 257.09 million, respectively. Our profit after tax in the Fiscal Years 2016, 2017 and 2018 was ₹ 2.22 million, ₹ 2.35 million and ₹ 29.49 million, respectively. Between Fiscal Years 2016 and 2018, our total credit exposure and total revenue grew at a CAGR 42% and 85%, respectively. Our average cost of borrowings in the Fiscal Years 2016, 2017 and 2018 was 14.24%, 13.11% and 10.20%, respectively. Our net interest income (interest income less interest expenses) for Fiscal Years 2016, 2017 and 2018 was ₹ 4.77 million, ₹ 3.54 million and ₹ 37.49 million, respectively.

## **Our Strengths**

We believe the following are our principal strengths:

### ***Experienced, highly motivated and dedicated management team***

We have an experienced, highly motivated and dedicated senior management team, with significant experience in the banking, financial services, consultancy and infrastructure sectors. Pursuant to the change in control in November 2017, we appointed Keshav Porwal and Amit Sahai Kulshreshtha, as our Managing Director and Executive Director & CEO, respectively, and Vineet Kumar Saxena, as CEO of Capital India Home Loans in December 2017. Keshav Porwal, our Managing Director has approximately two decades of experience in the financing and real estate industry. Amit Sahai Kulshreshtha, our Executive Director and CEO has prior experience in investment banking, consulting and infrastructure sectors. Vineet Kumar Saxena, CEO of Capital India Home Loans, our wholly-owned subsidiary, has prior experience in the financial services sector, having been associated with Barclays Bank PLC, ICICI Personal Financial Services Limited and ICICI Bank Limited, among others. Our new and dynamic senior management team has already implemented a number of changes in the Company for steady growth of the business. One of the changes was to diversify from real estate lending focus to become sector agnostic and lend with a focus on good quality collateral asset. As a result, our real estate lending, in the Fiscal Year 2018, has come down to 37.0% compared to 70.0% of our lending portfolio in the Fiscal Year 2017. Further, we believe that our dedicated senior management team has enabled us to attract experienced mid-level talented, growth-oriented professionals.

### ***Institutional philosophy of prudent risk management controls through asset-backed lending and streamlined procedures***

We maintain healthy and high quality loan asset portfolio in synchronization with our institutional philosophy of lending against security, which we call asset backed lending. We have instituted prudent and comprehensive risk management controls, policies, and procedures that are critical for the long-term sustainable development of our organization. Our risk management committee which is a Board level committee oversees and monitors the overall credit risk management framework. Our credit risk governance framework comprises of primarily three-units, spanning across the (i) our business teams, that generates lead; (ii) the credit risk unit, that independently manages the risk, provides policy guidance, performs credit analysis, risk reporting and credit monitoring, and our credit risk unit comprises of various sub-units, such as credit underwriting and policy unit and portfolio monitoring unit, which are responsible for management of credit risks; and (iii) the internal audit unit, which independently assesses the design and operational effectiveness of the entire credit risk management framework. Our credit risk governance framework incorporates the requirement of senior management and credit committee approval, with built-in escalation matrices at pre-defined credit thresholds, which enables us to ensure that high-ticket advances are sanctioned by our senior management.

We have implemented enterprise-wide loan management system, *OmniFin*, which provides single platform operational support such as risk management, documentation management and customer service and consequently aids our decision-making. We are also integrating *OmniFin* with services of third party credit assessment service products, such as *CIBIL and Perfios - Insight* to increase the operational efficiency of loan disbursement and risk assessment processes. We believe that our streamlined credit risk governance framework and loan management system have contributed to our operational efficiency and enhances our ability to take prudent credit decisions.

As a result of our prudent risk management controls, our Company had no NPAs in the last three Fiscal Years. Further, as of March 31, 2016, March 31, 2017 and March 31, 2018, Nil, 89.71 % (i.e., ₹ 785.00 million) and 89.42 % (i.e., ₹ 929.43 million), respectively, of our loans and advances relating to financing activity were secured.

## **Our Strategies**

Following the change in control of our Company in November 2017, our Board has implemented initiatives to rejuvenate our institutional spirit. Some of the initiatives implemented by the new management include: (i) induction of the new senior management team having significant experience and a diversified track record in the

banking, financial services, consultancy and infrastructure sectors; (ii) raise of capital through a preferential allotment in June 2018, wherein funds aggregating to approximately ₹ 2,500 million were mobilized for the business, operational and general corporate requirements of our Company; (iii) diversification from real estate lending focus to become sector agnostic lender; (iv) augmentation of the risk management controls; and (v) adoption of enterprise-wide loan management system, *OmniFin*, to increase the operational efficiency. While we intend to continue evaluating and implementing changes to enhance our scale of operations and increase our profitability, we intend to focus on:

***Further strengthening credit assessment and risk management procedures:*** In line with our institutional philosophy of implementing prudent risk management controls, we continuously endeavor to strengthen various aspects of our credit and risk management, including credit assessment and due diligence procedures for appraisal of the borrower's credit worthiness and mitigation of the credit risk. We are committed to efficiently maintain healthy and high quality loan asset portfolio.

In relation to origination and appraisal of our advances, we propose to continuously review and upgrade our credit risk governance framework, including enhancing our resources. In addition, we are currently in the process of integrating our loan management system, *OmniFin* with services of third party credit assessment service products, such as *CIBIL* and *Perfios - Insight*, which we believe would increase the operational efficiency of loan disbursement and risk assessment processes. For details, see "*Our Business – Risk Management Architecture*" and "*Our Business – Information Technology*" on pages 91 and 93, respectively.

***Leverage on the relationship and experience of our senior management for business growth:*** We intend to continue growth at a stable but steady pace. Therefore, instead of focusing on opening of new branches, we wish to leverage the experience and business relationships of our senior management to grow our business. Our new senior management has a diversified track record that can help us identify suitable customers across industries which meet our risk appetite. We also believe our senior management's acumen of the market trends, demands and industry developments, would enable us to adapt and take advantage of market opportunities.

## **SUMMARY OF FINANCIAL INFORMATION**

The following tables set forth summary financial information derived from our Restated Standalone Financial Information as of and for the Fiscal Years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 and our Restated Consolidated Financial Information, as of and for the Fiscal year ended March 31, 2018, prepared in accordance with Indian GAAP, applicable provisions of the Companies Act, 1956, Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations, and presented in “*Financial Information*” on page 129.

The standalone summary financial information presented below should be read in conjunction with our Restated Standalone Financial Information, the notes thereto and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 184.

***[Remainder of this page intentionally kept blank]***

**Restated Standalone Summary Statement of Assets and Liabilities for five financial years**

(All figures are ₹ in millions, except otherwise stated)

Particulars	As at March 31st,				
	2018	2017	2016	2015	2014
<b>EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' fund</b>					
(a) Share Capital	35.03	35.03	35.03	35.03	35.03
(b) Reserves and Surplus	34.00	4.51	2.16	(0.05)	(1.12)
	<b>69.03</b>	<b>39.54</b>	<b>37.19</b>	<b>34.98</b>	<b>33.91</b>
<b>2 Advance towards share application money</b>	1,250.00	-	-	-	-
<b>3 Non-Current Liabilities</b>					
(a) Long-Term Borrowings	70.00	1,376.80	-	-	118.20
(b) Other Long Term Liabilities	5.53	-	-	-	-
(c) Long- Term Provisions	0.52	3.12	1.66	1.40	-
	<b>76.05</b>	<b>1,379.92</b>	<b>1.66</b>	<b>1.40</b>	<b>118.20</b>
<b>4 Current Liabilities</b>					
(a) Short Term Borrowings	-	-	483.33	526.29	-
(b) Other Current Liabilities	144.51	16.37	70.04	29.63	25.18
(c) Short term provision	4.89	-	-	-	-
	<b>149.40</b>	<b>16.37</b>	<b>553.37</b>	<b>555.92</b>	<b>25.18</b>
<b>Total</b>	<b>1,544.48</b>	<b>1,435.83</b>	<b>592.22</b>	<b>592.30</b>	<b>177.29</b>
<b>ASSETS</b>					
<b>1 Non Current Assets</b>					
(a) Fixed assets					
(i) Tangible assets	83.00	-	-	-	-
(ii) Intangible assets	0.24	-	-	-	-
(iii) Capital work in progress	20.50	-	-	-	-
(iv) Intangible assets under development	3.03	-	-	-	-
(b) Non-current investments	150.40	-	28.71	28.71	28.71
(c) Deferred tax assets (net)	2.80	-	-	-	-
(d) Long-term loans and advances	115.65	785.00	-	-	104.30
	<b>375.62</b>	<b>785.00</b>	<b>28.71</b>	<b>28.71</b>	<b>133.01</b>
<b>2 Current Assets</b>					
(a) Trade receivables	3.24	4.03	-	-	-
(b) Cash and cash equivalents	167.57	534.38	0.27	0.73	0.17
(c) Short-term loans and advances	984.56	96.95	523.98	524.34	16.69
(d) Other current assets	13.49	15.47	39.26	38.52	27.42
	<b>1,168.86</b>	<b>650.83</b>	<b>563.50</b>	<b>563.59</b>	<b>44.28</b>
<b>Total</b>	<b>1,544.48</b>	<b>1,435.83</b>	<b>592.22</b>	<b>592.30</b>	<b>177.29</b>

**Restated Standalone Summary Statement of Profit and Loss for five financial years**

(All figures are ₹ in millions, except otherwise stated)

Particulars	For The Year Ended March 31st,				
	2018	2017	2016	2015	2014
Revenue from operations	257.09	87.32	75.37	43.86	15.28
Other Income	-	0.51	0.06	-	0.09
<b>Total Revenue</b>	<b>257.09</b>	<b>87.83</b>	<b>75.43</b>	<b>43.86</b>	<b>15.37</b>
Expenses :					
Employee benefits expenses	31.62	1.36	1.14	0.16	0.07
Finance costs	103.65	79.78	70.60	40.36	13.65
Depreciation and amortisation expenses	4.29	-	-	-	-
Other expenses	71.07	2.24	0.84	2.00	0.91
<b>Total Expenses</b>	<b>210.63</b>	<b>83.38</b>	<b>72.58</b>	<b>42.52</b>	<b>14.63</b>
<b>Restated profit before tax</b>	<b>46.46</b>	<b>4.45</b>	<b>2.85</b>	<b>1.34</b>	<b>0.74</b>
Tax expense:					
(1) Income tax provision pertaining to earlier assessment year	-	0.27	(0.01)	0.02	-
(2) Current tax	19.77	1.83	0.64	0.26	0.14
(3) Deferred tax (Credit)	(2.80)	-	-	-	-
<b>Total tax expenses</b>	<b>16.97</b>	<b>2.10</b>	<b>0.63</b>	<b>0.28</b>	<b>0.14</b>
<b>Restated profit for the year</b>	<b>29.49</b>	<b>2.35</b>	<b>2.22</b>	<b>1.06</b>	<b>0.60</b>
Basic and diluted earnings per share (in Rs.) (Face Value of ₹10 each)	8.42	0.67	0.63	0.30	0.17



**Restated Standalone Summary Statement of Cash Flows for five financial years**

(All figures are ₹ in millions, except otherwise stated)

Particulars	For The Year Ended March 31st,				
	2018	2017	2016	2015	2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Restated profit before tax	46.46	4.45	2.85	1.34	0.74
<u>Adjusted for :</u>					
Provision for standard asset (Net)	1.04	1.46	0.26	1.40	1.15
Sundry Balances written off	-	-	-	-	(0.57)
Depreciation & amortisation expense	4.29	-	-	-	-
Interest on income tax refund	-	(0.51)	(0.05)	-	(0.02)
Provision for employee benefits	1.26	-	-	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>53.05</b>	<b>5.40</b>	<b>3.06</b>	<b>2.74</b>	<b>1.30</b>
<u>Adjusted for:</u>					
(Increase) / Decrease in trade and other receivables	0.79	(4.03)	-	-	-
(Increase) / Decrease in loan and advances	(200.77)	(337.44)	5.83	(411.16)	(41.76)
Decrease in other current assets	1.97	-	-	-	-
Increase in other long term liabilities	5.53	-	-	-	-
Increase/ (Decrease) in current liabilities	125.84	(53.67)	40.41	4.45	12.87
<b>Cash (used in)/ generated from Operations</b>	<b>(13.59)</b>	<b>(389.74)</b>	<b>49.29</b>	<b>(403.97)</b>	<b>(27.59)</b>
Direct taxes (paid)/ received (Net)	(25.47)	1.65	(6.79)	(3.56)	(0.52)
<b>Net Cash (used in)/ generated from Operating Activities (A)</b>	<b>(39.06)</b>	<b>(388.09)</b>	<b>42.50</b>	<b>(407.53)</b>	<b>(28.11)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets	(111.05)	-	-	-	-
Capital advances given	(9.50)	-	-	-	-
Investment in subsidiary companies	(150.40)	-	-	-	-
Sale of non current investments	-	28.72	-	-	-
<b>Net Cash (used in)/ generated from Investment Activities (B)</b>	<b>(270.95)</b>	<b>28.72</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>					
Proceeds from share application money pending allotment	1,250.00	-	-	-	-
Proceeds from long term borrowings	-	893.48	-	-	-
Proceeds from short term borrowings	400.10	-	-	408.09	28.20
Repayment of long term borrowings	(1,306.80)	-	-	-	-
Repayment of short term borrowings	(400.10)	-	(42.97)	-	-
<b>Net Cash (used in)/ generated from Financing Activities (C)</b>	<b>(56.80)</b>	<b>893.48</b>	<b>(42.97)</b>	<b>408.09</b>	<b>28.20</b>
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)	(366.81)	534.11	(0.47)	0.56	0.09
Opening Balance of Cash and Cash Equivalents	534.38	0.27	0.73	0.17	0.08
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>167.57</b>	<b>534.38</b>	<b>0.27</b>	<b>0.73</b>	<b>0.17</b>

## Restated Consolidated Summary Statement of Assets and Liabilities

*(All figures are ₹ in millions, except otherwise stated)*

Particulars	As at March 31st 2018
<b>I. EQUITY AND LIABILITIES</b>	
<b>(1) Shareholders' funds</b>	
(a) Share capital	35.03
(b) Reserves and surplus	32.38
	67.41
<b>(2) Advance towards share application money</b>	1,250.00
<b>(3) Non-current liabilities</b>	
(a) Long-term borrowings	70.00
(b) Other long term liabilities	5.53
(c) Long-term provisions	0.52
	76.05
<b>(4) Current liabilities</b>	
(a) Other current liabilities	144.64
(b) Short term provisions	4.89
	149.53
<b>Total</b>	<b>1,542.99</b>
<b>II. ASSETS</b>	
<b>(1) Non-current assets</b>	
(a) Fixed assets	
(i) Tangible assets	83.00
(ii) Intangible assets	0.24
(iii) Capital work in progress	20.50
(iv) Intangible assets under development	3.03
(b) Deferred tax assets (net)	3.31
(c) Long-term loans and advances	115.65
	225.73
<b>(2) Current assets</b>	
(a) Trade receivables	3.24
(b) Cash and cash equivalents	318.92
(c) Short-term loans and advances	981.07
(d) Other current assets	14.03
	1,317.26
<b>Total</b>	<b>1,542.99</b>

## Restated Consolidated Summary Statement of Profit and Loss

*(All figures are ₹ in millions, except otherwise stated)*

Particulars	Year ended March 31st 2018
I. Revenue from operation	260.46
<b>II. Total revenue</b>	<b>260.46</b>
<b>III. Expenses</b>	
Employee benefit expenses	35.09
Finance costs	103.65
Depreciation & amortisation expense	4.29
Other expenses	73.09
<b>Total expenses</b>	<b>216.12</b>
<b>IV. Restated Profit before tax (I-III)</b>	<b>44.34</b>
<b>V. Tax expense</b>	19.77
(1) Current tax	(3.31)
(2) Deferred tax	
<b>VI. Restated Profit for the year (IV-V)</b>	<b>27.88</b>

## Restated Consolidated Summary Statement of Cash Flows

*All figures are ₹ in millions, except otherwise stated)*

PARTICULARS	Year ended March 31st 2018
<b>A) CASH FROM OPERATING ACTIVITIES:</b>	
Restated profit before tax	44.34
<b>Adjustments for :</b>	
Depreciation and amortisation	4.29
Provision for employee benefits	1.25
Provision for standard assets	1.04
<b>Operating profit before working capital changes</b>	<b>50.92</b>
Adjustments for changes in working capital :	
(Increase) in loans and advances	(197.28)
(Increase) in bank deposits (having original maturity of more than 3 months)	(100.00)
Decrease in trade receivables	0.79
Increase in other long term liabilities	5.53
Decrease in other current assets	1.43
Increase in other current liabilities	125.97
<b>Cash (used in) operations</b>	<b>(112.64)</b>
Income tax paid	(25.47)
<b>Net Cash (used in) operating activities (A)</b>	<b>(138.11)</b>
<b>B) CASH FROM INVESTING ACTIVITIES:</b>	
Purchase of fixed assets	(111.05)
Capital advance given	(9.51)
<b>Net Cash (used in ) investing activities (B)</b>	<b>(120.56)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from share application money pending allotment	1,250.00
Proceeds from short term borrowings	400.10
Repayment of long term borrowings	(1,306.80)
Repayment of short term borrowings	(400.10)
<b>Net cash (used in ) financing activities (C)</b>	<b>(56.80)</b>
<b>D) Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(315.47)</b>
<b>E) Cash and cash equivalents as at the beginning of the year</b>	<b>534.39</b>
<b>F) Cash and cash equivalents as at the end of the year</b>	<b>218.92</b>
<b>Cash and cash equivalents comprises:</b>	
Particulars	As at March 31st, 2018
Cash in hand	0.01
Cheques in hand	2.50
Balances with banks	
- in current accounts	3.41
- in deposit accounts	213.00
	<b>218.92</b>

## THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “*Issue Information*” on page 217.

Equity Shares being offered pursuant to the Issue	[●] Rights Equity Shares
Rights Entitlement	[●] Equity Share for every [●] Equity Shares held on the Record Date
Record Date	[●]
Issue Price per Equity Share	₹ [●]
Face value per Equity Share	₹ 10
Issue Size	[●]
Equity Shares subscribed and paid-up prior to the Issue	43,185,700 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Objects of the Issue	Please refer to section “ <i>Objects of the Issue</i> ” on page 59 of this Draft Letter of Offer
Terms of the Issue	For more information see “ <i>Issue Information</i> ” on page 217.
Terms of Payment	The full amount is payable on application.

Our Company is an NBFC, which has been managed by our new management team from November 27, 2017. Our present Promoter, Capital India Corp LLP, completed the acquisition of Equity Shares, from our erstwhile promoter and through an open offer from our public shareholders, in December 2017. The new management plans to grow the business of the Company and hence, proposed to raise sufficient equity funds to meet its business and operations requirements.

It is imperative that our Company raise equity funds to bolster its net worth significantly before any further financial indebtedness could be raised. In addition to the regulatory compliances in terms of the directions and guidelines issued by the RBI, a substantial equity fund raise of the size proposed *vide* the current Issue will enable the Company to raise debt from banks and financing institutions at competitive rates, which will enable the Company to compete with other lenders and competitors in the market, thus enabling the Company to pursue its objective of growing its lending business in a more effective way.

As per the extant RBI regulations, for an NBFC to be categorized as systemically important non-deposit taking non-banking finance company, it needs to have an asset size of ₹ 5,000 million and above. With the proposed Issue, the Company will be able to meet this requirement and will be categorized as systemically important non-deposit taking non-banking finance company. Being a systemically important non-deposit taking non-banking finance company allows a non-banking finance company to be entitled to take the benefit of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, which is a very effective and efficient regulatory and security enforcement mechanism for any lending institution in India, and will enormously assist our Company to keep its non-performing assets / delinquent assets under check.

## GENERAL INFORMATION

Our Company is presently known as Capital India Finance Limited, our Registered Office is located at 2<sup>nd</sup> Floor, DLF Centre, Sansad Marg, New Delhi, 110 001 and Corporate Office is located at A-1402, One BKC, 14<sup>th</sup> Floor, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. The CIN of our Company is L74899DL1994PLC128577. Our Company is registered with the RoC, Delhi located at 4<sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019.

For details of changes in the name and registered office of our Company, see ‘*History and Certain Corporate Matters*’ on page 100.

### Board of Directors

The table below sets forth the details of our Board:

Sr. No.	Name	DIN	Designation
1.	Vinod Kumar Somani	00327231	Chairman and Independent Director
2.	Keshav Porwal	06706341	Managing Director
3.	Achal Kumar Gupta	02192183	Independent Director
4.	Promila Bhardwaj	06428534	Independent Director
5.	Amit Sahai Kulshreshtha	07869849	Executive Director and Chief Executive Officer
6.	Vineet Kumar Saxena	07710277	Non - Executive Director
7.	Subodh Kumar	07781250	Non - Executive Director
8.	Shraddha Kamat Suresh	07555355	Woman Non - Executive Director

For brief profiles of our Directors, please see “*Our Management*” on page 109.

### Chief Financial Officer

Neeraj Toshniwal is the Chief Financial Officer of our Company. His contact details are as follows:

Neeraj Toshniwal  
Capital India Finance Limited  
A-1402, One BKC, 14<sup>th</sup> Floor, G-Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051  
Tel. No.: + 91 22 4503 6000  
Email : secretarial@capitalindia.com

### Company Secretary and Compliance Officer

Rachit Malhotra is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Rachit Malhotra  
Capital India Finance Limited  
2<sup>nd</sup> Floor, DLF Centre,  
Sansad Marg, New Delhi 110 001  
Tel. No.: + 91 11 4954 6000  
Email: secretarial@capitalindia.com

## **Registrar to the Issue**

### **Karvy Computershare Private Limited**

Karvy Selenium Tower B  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda  
Hyderabad 500 032,  
India

**Tel No.:** +91 40 6716 2222

**Fax:** +91 40 2343 1551

**E-mail:** einward.ris@karvy.com

**Investor Grievance E-mail:** cifl.rights@karvy.com

**Website:** <https://karisma.karvy.com>

**Contact Person:** Mr. M Murali Krishna

**SEBI Registration No.:** INR000000221

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, number of Rights Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Investors.

## **Lead Manager to the Issue**

### **Axis Capital Limited**

1<sup>st</sup> Floor, Axis House,  
C 2, Wadia International Centre  
P.B. Marg, Worli, Mumbai 400 025

**Tel No.:** +91 (22) 4325 2183

**Fax:** +91 (22) 4325 3000

**Email:** cifl.rights @axiscap.in

**Website:** [www.axiscapital.co.in](http://www.axiscapital.co.in)

**Investor Grievance Email:** complaints@axiscap.in

**Contact Person:** Kanika Sarawgi Goyal

**SEBI Registration Number:** INM000012029

## **Legal Counsel to the Company and the Lead Manager as to Indian Law**

### **L&L Partners\***

1<sup>st</sup> & 9<sup>th</sup> Floors, Ashoka Estate  
Barakhamba Road  
New Delhi 110 001, India

**Tel No.:** +91 11 4121 5100

**Fax:** +91 11 2372 3909

\* Formerly Luthra & Luthra Law Offices

## **Self-Certified Syndicate Banks (“SCSBs”)**

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount (“ASBA”) Process are available at the SEBI website (URL reference: <http://www.sebi.gov.in/pmd/scsb.html>). Details relating to designated branches of SCSBs collecting the ASBA forms, are available at the above mentioned link. On Allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Equity Shares allotted.

**Please note that in accordance with the provisions of the ASBA Circular 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility, provided they fulfil the eligibility conditions laid down in the ASBA Circular 2009.**

Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the ASBA Circular 2009). The Eligible Equity Shareholders are required to fill the ASBA Form and submit the same to their Self Certified Syndicate Banks (“SCSB”) which in turn will block the amount as per the authority contained in the ASBA Form and undertake other tasks as per the specified procedure.

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.** For more details on the ASBA process, please refer to the details given in CAF and also please refer to the section titled “*Issue Information*” on page 217.

#### **Bankers to the Issue**

[•]

#### **Refund Banker**

[•]

#### **Auditor to our Company**

##### **Deloitte Haskins & Sells LLP, Chartered Accountants**

Lotus Corporate Park  
1st Floor, Wing A – G  
CTS No.185/A, Jay Coach  
Off Western Express Highway  
Goregaon (East)  
Mumbai – 400 063, India  
**Tel No.:** +91 (022) 6245 1090  
**Fax:** +91 (022) 6245 1001  
**E-mail:** kjmehta@deloitte.com  
**ICAI Firm Registration Number:** 117366W/W -100018  
**Peer Review Number:** 009919

#### **Bankers to our Company**

##### **ICICI Bank Limited**

Laxmi Commercial Complex  
Bandra Kurla Complex  
Mumbai 400 051  
**Tel No.:** +91 8879769363  
**Fax:** Nil  
**Email:** blaine.murzello@icicibank.com

##### **Axis Bank Limited**

No.A-41, the Corenthum Tower  
Sec 62  
Noida UP – 201 301  
**Tel No.:** +91 9582807231, +91 9811797169  
**Fax:** Nil  
**Email:** sector62.noida.branchhead@axisbank.com



**Yes Bank Limited**Indiabulls Finance Centre, Tower 2, 24<sup>th</sup> Floor

Elphinstone, Mumbai 400 013

Tel No: 022 33477694

Fax: NA

Email: vivek.ostwaljain@yesbank.in

**Statement of inter-se allocation of responsibilities of the Lead Manager**

As there is only one Lead Manager, inter-se allocation of responsibilities is not applicable. However, the list of major responsibilities of Axis Capital Limited in relation to the Issue, *inter alia*, is as follows:

S. No.	Activities	Responsibility
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	Axis Capital Limited
2.	Drafting and design of the offer documents and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.	Axis Capital Limited
3.	Selection of various agencies connected with the Issue, such as registrars to the issue, printers, advertising agencies, etc and co-ordination for execution of related agreements with such agencies.	Axis Capital Limited
4.	Co-ordinating and liaisoning with the Stock Exchange and SEBI, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchange and SEBI.	Axis Capital Limited
5.	Arrangements for selection of (i) bankers to the issue, (ii) collection centres, and (iii) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, letter of offer and brochure and deciding upon the quantum of issue material.	Axis Capital Limited
6.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc.	Axis Capital Limited
7.	Co-ordination for submission of 1% security deposit to the Designated Stock Exchange	Axis Capital Limited

**Issue Schedule**

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

<b>Issue Opening Date:</b>	[•]
<b>Last date for receiving requests for SAFs:</b>	[•]
<b>Issue Closing Date:</b>	[•]

**Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under section 447”.*

**Section 447 of the Companies Act, 2013 provides for punishment for fraud which *inter alia* states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.**

### **Credit Rating**

As this is an Issue comprising only Equity Shares, credit rating is not required.

### **Listing of Securities**

The Equity Shares of our Company are presently listed on the BSE.

### **Trustee**

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

### **Monitoring Agency**

Our Company has appointed [●] as a monitoring agency, in accordance with Regulation 16 of the SEBI ICDR Regulations.

### **Underwriters**

The Issue is not being underwritten.

### **Expert**

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

Our Company has received written consent from the Auditors namely, Deloitte Haskins & Sells LLP, Chartered Accountants to include their name as an "expert", as defined under Section 2(38) of the Companies Act, 2013 in relation to the (i) Restated Standalone Financial Information, Restated Consolidated Financial Information and Unaudited Standalone Interim Financial Information and their reports thereon, each dated August 7, 2018 included in this Draft Letter of Offer. Such consent has not been withdrawn as of the date of this Draft Letter of Offer.

However, such consent is not a consent issued within the context of the requirements of the United States Securities Act of 1933, as amended or any other securities act in any other country other than the Republic of India.

### **Project Appraisal**

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

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls

below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under “*Issue Information*” on page 217.

### **Subscription by the Promoter**

Our Promoter has confirmed that it intends to subscribe to the full extent of its Rights Entitlement in the Issue, and that it shall not renounce its rights except for the purpose of complying with minimum public shareholding requirements stipulated under the applicable laws. In addition to subscription to their Rights Entitlements, the Promoter has further confirmed that it also intends to subscribe to additional Rights Equity Shares forming part of the unsubscribed portion in the Issue, subject to aggregate shareholding of the Promoter not exceeding 75% of the post-Issue capital of our Company.

For further details of under-subscription and allotment to the Promoter, please see “*Issue Information*” on page 217

## CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Letter of Offer, before and after the Issue, is set forth below.

(In ₹, except share data)

Sr. No.	Particulars	Aggregate nominal value	Aggregate value at Issue Price
<b>(A)</b>	<b>AUTHORISED SHARE CAPITAL*</b>		
	204,000,000 Equity Shares	2,040,000,000	-
	10,000,000 preference shares of ₹ 10 each	100,000,000	-
<b>(B)</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	43,185,700 Equity Shares	431,857,000	-
<b>(C)</b>	<b>PRESENT ISSUE**</b>		
	[●] Equity Shares	[●]	2,500,000,000
<b>(D)</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE</b>		
	[●] Equity Shares***	[●]	-
<b>(E)</b>	<b>SHARE PREMIUM ACCOUNT</b>		
	Before the Issue		2,095,805,412
	After the Issue***		[●]

\* For details in relation to the changes in the authorized share capital of our Company, see "History and Certain Corporate Matters - Amendments to our Memorandum of Association" on page 101.

\*\* The Issue has been authorized by the Board at its meeting held on July 25, 2018.

\*\*\* Assuming full subscription for and allotment of the Rights Entitlement.

### Notes to Capital Structure

#### 1. Share Capital History

##### A. History of equity share capital of our Company

The following table sets forth the history of the equity share capital of our Company:

Date of allotment	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
November 16, 1994	7	10	10	Cash	Subscription to the MoA <sup>(1)</sup>	7	70
January 5, 1995	411,993	10	10	Cash	Further Issue <sup>(2)</sup>	412,000	4,120,000
May 13, 1995	638,000	10	10	Cash	Further Issue <sup>(3)</sup>	1,050,000	10,500,000
July 12, 1995	2,452,700	10	10	Cash	Public Issue <sup>(4)</sup>	3,502,700	35,027,000
June 8, 2018	39,683,000	10	63	Cash	Preferential Allotment <sup>(5)</sup>	43,185,700	431,857,000
<b>Total</b>						43,185,700	431,857,000

<sup>(1)</sup> As a result of subscription to the MoA, 1 Equity Share each was allotted to Santosh Lal Baldwa, Rajendra Prasad Baldwa, Satish Chandra Baldwa, Arun Kumar Baldwa, Shakuntala Baldwa, Trishla Baldwa and Kavita Baldwa

<sup>(2)</sup> 50,500 Equity Shares were allotted to Santosh Lal Baldwa, 65,493 Equity Shares were allotted to Rajendra Prasad Baldwa, 48,000 Equity Shares were allotted to Satish Chandra Baldwa, 59,000 Equity Shares were allotted to Arun Kumar Baldwa, 39,500 Equity Shares were allotted to Shakuntala Baldwa, 60,500 Equity Shares were allotted to Trishla Baldwa, 34,500 Equity Shares were allotted to Kavita Baldwa,

and 54,500 Equity Shares were allotted to Sushila Devi Baldwa.

(3) 19,500 Equity Shares were allotted to Santosh Lal Baldwa, 84,500 Equity Shares were allotted to Rajendra Prasad Baldwa, 102,000 Equity Shares were allotted to Satish Chandra Baldwa, 91,000 Equity Shares were allotted to Arun Kumar Baldwa, 110,500 Equity Shares were allotted to Shakuntala Baldwa, 89,500 Equity Shares were allotted to Trishla Baldwa, 115,500 Equity Shares were allotted to Kavita Baldwa, 20,500 Equity Shares were allotted to Sushila Devi Baldwa, 2,500 Equity Shares were allotted to KK Bhandari, and 2,500 Equity Shares were Allotted to Vijay Laxmi Bhandari.

(4) Pursuant to a public issue, 2,452,700 Equity Shares were allotted to 893 persons.

(5) 27,383,000 Equity Shares were allotted to Capital India Corp LLP, 1,950,000 Equity Shares were allotted to Samrat Banerjee, 4,500,000 Equity Shares were allotted to Dharampal Satyapal Limited; 1,950,000 Equity Shares were allotted to Sudhir Power Limited, 1,950,000 Equity Shares were allotted to RJ Corp Limited; and 1,950,000 Equity Shares were allotted to Vasudevan Sathyamoorthy.

2. As on the date of this Draft Letter of Offer, our Company has 540 Shareholders.
3. Our Company has not issued any Equity Shares for consideration other than cash or through bonus.
4. Our Company has not allotted any Equity Shares pursuant to or in terms of any scheme approved under Sections 391 to 394 of the Companies Act, 1956, or under Sections 230 to 233 of the Companies Act, 2013.
5. Our Company has not issued any Equity Shares out of its revaluation reserves.
6. The details of Equity Shares issued by our Company in the last one year preceding the date of filing of this Draft Letter of Offer which may have been issued at a price lower than the Issue Price are as follows:

Sr. No.	Name of allottees	Whether allottee belongs to Promoter Group	Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share	Reason for/ Nature of allotment
1	Capital India Corp LLP, Samrat Banerjee, Dharampal Satyapal Limited, Sudhir Power Limited, RJ Corp Limited, Vasudevan Sathyamoorthy.	Except for our Promoter, none of the allottees belonged to the 'promoter group' as defined in the SEBI ICDR Regulations..	June 8, 2018	39,683,000	10	63	Preferential Allotment

7. Except for the Equity Shares to be allotted pursuant to the Issue, our Company presently does not intend or propose or is under negotiation or consideration to alter the capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement.
8. **History of build-up of Promoter's shareholding in our Company**

As on date of this Draft Letter of Offer, our Promoter holds 29,615,300 Equity Shares, amounting to 68.58 % of the pre-Issue equity share capital of our Company. All Equity Shares held by our Promoter are in dematerialised form.

Set forth below is the build-up of the Equity Shares held by our Promoter:

Name of the Promoter	Date of allotment/ acquisition	Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue/ acquisition/transfer price per equity share (₹)	% of the pre-Issue equity share capital	% of the post-Issue equity share capital
Capital India Corp LLP	December 08, 2017	Open offer pursuant to SEBI Takeover Regulations	764,500	Cash	10	11.50	1.77	[•]
	December 11, 2017	Transfer from Sainik Mining pursuant to the Capital India SPA	1,467,800	Cash	10	11.50	3.39	[•]
	June 8, 2018	Preferential Allotment	27,383,000	Cash	10	63	63.41	[•]
<b>Total</b>			<b>29,615,300</b>				68.58	[•]

All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares.

#### 9. History of build-up of erstwhile promoter's shareholding in our Company

The details of the Equity Shares held by our erstwhile promoter, Sainik Mining are listed below:

Name of the Promoter	Date of allotment/ acquisition	Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue/ acquisition/transfer price per equity share (₹)	% of the pre-Issue equity share capital	% of the post-Issue equity share capital
Sainik Mining	February 15, 2005	Transfer from Rajendra Prasad Baldwa and 11 other then Shareholders of our Company pursuant to the Sainik Mining SPA	1,243,000	Cash	10	2	2.87	[•]
	April 02, 2005	Open offer pursuant to SEBI Takeover Regulations	224,800	Cash	10	7.5	0.52	[•]
	December 11, 2017	Transfer to Capital India Corp LLP pursuant to the Capital India SPA	(1,467,800)	Cash	10	11.50	(3.39)	[•]
<b>Total</b>			<b>0</b>				0	0

**10. Shareholding of the designated partners of our Promoter**

As on the date of this Draft Letter of Offer, none of the designated partners of our Promoter hold any Equity Shares.

**11. Sales or purchases of Equity Shares or other specified securities of our Company by our Promoter, designated partners of our Promoter, or our Directors or their immediate relatives during the six months immediately preceding the date of this Draft Letter of Offer.**

Except our Promoter, none of the designated partners of our Promoter, our Directors or their immediate relatives have sold or purchased any Equity Shares or other specified securities of our Company during the six months immediately preceding the date of this Draft Letter of Offer, details of such transactions are set forth below:

Name	No. of Equity Shares subscribed/ purchased	No. of Equity Shares sold/transferred	Date of transaction/allotment	Transaction price per Equity Share (in ₹)
Capital India Corp LLP	27,383,000	-	June 8, 2018	63
<b>Total</b>	27,383,000	-		

- 12.** During the period of six months immediately preceding the date of filing of this Draft Letter of Offer, no financing arrangements existed whereby our Promoter, designated partners of our Promoter, our Directors or their relatives have financed the purchase of securities of our Company by any other person.
- 13.** Our Company, our Directors and the Lead Manager have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares or other specified securities of the Company.
- 14.** Oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum Allotment lot.
- 15.** The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

**16. Top 10 Shareholders**

**(a) As on the date of this Draft Letter of Offer:**

Our top 10 Shareholders and the number of Equity Shares held by them, as on the date of this Draft Letter of Offer are as follows:

Sr. No.	Shareholder	Number of Equity Shares held*	Percentage of pre-Issue share capital
1.	Capital India Corp LLP	29,615,300	68.58
2.	Dharampal Satyapal Limited	4,897,800	11.34
3.	Sudhir power Limited	2,123,200	4.92
4.	RJ Corp Limited	2,117,400	4.90
5.	Samrat Banerjee	2,115,900	4.90
6.	Vasudevan Sathyamoorthy	1,950,000	4.52
7.	Srinivasan Gopalan	26,900	0.06
8.	Divya Hitesh Rambhia	17,973	0.04
9.	Sukhwinder Lal Gupta	8,900	0.02

Sr. No.	Shareholder	Number of Equity Shares held*	Percentage of pre-Issue share capital
10.	Shrinath Khandelwal	5,000	0.01
11.	Jugal Kishore Bagrodia	5,000	0.01
	<b>Total</b>	<b>42,883,373</b>	<b>99.29</b>

\* As on August 7, 2018

**(b) As on the date 10 days prior to filing of this Draft Letter of Offer:**

Our top 10 Shareholders and the number of Equity Shares held by them, as on the date 10 days prior to filing of this Draft Letter of Offer are as follows:

Sr. No.	Shareholder	Number of Equity Shares held*	Percentage of pre-Issue share capital
1.	Capital India Corp LLP	29,615,300	68.58
2.	Dharampal Satyapal Limited	4,897,800	11.34
3.	Sudhir power Limited	2,123,200	4.92
4.	RJ Corp Limited	2,117,400	4.90
5.	Samrat Banerjee	2,115,900	4.90
6.	Vasudevan Sathyamoorthy	1,950,000	4.52
7.	Srinivasan Gopalan	26,900	0.06
8.	Divya Hitesh Rambhia	17,973	0.04
9.	Sukhwinder Lal Gupta	8,900	0.02
10.	Shrinath Khandelwal	5,000	0.01
11.	Jugal Kishore Bagrodia	5,000	0.01
	<b>Total</b>	<b>42,883,373</b>	<b>99.29</b>

\* As on July 28, 2018

**(c) As on two years prior to filing of this Draft Letter of Offer:**

Our top 10 Shareholders and the number of Equity Shares held by them, as on the date two years prior to filing of this Draft Letter of Offer are as follows:

Sr. No.	Shareholder	Number of Equity Shares held*	Percentage of the then share capital of the Company
1.	Sainik Mining and Allied Services Limited	1,467,800	41.90
2.	Narender Singh Redu	30,900	0.88
3.	S B C Chauhan	30,100	0.86
4.	Amar Singh Saharan	30,100	0.86
5.	Ashok Kadian	30,100	0.86
6.	Ojaswani Solanki	30,000	0.86
7.	Anil Sehrawat	30,000	0.86
8.	Anil Nishchal	30,000	0.86
9.	Karam Pal Saharan	30,000	0.86
10.	Virender Singh Chauhan	30,000	0.86
	<b>Total</b>	<b>1,739,000</b>	<b>49.65</b>

\* As on August 7, 2016

17. Neither the Lead Manager, nor its associates (as defined under the Companies Act, 2013) hold any Equity Shares as on the date of filing of this Draft Letter of Offer.

**18. Employee Stock Option Schemes**

Our Board has, by way of its resolution dated August 7, 2018, approved the CIFL Employee Stock Option Plan 2018 (“ESOP 2018”), which provides for granting options to employees of our Company and its Subsidiaries



who meet the eligibility criteria under ESOP 2018. A maximum number of 3,500,000 options can be granted pursuant to ESOP 2018, which shall be exercisable into a maximum of 3,500,000 Equity Shares with each such option conferring a right upon the employee to apply for such number of Equity Shares of our Company as per the letter of grant given to them, in accordance with the terms and conditions of such grant. ESOP 2018 will be administered by the Nomination and Remuneration Committee.

The implementation of ESOP 2018 is currently pending Shareholders' approval.

## 19. Our shareholding pattern

The table below represents the equity shareholding pattern of our Company as on June 30, 2018\*:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying depositary receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No of Voting Rights						No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class	Class	Total	Total as a % of (A+B+C)							
								EQUITY										
(A)	<b>Promoter and Promoter Group</b>	1	2232300			2232300	63.73	2232300		2232300	63.73	63.73	2232300	100				2232300
(B)	<b>Public</b>	500	1270400			1270400	36.27	1270400		1270400	36.27	36.27	904300	71.18				1012100
(C)	<b>Non Promoter-Non Public</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total (A) + (B) + (C)</b>	<b>501</b>	<b>3502700</b>			<b>3502700</b>	<b>100</b>	<b>3502700</b>		<b>3502700</b>	<b>100</b>	<b>100</b>	<b>3136600</b>	<b>89.55</b>				<b>3244400</b>

\* On June 8, 2018, our Company allotted 39,683,000 Equity Shares by way of preferential allotment to our Promoter and five other persons. As on June 30, 2018, our Company had applied to the NSDL and CDSL for issuing such Equity Shares in dematerialised form and for simultaneous lock-in. The confirmation for dematerialisation and lock-in was awaited from NSDL and CDSL as on June 30, 2018. Accordingly, the details of the Equity Shares allotted by way of the preferential allotment dated June 8, 2018 are not reflected in this shareholding pattern. For details of the preferential allotment, see “– Share Capital History – History of equity share capital of our Company” on page 51.

## 20. Shareholding of our Directors and Key Management Personnel in our Company

None of the Directors and Key Management Personnel hold any Equity Shares as on the date of this Draft Letter of Offer.

## 21. Subscription to the Issue by the Promoter

Capital India Corp LLP, the Promoter of our Company, has confirmed vide its letter dated August 7, 2018 that it intends to subscribe to the full extent of its Rights Entitlement in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations.

Capital India Corp LLP, the Promoter of our Company has further confirmed that, it intends to subscribe for the unsubscribed portion in the Issue, if any. Such subscription to the unsubscribed portion, if any, to be made by the Promoter, shall be in accordance with regulation 10(4) of the SEBI Takeover Regulations. Our Promoter's entitlement to subscribe to the Issue would be restricted to ensure that the public shareholding in the Company after the Issue does not fall below the permissible minimum level as specified in the applicable laws, including but not limited to, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities Contracts (Regulations) Rules, 1957, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and Listing Agreement entered with the Stock Exchange.

22. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is Rs. [●].
23. No person connected with the Issue, including, but not limited to the Lead Manager, the Syndicate Members, our Company, our Subsidiaries, the Directors, the Promoter shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Investor for making an application for allotment of Rights Equity Shares in the Issue.
24. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Letter of Offer.
25. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares as on the date of this Draft Letter of Offer.
26. Except for the Equity Shares locked-in pursuant to Regulation 78 of the SEBI ICDR Regulations, as disclosed below, none of the Equity Shares of our Company are locked-in as on the date of this Draft Letter of Offer:

Category	3 Years*	1 Year**	6 Months***	Total
Promoter	8,637,140	18,745,860	2,232,300	29,615,300
Public	-	12,300,000	904,300	13,204,300

\* Lock-in to be released on July 31, 2021.

\*\* Lock-in to be released on July 31, 2019.

\*\*\* Lock-in to be released on February 01, 2019.

27. None of the Equity Shares held by our Promoter are pledged or otherwise encumbered.
28. Our Company has complied with the relevant provisions of the SEBI ICDR Regulations in relation to the preferential allotment dated June 8, 2018. For details of the preferential allotment, see “– Notes to Capital Structure – Share Capital History” on page 51.
29. **Issue of Equity Shares in the last two years**

Except as disclosed in “- Share Capital History - History of equity share capital of our Company” our Company has not issued Equity Shares in the last two years preceding the date of this Draft Letter of Offer.

## OBJECTS OF THE ISSUE

### Objects of the Issue and requirement of funds

The details of the proceeds of the Issue are summarized below:

Particulars	Amount
Gross proceeds of the Issue	2,500
(Less) Issue related expenses #	[●]
<b>Net Proceeds</b>	<b>[●]</b>

*(Amounts in ₹million)*

#To be finalised upon determination of the Issue Price.

After deducting the Issue related expenses, we estimate the proceeds of the Issue to be ₹ [●] million (“**Net Proceeds**”).

Our Company proposes to utilise the Net Proceeds towards (i) augmenting its capital base to meet future capital requirements, and (ii) general corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised through the Issue.

### Proposed schedule of implementation and deployment of the Net Proceeds

The Net Proceeds are currently expected to be deployed in Fiscal Year 2019.

We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business and strategy and external factors such as market conditions and competitive environment, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management.

In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the objects of the Issue, we may explore a range of options including utilising internal accruals and availing additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

### Offer related expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The Issue related expenses include fees payable to the Lead Manager and legal counsel, fees payable to the auditors, brokerage and selling commission, commission payable to Registered Brokers, SCSBs’ fees, the fee payable to the Registrar to the Issue, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchange.

The estimated Offer expenses are as under:

Activity	Amount	% of the Estimated Issue Expenses	% of total Issue Size
Lead management fees (including underwriting fee)	[●]	[●]	[●]
Fees to the legal advisor	[●]	[●]	[●]
Registrar’s fees	[●]	[●]	[●]
Auditor’s fees	[●]	[●]	[●]
Printing and distribution expenses	[●]	[●]	[●]
Others (SEBI and Stock Exchanges’ filing fees, depository charges, listing fees, etc.)	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* To be finalized at the time of filing the Letter of Offer post determination of Issue Price and other details.

## **Appraisal and Bridge Loans**

The above fund requirements have not been appraised by any bank or financial institution.

## **Means of Finance**

The entire requirement of funds towards objects of the Issue is proposed to be met from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

## **Interim Use of Net Proceeds**

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board or the Securities Issuance Committee. In accordance with Section 27 of the Companies Act, 2013, we confirm that we shall not use the Net Proceeds (or any part thereof) for buying, trading or otherwise dealing in any shares of any listed company or for any investment in equity markets.

## **Monitoring of Utilization of Funds**

We have appointed [●] as the Monitoring Agency for the Issue. Our Board and the Monitoring Agency will monitor utilization of the Net Proceeds and the Monitoring Agency will submit a report to our Board under Regulation 16(2) of the SEBI ICDR Regulations.

Pursuant to the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the use and application of the Net Proceeds. Additionally, the Audit Committee shall make recommendations to our Board for further action, if appropriate. Till such time as all the Issue Proceeds have been utilized in full, our Company shall prepare an annual statement, certified by our Statutory Auditors, of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, our Company will furnish a quarterly statement on deviations and variations, if any, in the use of proceeds from the objects stated in this Draft Letter of Offer to the Audit Committee for review, and post such review, submit the statement with the Stock Exchange in accordance with the SEBI Listing Regulations. This statement would also be published in the newspapers, after placing it before the Audit Committee and its explanation in the Directors' report in the annual report of our Company, in accordance with Regulation 47 and other applicable provisions of SEBI Listing Regulations.

## **Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Directors, Key Management Personnel or Group Company.

## **Reasons for Rights Issue**

Our Company is an NBFC, which has been managed by our new management team from November 27, 2017. Our present Promoter, Capital India Corp LLP, completed the acquisition of Equity Shares from our erstwhile promoter and through an open offer from the public Shareholders, in December 2017. The new management plans to grow the business of the company in furtherance of the objectives of the Company and hence, propose to raise sufficient equity funds to meet its funding requirements. The management found equity fund raising through a rights issue to the existing Shareholders of the Company to be most suitable as it provides equal opportunity to all existing Shareholders of the Company to participate in the growth plan of the Company, if they so desire.

Additionally, the Company also considered and raised funds through a preferential allotment dated June 8, 2018. For details of the preferential allotment, see “– Notes to Capital Structure – Share Capital History” on page 51

The other options for raising capital that were considered and evaluated by the Company are as under:

**Public offering of Equity Shares:** Considering the current scale of business, operations and profitability, it was not considered appropriate to pursue a large public offering of Equity Shares as it would have been difficult to attract investors.

**Qualified institutional placement:** Qualified institutional placement was also evaluated but not pursued as it was considered difficult that QIBs could be attracted to invest in such an offering as the past track record and current scale of business operation and profitability of the Company is not large enough.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Lead Manager on the basis of assessment of market conditions and on the basis of the following qualitative and quantitative factors. Some of the information presented in this section for Fiscal Years ended March 31, 2018, March 31, 2017 and March 31, 2016 is derived from our Company's Restated Standalone Financial Information and Restated Consolidated Financial Information, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

The face value of the Equity Shares is ₹ 10 per share and the Issue Price is [●] times the face value.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the price are:

1. Experienced, highly motivated and dedicated management team; and
2. Institutional philosophy of prudent risk management controls through asset-backed lending and streamlined procedures

For details of qualitative factors which form the basis of computing the price see the sections titled “*Our Business*” and “*Risk Factors*” on pages 85 and 13, respectively.

### Quantitative Factors

Some of the information presented in this section is based on the Restated Financial Information of our Company. For more details on the financial information, see “*Financial Information*” on page 129.

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

As per our Restated Standalone Financial Information (except for weighted average):

Period	Basic EPS (₹ Per Equity Share)	Diluted EPS (₹ Per Equity Share)	Weight
Fiscal 2018	8.42	8.42	3
Fiscal 2017	0.67	0.67	2
Fiscal 2016	0.63	0.63	1
<b>Weighted Average</b>	4.54	4.54	

As per our Restated Consolidated Financial Information:

Period	Basic EPS (₹ Per Equity Share)	Diluted EPS (₹ Per Equity Share)
Fiscal 2018	7.96	7.96

#### Note:

1. EPS calculations are in accordance with Accounting Standard (AS 20) – Earnings Per Share.
2. The face value of each Equity Share is ₹ 10 per share.

Earnings per share = Restated Net profit after tax attributable to equity shareholders / weighted average number of shares outstanding during the period / year.

#### 2. Price Earning Ratio (P/E) in relation to the Issue Price of ₹ [●] per Equity Share of ₹ 10 each

Particulars	P/E at Issue Price
Based on basic EPS of ₹ [●] per Equity Share for the Fiscal Year 2018 on standalone basis	[●]
Based on diluted EPS of ₹ [●] per Equity Share for the Fiscal Year 2018 on standalone	[●]

Particulars	P/E at Issue Price
basis	
Based on diluted EPS of ₹ [●] per Equity Share for the Fiscal Year 2018 on consolidated basis	[●]
Based on diluted EPS of ₹ [●] per Equity Share for the Fiscal Year 2018 on consolidated basis	[●]

Industry P/ E Ratio:

Particulars	P/ E
Highest	23.69
Lowest	9.52
<b>Average</b>	17.30

Note: The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/ E of the industry peer set disclosed in this section.

### 3. Return on Net worth (“RoNW”)

As per our Restated Standalone Financial Information (except for weighted average):

Period	RoNW (%)	Weight
Fiscal 2018	42.73	3
Fiscal 2017	5.95	2
Fiscal 2016	5.97	1
<b>Weighted Average</b>	24.34	

As per our Restated Consolidated Financial Information:

Period	RoNW (%)
Fiscal 2018	41.36

Note:

$$\text{Returns on net worth (\%)} = \frac{\text{Net profit after tax, as restated}}{\text{Net worth at the end of the year/period}}$$

Net worth = Equity share capital + Reserves & Surplus (including Statutory Reserve under Section 45-IC of the RBI Act, 1934)

### Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for Fiscal Year 2018:

Minimum RoNW required for maintaining pre-Issue basic EPS of ₹ [●] on the basis of Restated Standalone Financial Information for the Fiscal Year 2018 is [●] %.

Minimum RoNW required for maintaining pre-Issue basic EPS of ₹ [●] on the basis of Restated Consolidated Financial Information for the Fiscal Year 2018 is [●] %.

### 4. Net Asset Value per Equity Share (“NAV”)

As per our Restated Standalone Financial Information:

	Amount (₹ per share)
NAV as at March 31, 2018	19.71
NAV after the Issue	[●]
Issue Price	[●]

As per our Restated Consolidated Financial Information:



	Amount (₹ per share)
NAV as at March 31, 2018	19.25
NAV after the Issue	[●]

NAV per Share =  $\frac{\text{Net worth, as restated, at the end of the year /period}}{\text{Number of equity shares outstanding at the year/period end}}$

Net worth = Equity share capital + Reserves & Surplus (including Statutory Reserve under Section 45-IC of the RBI Act, 1934)

## 5. Comparison with other listed companies

Name of the company	Standalone / Consolidated	Face value (₹ per share)	Closing price on July 31, 2018 (₹)	Total Revenue for Fiscal 2018 (in ₹ million)	Diluted EPS (₹)	NAV (₹ per share)	P/E	RoNW (%)
Capital India	Consolidated	10	[●]*	260.46	7.96	19.25	[●]*	41.36
Indostar Capital Finance Limited	Consolidated	10	480.8	8339.75	25.74	271.63	18.68	10.50%
Piramal Enterprises	Consolidated	2	2,680.30	1,08,988.80	281.68	1,467.62	9.52	322.14
L&T Finance Holdings Limited	Consolidated	10	175.8	104999.4	7.42	68.07	23.69	7.31

Notes:

For Capital India, all figures are from Restated Consolidated Financial Information.

\* Issue price will be disclosed for the Issuer Company and P/E shall be considered based on Issue Price

For Peer Group -

- i) P/E ratio is calculated as closing share price (July 31, 2018, BSE) / EPS.
- ii) Diluted EPS is as disclosed in respective financials
- iii) Net worth includes equity share capital and reserves and surplus as on March 31, 2018.
- iv) Return on net worth is calculated as net profit (profit after tax for the year ended March 31, 2018) / net worth.
- v) NAV per share is calculated as net worth / equity shares outstanding (both as on March 31, 2018).

The Issue Price of ₹ [●] has been determined by our Company, in consultation with the Lead Manager and is justified based on the above accounting ratios. For further details, see the section titled “Risk Factors” on page 13 and the financials of our Company including important profitability and return ratios, as set out in the section titled “Financial Information” on page 129.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

**The Board of Directors,**

Capital India Finance Limited,  
(Formerly known as Bhilwara Tex-Fin Ltd)  
Office-2<sup>nd</sup> Floor, DLF Centre  
Sansad Marg, New Delhi-110001

**Dear Sirs,**

**Sub: Statement of Special tax benefit ('the Statement') available to Capital India Finance Limited and its shareholders prepared in accordance with the requirements under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the 'Regulations')**

1. We hereby confirm that the enclosed Annexure, prepared by Capital India Finance Limited, ('the Company'), provides the special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act'), as amended by the Finance Act, 2018, i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.
2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of 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. The benefits discussed in the enclosed annexure cover only the special tax benefits available to the Company and its shareholders. The annexure do not capture the general tax benefits available to the Company. Special tax benefits are benefits which are generally not available for all companies. Further, the preparation of the contents stated is the responsibility of the Company's management. We are informed that this Annexure is only intended to provide general information to the investors. Therefore, it is neither designed nor intended to be a substitute for a professional tax advice
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits, in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with;
  - iii) the revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

5. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.
6. The enclosed annexure is intended for your information and for inclusion in the Draft Letter of Offer/ Letter of Offer in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our written consent.

For **Laxmikant Kabra & Co.**  
Chartered Accountants  
Firm Registration No-**117183W**

**(Laxmikant Kabra)**  
Proprietor  
Membership No.101839  
Place: Mumbai  
Date: August 07, 2018

**ANNEXURE**

**Statement of Special Tax Benefits available to the Company & its Shareholder under the Income Tax Act,1961 and other Direct Tax Laws presently in force in India**

**There are no specific special tax benefits available to the Company or its shareholders under the current direct tax laws in India.**

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For **Laxmikant Kabra & Co.**  
Chartered Accountants  
Firm Registration No-117183W

**(Laxmikant Kabra)**  
Proprietor  
Membership No. 101839  
Place: Mumbai  
Date: August 07, 2018

## SECTION IV - ABOUT US

### INDUSTRY OVERVIEW

*Investors should note that this is only a summary description of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Letter of Offer, including the information in the “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information”, beginning on pages 13,85,184 and 129, respectively. An investment in the Equity Shares involves a high degree of risk.*

*The information contained in this section is derived from various government and other industry resources. Such information also includes information available from reports or databases of CRISIL Research, a division of CRISIL, that has been commissioned by our Company. Neither our Company, nor our Promoter, the Lead Manager, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. The Company, its Promoter and Directors are not directly or indirectly related to CRISIL.*

#### **1. Global Financial Markets**

Although markets remained relatively calm and stable during most part of 2017 and January 2018 even in the wake of the unwinding of the Fed’s balance sheet, financial markets turned volatile in February and went into swift correction on fears of faster rate hikes by the US Fed. Early March also witnessed the return of volatility on announcement of protectionist measures by the US and the momentary calm was shattered by intensification of trade protectionism between China and the US. The growing financial market integration in recent years has led to spillovers of volatility from advanced economies (“AEs”) to emerging market economies (“EMEs”) due to monetary policy actions and financial events, as witnessed recently.

Global economic activity has been witnessing a broad-based cyclical upturn. The acceleration in global trade outpacing global growth is a welcome development. Inflation remains below policy target levels in many key economies despite rise in some commodity prices and improving demand outlook, while monetary policy stances remain diverse. The recent volatility in financial markets stemming mainly from the uncertainty over the pace of normalization of monetary policy in AEs could pose a challenge to the EMEs, while fears of rising trade protectionism have clouded the global trade outlook.

*(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#V4>)*

#### **2. Indian Economy – Overview & Trends**

The Central Statistics Office (“CSO”) released its second advance estimates for 2017-18 in February 2018, revising India’s real gross domestic product (“GDP”) growth marginally upward to 6.6% from 6.5% in the first advance estimates released in January 2018. GDP growth in 2017-18 at 6.6% was lower than 7.1% in 2016-17 and the deceleration was broad-based, but each component revealed intra-year turning points. Private consumption growth – whose contribution to GDP growth in 2017-18 was 68% – moderated in the second half. GST implementation had an adverse, even if transient, effect on urban consumption through loss of output and employment in the labor-intensive unorganized sector. Government expenditure provided sustained support to aggregate demand, with a pick-up in pace in the second half. Gross fixed capital formation turned around in Q2 and accelerated in the second half – markedly so in Q3 – reflecting the first signs of a sustained expansion in capital goods production and a modest revival of construction activity. Net exports dragged down aggregate demand in 2017-18 due to a surge in imports and deceleration in exports in Q3, the latter being driven in part by GST-related working capital disruptions. The projected consumer price index (“CPI”) inflation for 2018-19 is revised to 4.7-5.1% in H1:2018-19 and 4.4% in H2, including the house rent allowance (“HRA”) impact for

central government employees, with risks tilted to the upside, as illustrated below. Excluding the impact of HRA revisions, CPI inflation is projected at 4.4-4.7 % in H1:2018-19 and 4.4 % in H2.

Headline CPI inflation reached a peak of 5.2% in December 2017 (4.9%, excluding the estimated impact of HRA for central government employees), reflecting an unseasonal spike in the prices of vegetables and the full impact of the central government implementing the 7<sup>th</sup> Central Pay Commission’s (“CPC’s”) HRA award. The delayed setting in of the seasonal food prices moderation took down headline inflation to 4.4% in February (4.1%, excluding the estimated impact of HRA for central government employees). It is likely that this softening will keep the reading for March benign before it reverses in April. The incidence and strength of this reversal will condition monetary policy responses in 2018-19.

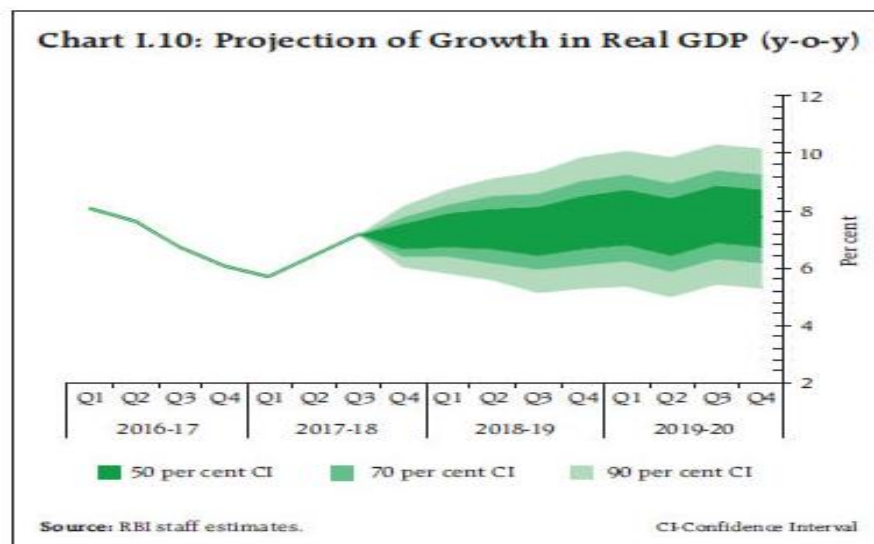
For 2019-20, assuming a normal monsoon and no major exogenous/policy shocks, structural model estimates indicate that inflation will move in a range of 4.5-4.6%. The 50% and the 70% confidence intervals for Q4:2019-20 are 3.0-6.1% and 2.2-7.0%, respectively.

(Source: [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=43573](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=43573))

**a) GDP Growth:**

Going forward, economic activity is expected to gather pace in 2018-19, benefitting from a conducive domestic and global environment. First, the teething troubles relating to implementation of the GST are receding. Second, credit off-take has improved in the recent period and is becoming increasingly broad-based, which portends well for the manufacturing sector and new investment activity. Third, large resource mobilization from the primary market could strengthen investment activity further in the period ahead. Fourth, the process of recapitalization of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code (“IBC”) may improve the business and investment environment. Fifth, global trade growth has accelerated, which should encourage exports and reduce the drag from net exports. Sixth, the thrust on rural and infrastructure sectors in the Union Budget could rejuvenate rural demand and also crowd in private investment. In the March 2018 round of the RBI’s survey, professional forecasters expected real GDP growth to pick up marginally from 7.2% in Q3:2017-18 to 7.3% in Q1:2018-19 and remain at 7.2% Q2-Q4.

Taking into account the baseline assumptions, survey indicators and model forecasts, real GDP growth is projected to improve from 6.6% in 2017-18 to 7.4% in 2018-19 – 7.3% in Q1, 7.4% in Q2, 7.3% in Q3 and 7.6% in Q4 – with risks evenly balanced around this baseline path. For 2019-20, the structural model estimates indicate real GDP growth at 7.7%, with quarterly growth rates in the range of 7.4-7.9%, assuming a normal monsoon, and no major exogenous/policy shocks.



(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#I2>)

**b) Fiscal and current deficit:**

The Central Government’s fiscal deficit for 2017-18 and 2018-19 is likely to be above initial expectations and the medium-term adjustment path has also been postponed. An empirical assessment presented in the - Monetary Policy Report (“MPR”) of October 2017 suggests that: (a) in India, causality runs from fiscal deficits to inflation; and (b) the impact of fiscal deficits on inflation is non-linear, i.e., higher the initial levels of the fiscal deficit and inflation, higher is the impact of an increase in the fiscal deficit on inflation. Given the present levels of the combined (centre and states) fiscal deficit, an increase in the fiscal deficit to GDP ratio by 100 bps could lead to an increase of about 50 bps in inflation. Apart from its direct impact on inflation, fiscal slippage has broader macro-financial implications, notably on economy-wide costs of borrowing which have already started to rise. These may feed into inflation and elevate it further.

(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#I2>)

**c) Interest rate trajectory:**

Since December 2017 and January 2018, respectively, deposit and lending rates have begun to inch up in line with interest rates in other financial market segments. With the transition of system-level liquidity from surplus towards neutrality, banks have started raising their interest rates in a sequence beginning with bulk term deposit rates, retail term deposit rates and on to marginal cost of funds based lending rate (“MCLR’s”).

One of the factors that impedes transmission is the higher interest rates on small saving instruments. On March 28, 2018, the GoI decided to keep the interest rates on small savings unchanged for Q1:2018-19 from those notified for Q4:2017-18. As a result, interest rates on some small savings schemes are now, for the first time, lower than those prescribed under the formula for fixing small saving interest rates and are better aligned with term deposit interest rates of banks.

(Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=18110#I2>)

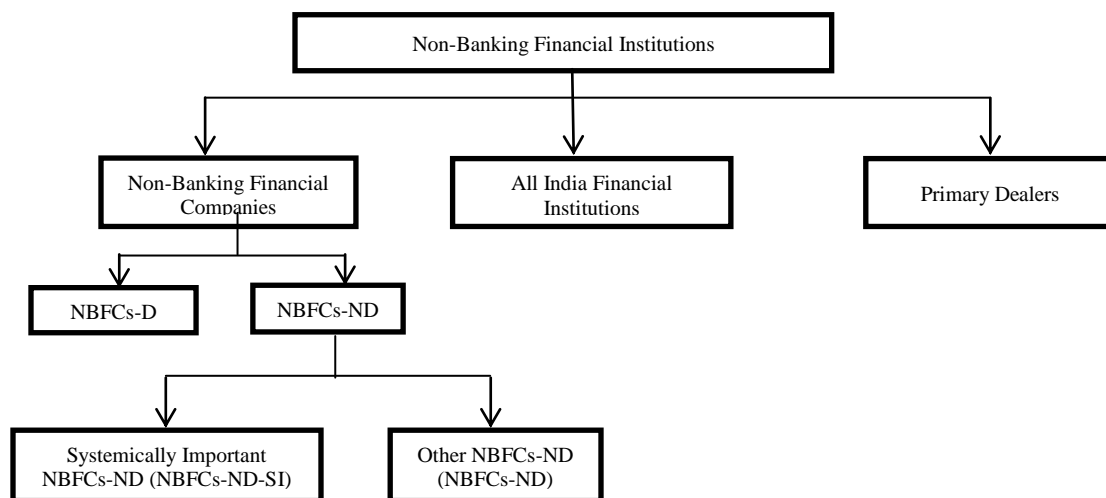
**3. NBFC sector overview**

**a) Structure, classification, evolution:**

The RBI regulates and supervises three categories of NBFIs, viz. All-India financial institutions (“AIFIs”), primary dealers (“PDs”) and NBFCs.

(Source: [https://m.rbi.org.in/Scripts/BS\\_ViewBulletin.aspx?Id=17147](https://m.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=17147))

**Non-banking Financial Institutions regulated by RBI**



The number of NBFCs-ND-SI increased till 2014 due to increased licenses given to these entities following notification of newer categories. Thereafter, there was a decline in their number mainly reflecting the increase in threshold asset size for defining NBFCs-ND-SI. NBFCs-ND-SI have become significantly larger than NBFCs-D – their share in total assets of the two categories taken together was about 86 % in 2017.

Based on activities undertaken, NBFCs are classified into 12 major categories as follows:

<b>Classification of NBFCs based on activities undertaken</b>	
<b>Types of NBFCs</b>	<b>Activity</b>
1. Asset Finance Company	Financing of physical supporting productive/economic activity, including automobiles, tractors and generators
2. Loan Company	Providing finance by extending loans or otherwise for any activity other than its own but does not include an AFC
3. Investment Company	Acquiring securities for the purposes of selling
4. Infrastructure Finance Company (NBFC-IFC)	Providing infrastructure loans
5. Systemically Important Core Investment Company (CIC-ND-SI)	Acquiring shares and securities for investment in mainly equity shares
6. Infrastructure Debt Fund (NBFC-IDF)	For facilitating flow of long-term debt into infrastructure projects
7. Micro Finance Institution (NBFC-MFI)	Extending credit to economically disadvantaged groups as well as support Micro, Small and Medium Enterprises.
8. Factor (NBFC-Factor)	Undertaking the business of acquiring receivables of an assignor or extending loans against security interest of receivables at a discount.
9. NBFC Non-Operative Financial Holding Company (NOFHC)	For permitting promoter/promoter groups to set up a new bank.
10. Mortgage Guarantee Company (MGC)	Undertaking mortgage activities
11. Account Aggregator (NBFC-AA)	Collecting and providing the information of customers' financial assets in a consolidated, organized and retrievable manner to the customer or others as specified by the customer.
12. Non-banking Financial Company – Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilize unsecured finance

Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?id=92>

NBFCs were brought under the regulation of the RBI in 1964 by inserting Chapter III B in the RBI Act. In more recent years, regulatory measures have been motivated by the objectives of financial stability, financial inclusion and harnessing of specialized domain expertise.

One of the key regulatory initiatives by the RBI to improve the role of NBFCs in financial inclusion was the creation of NBFCs-MFI in 2011, following the recommendations by the Sub-Committee of the Central Board of the Reserve Bank (Chairman: Shri Y. H. Malegam). In 2015, guidelines for this segment were revised, including the enhancement of the annual income limit for availing microfinance loans, increasing the limit of total indebtedness of the borrower and rationalization of income generation criteria following the recommendations of the Committee on Comprehensive Financial Services for Small Businesses and Low Income Households (Chairman: Shri Nachiket Mor). As regards financial stability related concerns, a revised regulatory framework was introduced in 2014 to ensure that only strong entities exist in the NBFC sector. Accordingly, the minimum amount of net owned funds or NOF for NBFCs registered before April 21, 1999 was stepped up to ₹ 20 million from ₹ 2.5 million and the capital adequacy framework was further strengthened. Furthermore, only rated NBFCs-D were allowed to accept public deposits for enhanced depositors' protection.



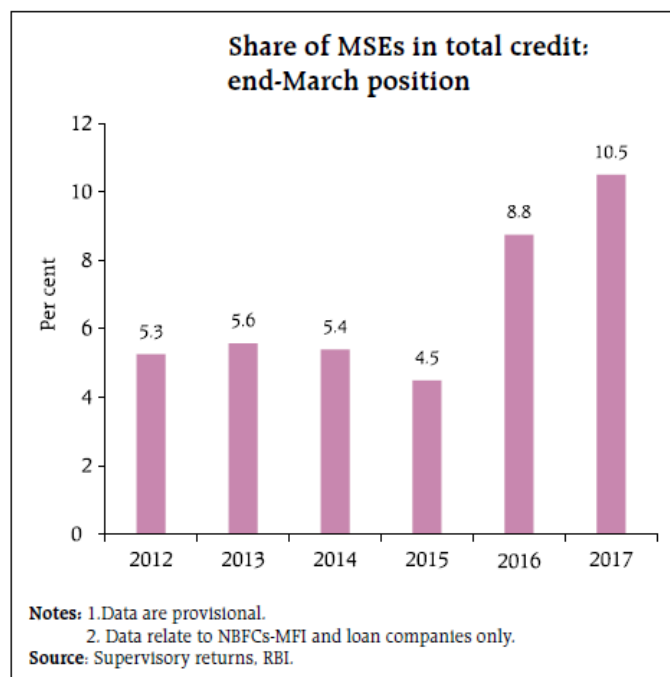
In order to plug regulatory gaps to minimize regulatory arbitrage, the prudential norms for NBFCs, including asset classification and provisioning norms, were harmonized with those for banks in a phased manner. In September 2016, the RBI allowed the establishment of a new category of NBFCs NBFC Account Aggregator (AA) to provide a consolidated view of individual investors’ financial asset holdings on a single platform, even for entities falling under the purview of different financial sector regulators. Recently, the RBI issued guidelines for regulating the NBFCs undertaking peer-to-peer (“P2P”) lending activities.

Reflecting their ability to evolve as well as innovate, NBFCs have recorded robust growth in recent years. Moreover, their balance sheet performance has been better than banks on various parameters. Credit by NBFCs-ND-SI has risen strongly in recent years with a growth of 13% in 2016-17. This is in contrast to the slowdown in bank credit growth, especially in respect of public sector banks. As a result, the credit intensity, i.e., credit as per cent of GDP, of NBFCs-ND-SI has shown a steady increase, reaching 8 % in 2017.

**b) Share in systemic credit:**

NBFCs-ND-SI have traditionally funded both the industrial sector and the retail segment. While industry has received about two-thirds of the total credit by these companies, the share of retail credit has increased from 3.4% in 2014-15 to 15.6% in 2015-16 and 17.7% in 2016-17.

Several NBFCs-ND-SI specialize in financing niche segments, including the micro and small enterprises, which particularly figure prominently in the loan portfolios of NBFCs-MFI and loan companies. Over recent years, there has been a steady growth in the credit to MSE sector from these two categories. This was mainly on account of the revision in December 2015 in the returns filed by NBFCs.



**Credit to Various Sectors by NBFCs**

(End-March)

(Amount in ₹ billion)

Items	2016	2017	Share in 2017 (Per cent)	Percentage variation
1	2	3	4	5
<b>I. Gross advances</b>	<b>13,169</b>	<b>14,846</b>	<b>100</b>	<b>12.7</b>
<b>II. Non-food credit (1 to 5)</b>	<b>13,167</b>	<b>14,846</b>	<b>100</b>	<b>12.8</b>
<b>1. Agriculture and allied activities</b>	<b>392</b>	<b>346</b>	<b>2.3</b>	<b>-11.7</b>
<b>2. Industry</b>	<b>8,063</b>	<b>8,940</b>	<b>60.2</b>	<b>10.9</b>
2.1 Micro and small	326	508	3.4	55.8
2.2 Medium	154	172	1.2	11.7
2.3 Large	3,726	4,375	29.5	17.4
2.4 Others	3,857	3,885	26.2	0.7
<b>3. Services</b>	<b>1,865</b>	<b>2,224</b>	<b>15.0</b>	<b>19.2</b>
3.1 Transport operators	162	173	1.2	6.8
3.2 Computer software	11	6	0	-45.5
3.3 Tourism, hotel and restaurants	49	60	0.4	22.4
3.4 Shipping	11	7	0.1	-36.4
3.5 Professional services	47	71	0.5	51.1
3.6 Trade	279	230	1.6	-17.6
3.6.1 Wholesale trade (other than food procurement)	99	60	0.4	-39.4
3.6.2 Retail trade	180	170	1.1	-5.6
3.7 Commercial real estate	566	958	6.5	69.3
3.8 NBFCs	208	198	1.3	-4.8
3.9 Aviation	5	6	0	20.0
3.10 Other services	526	514	3.5	-2.3
<b>4. Retail loans</b>	<b>2,047</b>	<b>2,490</b>	<b>16.8</b>	<b>21.6</b>
4.1 Housing loans (incl. priority sector housing)	147	106	0.7	-27.9
4.2 Consumer durables	31	57	0.4	83.9
4.3 Credit card receivables	92	138	0.9	50.0
4.4 Vehicle/auto loans	1,150	1,035	7.0	-10.0
4.5 Education loans	32	44	0.3	37.5
4.6 Advances against fixed deposits (incl. FCNR (B), etc.)	1	2	0	100.0
4.7 Advances to individuals against shares, bonds, etc.	78	124	0.8	59.0
4.8 Other retail loans	516	984	6.6	90.7
<b>5. Other non-food credit</b>	<b>801</b>	<b>847</b>	<b>5.7</b>	<b>5.7</b>

**Note:** 1) This format of reporting of credit to various sectors was introduced from March 31, 2016. Hence, the comparable data for previous years are not available.

2) Food credit in 2015-16 was approximately ₹ 1 billion and nil in 2016-17.

**Source:** <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=18078>

**c) Key recent trends:**

The number of NBFCs has declined because of the regulatory initiatives aimed at protecting depositors' interests and safeguarding financial stability. Nevertheless, the overall balance sheet size of NBFCs has expanded with their credit growth recording a higher reading in 2016-17 when bank credit witnessed historically low growth. More importantly, credit to the micro and small segments, both in industry and services sectors, displayed robust growth. Financial performance of these companies came under stress with a decline in profitability and deterioration in asset quality. Their capital positions also deteriorated during 2016-17 though they remained well above the stipulated norms. Their exposure to sensitive sectors such as capital markets and real estate at 13.4% of their total assets as of March 2017 was marginally higher than the previous year.

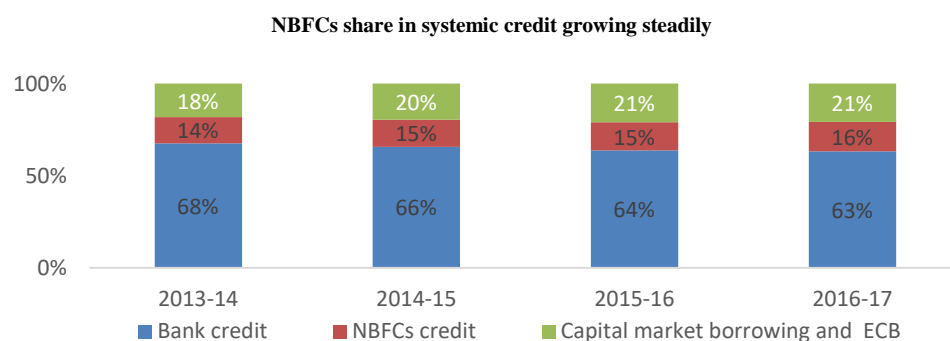
Notwithstanding a double-digit growth in public deposits mobilised by NBFCs, they remained well below one per cent of bank deposits. NBFCs took higher recourse to market-based instruments for resource mobilisation while reducing their dependence on bank borrowings. Conversion of a few large NBFCs-MFI into small finance banks may have implications for credit to the microfinance segment.

The latest developments suggest a healthy growth in NBFCs' credit during the first half of 2017-18 particularly in the retail and services sectors. A substantial improvement in credit to commercial real estate during the current year up to September portends well for economic activity. Available data also shows improvements in NBFCs' asset quality in the recent quarter pointing to the fading impact of demonetisation. The goods and services tax related adjustments may, however, need to be watched going forward.

(Source: <https://www.rbi.org.in/scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India>)

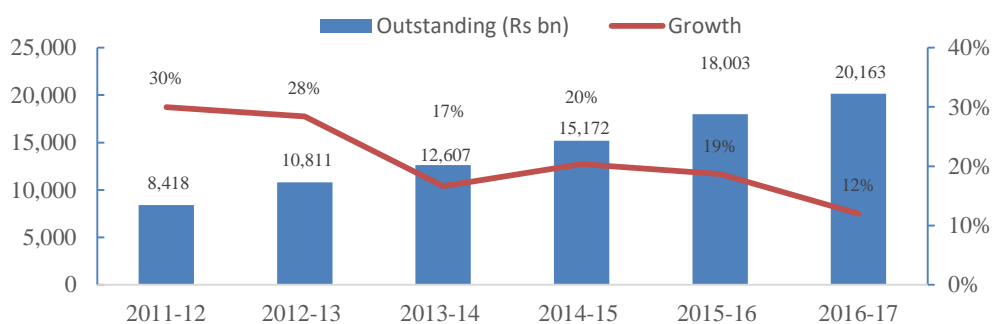
#### d) Outlook on NBFCs:

NBFCs act as a critical cog in the credit system of the economy, by providing financial services with respect to products as well as customer and geographic segments at the grassroots level. As of March 2017, they accounted for 16% of the overall systemic credit.



Note: 1. Banks' credit includes outstanding of Regional Rural Banks (RRBs) and Cooperative banks;  
2. Capital market borrowing and External Commercial Borrowing (ECB) includes corporate bond, commercial papers outstanding; but excludes amount raised by banks & NBFC

The outstanding loans disbursed by NBFCs grew at a 19% CAGR since the fiscal year 2011-2012. The growth is distributed in various sectors. For instance, while the CAGRs of the top four segments (namely housing, infrastructure, auto and Loans Against Property ("LAP"), the Micro, Small and Medium Enterprises ("MSME") and microfinance has been on the higher side. In contrast, the growth for construction equipment and gold has been at a rate of 1-2%. Consumer durables and educational loans, on the other hand, are the segments which are growing the fastest albeit from a relatively low base.



**NBFCs outstanding loans grew at 19% CAGR since fiscal 2012**

(Source: CRISIL Research Report on NBFC Overview, 2017)

**e) Key differences between Banks & NBFCs:**

NBFCs lend and make investments and hence their activities are akin to that of banks; however there are a few differences as given below:

- i. NBFC cannot accept demand deposits;
- ii. NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;
- iii. deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

(Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92>)

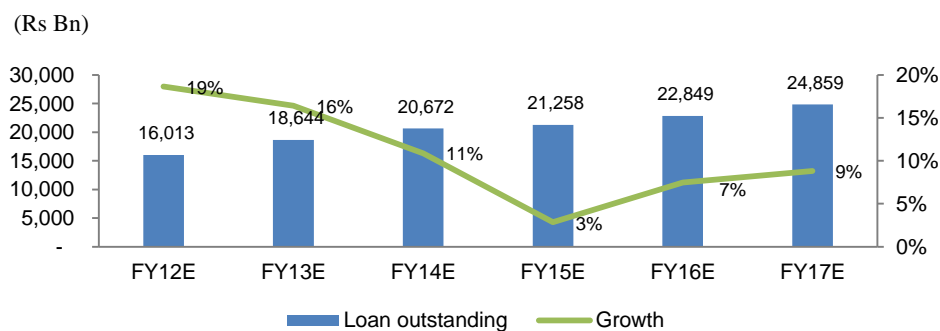
**4. Indian wholesale lending industry overview**

**a) Market size, addressable opportunity & historical growth:**

Wholesale finance includes the lending services to medium-to-large-sized corporates, institutional customers, real estate developers by banks and other financial institutions. Both long term and short term funding is encompassed in this portfolio. While long-term loans are driven by investment cycles, short-term loans are influenced by business revenues and working capital requirements. NBFCs usually have limited exposure in long-term funding, except certain public NBFCs that cater to the infrastructure sector.

The AUM of wholesale financing NBFCs (excluding HFCs) has grown at a robust CAGR of 31% between 2012- 2017, to touch a market share of ₹1.3 trillion by March 2017. In 2017, the government of India approved ₹ 2.11 lakh crore worth recapitalization plan for the public sector banks (“PSBs”). It is expected that the credit growth of banks in the corporate sector will remain muted over the next year as banks are still grappling with high GNPA in the corporate sector, leading to an overall slowdown in the growth for the industry. Despite the poor growth demonstrated by the banks in this segment, NBFCs, on the other hand, have been able to expand their market share to 9% from 5% during between fiscals 2012 and 2017, where the wholesale loans outstanding of NBFCs and HFCs together also grew at a CAGR of 23%. For details on the growth of the NBFCs in this segment, please refer to “ - Key growth drivers and expected growth over the next five year” on page 78.

**Wholesale Finance-Total Outstanding**  
**Poor growth in banking credit led to overall slowdown in outstanding growth for industry**

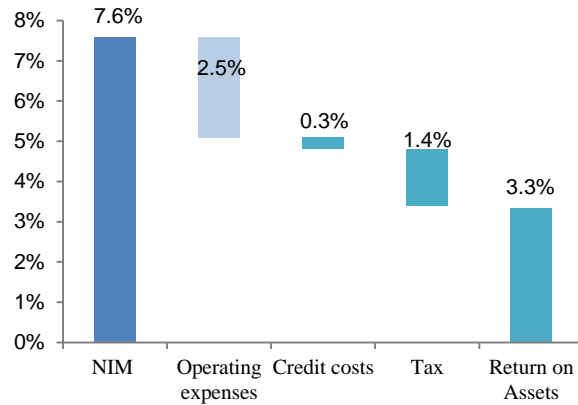


*E: Estimated*

*Note: Industry numbers are minus infrastructure and SME finance for banks and NBFCs, and includes developer loan as well as other large corporate loan portfolio of HFCs.*

Profitability in the wholesale financing segment is comparably high, on account of low credit cost and high yields. Majority of the wholesale finance products offered are charged an interest rate between 11-19%. Real estate financing and structured finance products, however, are charged at higher rate of interest due to their riskier and more complex nature of business. Since the GNPA levels in overall wholesale finance are low for NBFCs, their credit cost is also correspondingly low.

**Low credit cost and high yielding products kept profitability levels high of NBFCs**



The varying return on asset, however, is expected to be stable at 3.0-3.5% over 2017-18 and 2018-19. The lower yields are anticipated to be offset by lower credit cost and reducing cost of funds.

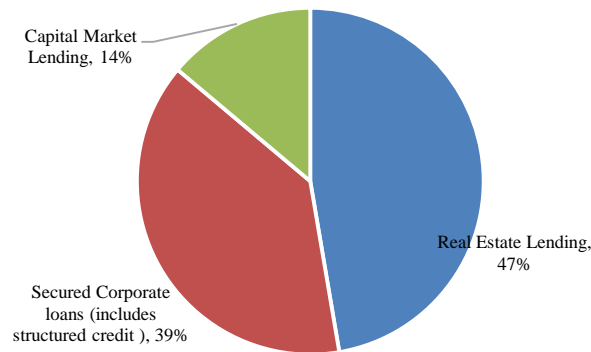
**b) Breakup of wholesale credit:**

The ticket size of loans disbursed vary from ₹ 500 million to ₹ 5000 million, with some NBFCs taking collateral cover as high as three times depending on the structure of the loan. LTV is typically 50-60% in order to alleviate the risks of high ticket size loans. Wholesale finance NBFCs offer funding which is industry-specific (such as real estate finance), structured and customized as per the needs of the borrower and suits the risk appetite of the respective NBFC. They offer products such as promoter funding, mezzanine funding, structured and acquisition financing, lending to real estate developers, etc. For wholesale NBFCs, developer finance (or real estate lending) accounts for ~47% of the loan book, as majority of the large players have significant exposure to the same.

The structured credit offered by NBFCs is fairly diversified with top four sectors i.e. auto and auto components, pharmaceuticals, logistics, real estate constituting 44% of overall portfolio. Banks have been cautious in lending to these sectors owing to rising NPAs in past few years. Majority of the portfolio of NBFCs is from tier I cities, which include Mumbai, Delhi NCR, Bengaluru, Chennai, Ahmedabad, Pune and Hyderabad, as exit options are difficult in smaller cities, especially in the real estate segment.

Real estate lending	Secured corporate loans (includes structured finance)	Capital market lending
<ul style="list-style-type: none"> <li>• Provides customised and structured loans to real estate developers for pre-approval/land financing and construction of commercial and residential properties</li> <li>• Last stage financing for inventory funding</li> </ul>	<ul style="list-style-type: none"> <li>• Customized financing solutions to meet working capital and growth finance needs of corporate clients</li> <li>• It includes :                             <ul style="list-style-type: none"> <li>• <i>Vanilla term loans</i></li> <li>• <i>Working capital loans</i></li> <li>• <i>Structured finance</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Provides finance against capital market securities to customers to meet their liquidity requirements</li> <li>• It includes:                             <ul style="list-style-type: none"> <li>• <i>Promoter funding</i></li> <li>• <i>IPO funding</i></li> <li>• <i>Mezzanine financing</i></li> <li>• <i>Special situation and acquisition financing</i></li> </ul> </li> </ul>

Real estate financing accounts for majority share in overall wholesale credit, for the fiscal 2017, compared with structured credit and capital market lending. The same is evidenced in the pictorial representation provided below:



**Breakup of Wholesale NBFCs portfolio**

**c) Asset quality trends:**

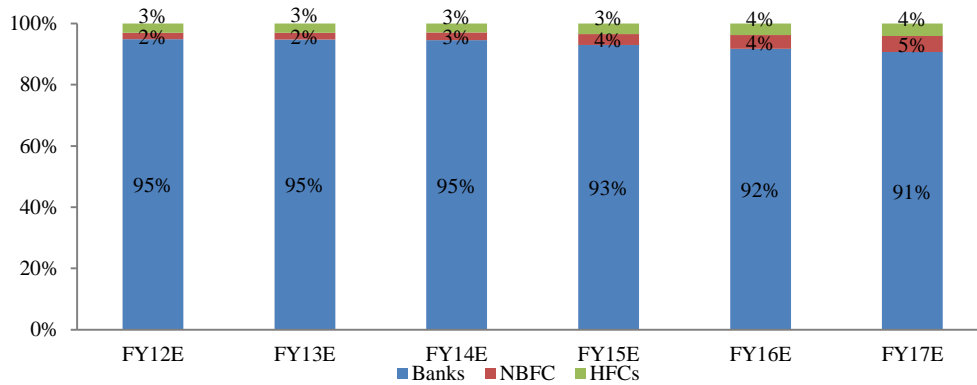
Though banks' interest often fluctuate and plummet, NBFCs retain edge over banks by offering more complex, customized and structured deals. Despite maintaining a healthy asset quality with the GNPA's estimated to be below 1% as of March 2017, having a concentrated portfolio poses high risk to the NBFCs. For some NBFCs with relatively low market share, the GNPA stands at 'nil' also.

GNPA of NBFCs varies and is vulnerable to concentrated and a sizeable single borrower exposure, especially given the increasing exposure to real estate. While the security cover and finance structure is usually strong in real estate funding, monetizing and liquidating the pledged assets can prove challenging, as the ticket size is usually very high and risk is concentrated among few large borrowers. Hence, a loan default by a single borrower could result in high overall GNPA ratio level for the financing company. Considering the risk arising due to a concentrated loan portfolio of several players, the GNPA level is expected to be slightly higher than the current level aforementioned.

**d) Market share between Banks & NBFCs:**

Banks have a higher market share in wholesale lending *vis-à-vis* NBFCs. While most NBFCs have limited exposure in long-term funding, banks extend both long and short-term funding to diverse sectors. Within long-term loans, the infrastructure sector comprises a significant share. NBFCs that cater to the infrastructure sector usually have a mix of both long term and short term funding, but the sector continues to be largely serviced by banks. For the purposes of analysis, lending to the infrastructure sector is excluded, and loans offered to large corporates in non-infrastructure segments is covered. Banks continue to account for nearly 90% of the market of wholesale lending.

**Banks maintain major share; near-equal share between NBFCs and HFCs**



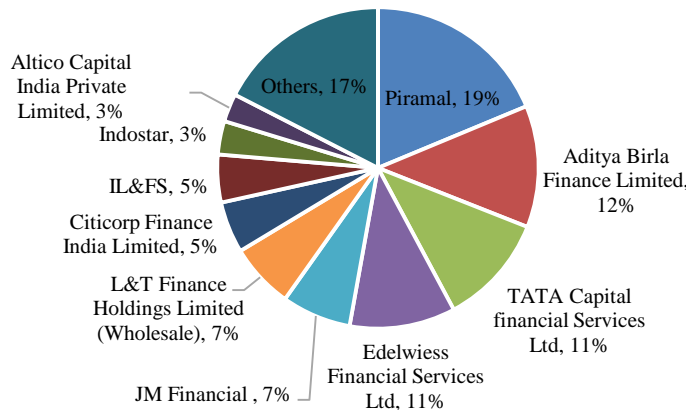
*E: Estimated*

*Note: HFC portfolio includes only developer loan and other corporate loan*

**e) Key players in the segment & their market share:**

Diversified players currently hold significant market share in wholesale lending business. The top four NBFCs in wholesale financing are: the Piramal Group (includes Piramal Enterprise Ltd and Piramal Finance Pvt Ltd), Aditya Birla Finance Ltd, Tata Capital Financial Services Ltd, and Edelweiss Financial Services Ltd. Together, these four players account for more than half of the overall wholesale financing by NBFCs. Though the sector is dominated by a restricted number of players, the focus of these NBFCs is diversified and varied. For instance, while Piramal has a greater presence in developer finance, Tata Capital and Aditya Birla Finance focus more on offering corporate loans.

**Top four players constitute over 50% of the market among NBFCs**

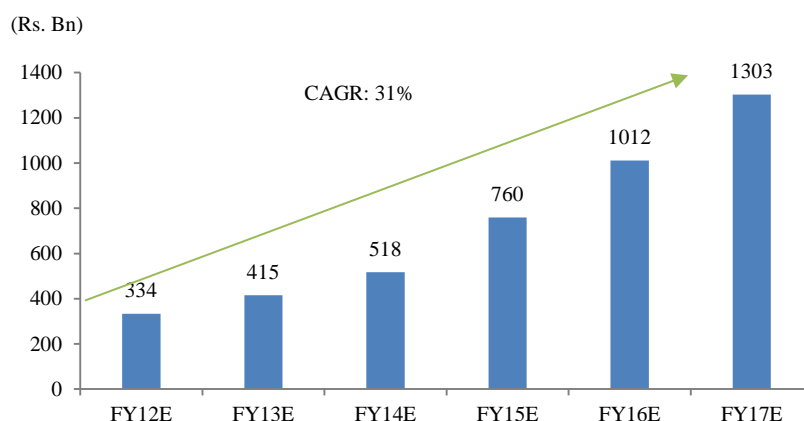


**f) Key growth drivers and expected growth over the next five years:**

The strong growth of NBFCs in the wholesale financing can be explained by a variety of factors; one of the foremost reason being the provision of customized solutions, with features such as interest moratorium and bullet repayment schedules, which are not offered by banks. NBFCs also extend such customized credit facilities to developers for land financing and early-stage project financing. A lower turnaround time, whereby the NBFCs usually disburse a large-ticket loan to a new customer within 45-60 days, is also another factor bolstering their growth. Customers often require funds in a timely manner, which is a service that NBFCs are

successfully able to provide. On the other hand, public sector banks have considerably elongated decision making cycles, due to their aversion to risk and fragile capital position. Lastly, NBFCs have been able to cultivate strong relationships with their clients. This may be due to the presence of the NBFC in allied businesses, or because it is supported by well-established parent companies, aiding it to not only in securing the business but also in assessing the risks.

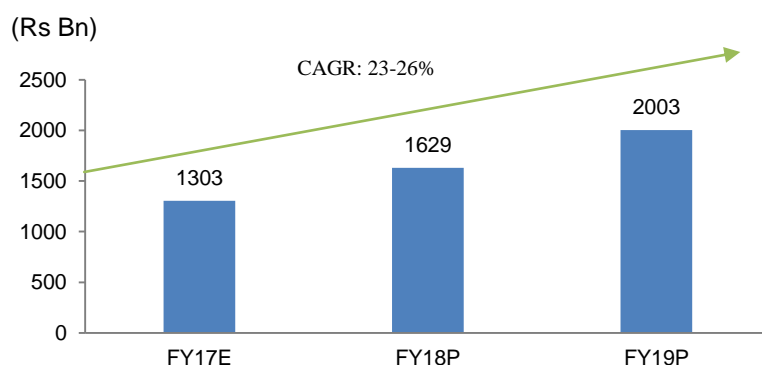
**Strong growth in NBFC loan outstanding**



In the long run, effective implementation of RERA is expected to improve transparency and timely delivery, ultimately benefitting the real estate sector. At the same time, there is a sense of concern and uncertainty in the markets as well. This sentiment is likely to persist till the market adjusts itself to RERA and is able to implement it effectively. RERA is eventually expected to instill more confidence in the market, particularly in financial institutions while lending funds to builders and developers on account of having established a regulatory authority and laying down stringent compliances.

Despite these concerns, it is expected that the wholesale financing by NBFCs will grow at 23-26% CAGR to capture a market size of ₹ 2.0 trillion by end of fiscal year 2018-19. Moreover, the inability of PSBs to lend aggressively and implementation of RERA is expected to act as a growth catalyst. Emerging opportunities in areas such as affordable housing are also projected to aid the growth of this segment.

**Robust credit growth to continue for wholesale financing NBFCs**



(Source: CRISIL Research Report on Wholesale Lending, 2017)

## 5. Housing Finance Industry Overview

### a) Housing finance growth - Market size, addressable opportunity & historical growth:

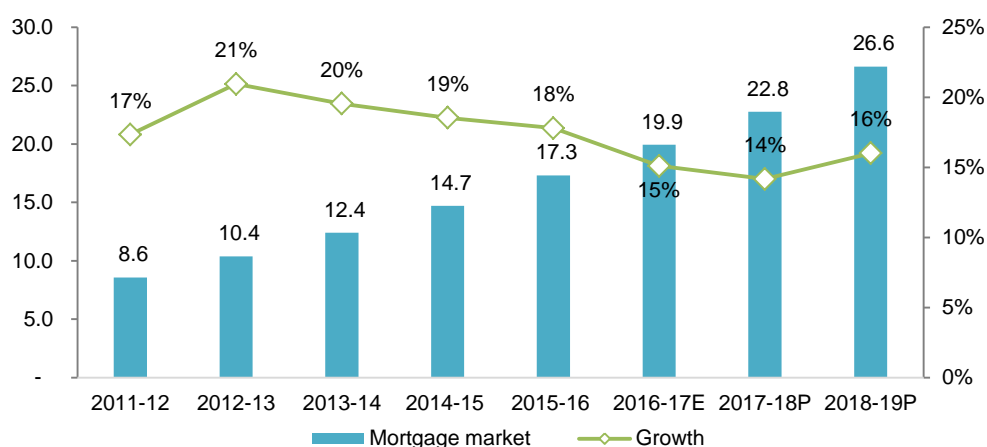


The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to growth in construction and demand for housing. The National Housing Bank (“NHB”) was set up in 1988 as the apex institution for regulating and controlling housing finance companies in the country. Over the years, through its innovative measures, active guidance and appropriate regulatory interventions, NHB has significantly facilitated broadening and deepening of the housing finance market in the country.

(Source: CRISIL Research Report on Housing Finance, 2017; and <https://nhb.org.in/wp-content/uploads/2018/02/T%20&%20P%202016.pdf>)

For the NBFCs, housing finance occupies the second largest portfolio after infrastructure. The loan book for HFCs is expected to clock 17-19% CAGR, to reach a market share of ₹ 10.8 trillion in fiscal year 2018-19. This is aided by higher finance penetration and increase in demand for affordable housing. Initiatives by regulators to support affordable housing finance, such as NHB’s revision of interest spread cap for the Rural Housing Fund and reduction in risk weights have also assisted in the growth of the market.

**Total mortgage book to grow at strong pace over next two years**



Note: Includes the overall portfolio of HFC and only housing loans and developer loans of banks

(Source: CRISIL Research Report on Housing Finance, 2017; and <https://nhb.org.in/wp-content/uploads/2018/02/T%20&%20P%202016.pdf>)

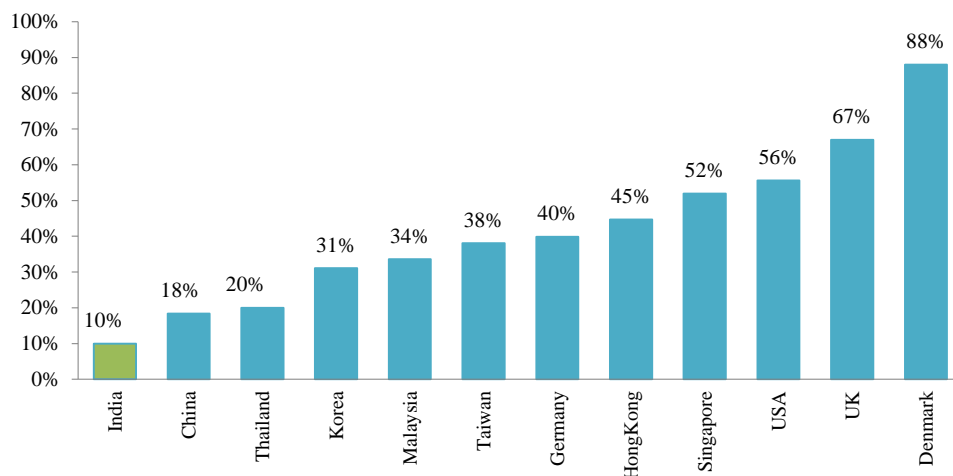
### b) Mortgage penetration – India vs. world:

The financial crisis of 2007-08 had a long lasting effect on the housing situation in different countries, which was evidenced by a downward trend in the housing prices all over the world. Different world economies have diverse housing patterns. The IMF Global Watch Report has classified these into three broad categories: i) The “Boom” economies where the drop in prices in the financial crisis period of 2007-2012 was modest and was followed by a quick rebound; (ii) “Bust and Boom” economies where housing markets rebounded post 2013, after falling sharply in the period 2007-2012; and (iii) the “Gloom” economies in which prices of houses fell substantially at the onset of the crisis and have remained on a downward path. India, being classified as a “boom” economy presents itself as an opportunity for the HFCs.

(Source: <https://nhb.org.in/wp-content/uploads/2018/02/T%20&%20P%202016.pdf>)

India’s mortgage-to-GDP ratio stood at a 10% rate for fiscal 2015-16, supported by factors such as ease of financing, tax incentives, rising incomes, improving affordability, growing urbanisation and equally importantly the widening reach of financiers. However, the mortgage penetration in the country lags 9-11 years behind other regional emerging markets, such as China and Thailand. Structural drivers such as urbanization, young population, smaller family sizes, urbanisation and rising income levels, etc. are expected to demonstrate healthy growth rates in the mortgage segment.

**Mortgage penetration (% of GDP)**

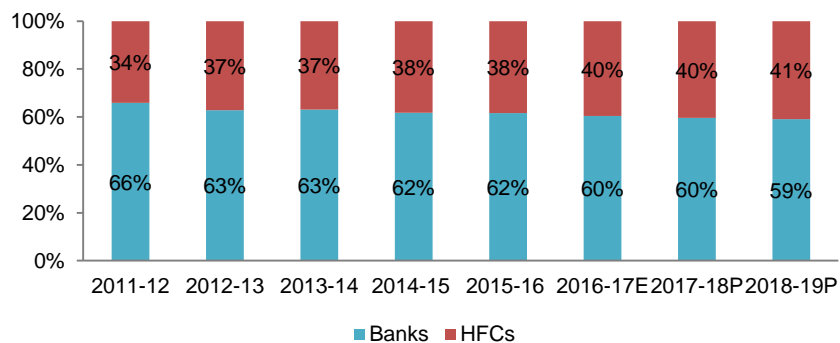


(Source: CRISIL Research Report on Housing Finance, 2017)

**c) Market share between Banks & NBFCs – Last 5 years:**

Housing finance is the second-largest portfolio, after infrastructure, for the NBFCs. The CAGR of the industry stands at 18-19%, whereas the CAGR of HFCs is approximately 22% in loan outstanding between 2011-12 and 2016-17. Both banks and HFCs offer mortgage backed loans, with the banks having a 60% share in the loan assets as of 2016-17. It is to be noted that the share of HFCs, has increased rapidly to 40% from 34% over the last couple of years, largely supported by their sharper focus on loan against property and developer loan segment. It is expected that the share of HFCs will increase.

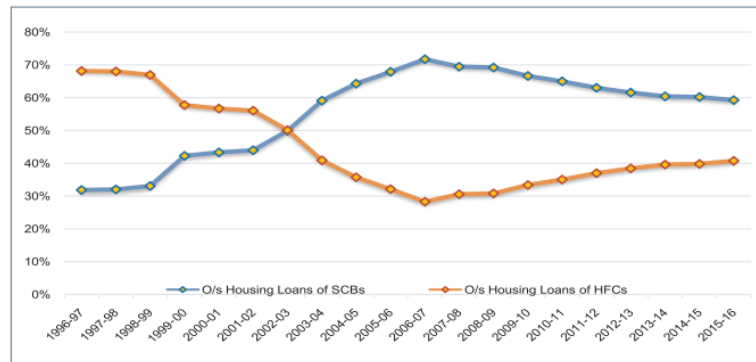
**HFCs' share increasing gradually**



Note: Includes the overall portfolio of HFC and only housing loans and developer loans of banks  
(Source: CRISIL Research Report on Housing Finance, 2017)

While for HFCs, housing finance is their primary business activity, a large number of scheduled commercial banks have also focused on housing finance by creating separate housing finance verticals and leveraging their extensive branch network.

**Graph 3.2: Housing Loans Market Share between Banks and HFCs**



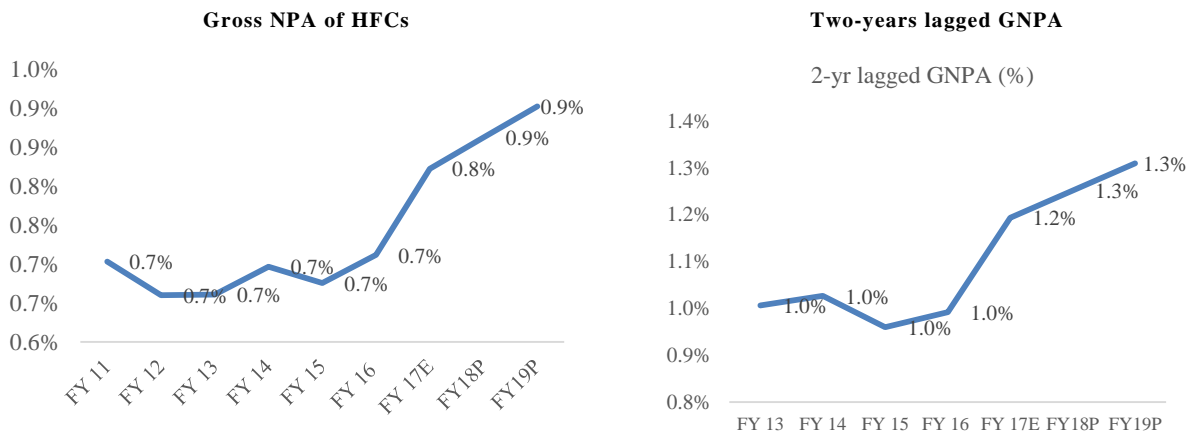
Source: RBI and NHB

(Source: <https://nhb.org.in/wp-content/uploads/2018/02/T%20&%20P%202016.pdf>)

**d) Asset Quality trends:**

Given that a large portion of the demand for home loans comes from first time buyers, asset quality of the housing loan portfolios has remained low in the past. Seasoning of portfolios of rapidly growing HFCs could lead to a further increase in this segment. The GNPA of mid and small-sized HFCs is likely to be 0.90% to 1.2%, whereas that of large HFCs to be ~0.80%.

Over the last couple of years, the NPAs of certain HFCs have improved largely due to adequate appraisal systems and effective recovery mechanisms as well as better availability of information. Further, in order to mitigate the risks arising from exposure to higher geographical concentration, HFCs charge a higher yield and also use a unique assessment strategy, resulting in lower GNPA in the segment compared with banks.



Note: GNPA is calculated based on weighted average of 15 HFCs accounting for more than 95% of market share.

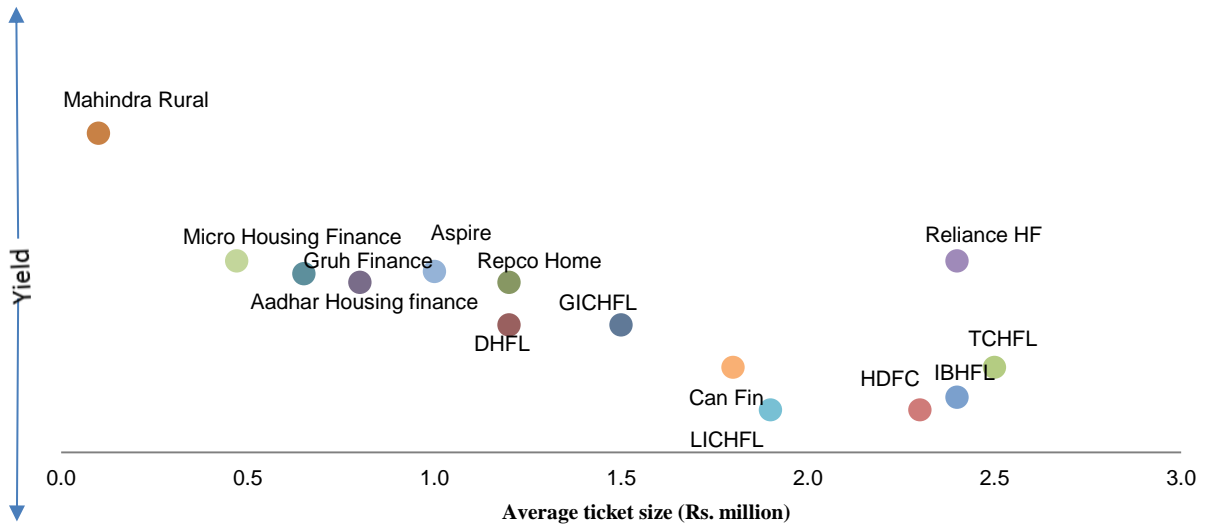
(Source: CRISIL Research Report on Housing Finance, 2017)

**e) Key players in the segment & their market share:**

HFCs can be categorised as large, medium and small size HFCs. Mid-size HFCs comprise of those HFCs with total retail housing loan outstanding of below ₹ 300 billion, as of March 2017. It is expected that with the focus of the mid-size HFC on affordable-housing projects and their relatively higher concentration in Tier-II and smaller cities, they will continue to grow. This expectation is bolstered by the growth for affordable housing projected to exceed overall housing demand growth.

Key players in the large HFCs' segment include Housing Development Finance Corporation, Dewan Housing Finance Corporation Ltd and Indiabulls Housing Finance and LIC Housing Finance. Mid and small HFCs include GIC Housing Finance, CanFin Home loans, Cent Bank Home Finance, Edelweiss Housing Finance, Gruh Finance, India Infoline Housing Finance, Mahindra Rural Housing Finance, MAS Rural Housing Finance, Tata Capital Housing Finance, L&T Housing Finance, Muthoot Housing Finance, PNB Housing Finance, Reliance Home Finance, SRG Housing Finance, Repco Home Finance and Shriram Housing Finance. Availability of debt and equity funding, strong origination skills and operating processes have also helped small and mid-sized HFCs gain sizeable market share.

**HFCs present across ticket size and yield spectrum**



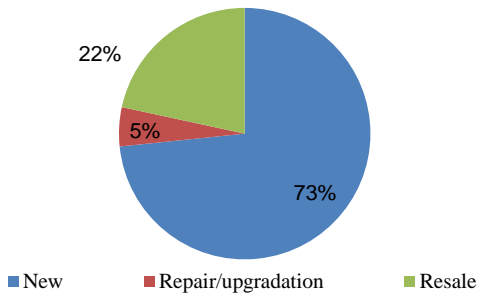
(Source: CRISIL Research Report on Housing Finance, 2017)

**f) Key growth drivers:**

Higher transparency in the sector, increasing urbanisation and government's incentive coupled with an increased financial penetration in urban areas are primary growth drivers for the housing finance market for the next couple of years. Urbanization has a twin-fold impact: not only does it result in a rise in the number of nuclear families, leading to the formation of more urban households; it also reduces the area requirement per household. Demand for loans for new housing, one of the primary drivers in the HFC disbursements, has witnessed an increase with an increase in urbanization.

The Government has also taken key initiatives for improving the housing stock, such as simplification of foreign investment through automatic route, allowance of investment in real estate sector through REITs, and enabling affordable housing by facilitating availability of long term funds for developers and NHB. NHB has also allocated a sum of ₹ 60,000 million under the Rural Housing Fund and ₹ 30,000 million under the Urban Housing Fund. *Inter alia*, these initiatives aim to boost sales of affordable, low-cost housing units and consequently their financing also. Further, the Government of India has even launched the "Housing for All by 2022 Mission" to facilitate home ownership for every Indian household. The "Housing for All" scheme provides for a credit-linked subsidy component to be implemented through banks or financial institutions. Under this subsidy, home loans will be provided to eligible urban population for acquisition and construction of houses. Increase in urbanization, coupled with such schemes, also has a positive impact on the housing demand, thereby increasing the demand for its financing also.

**Loans for new houses drives HFC disbursements**



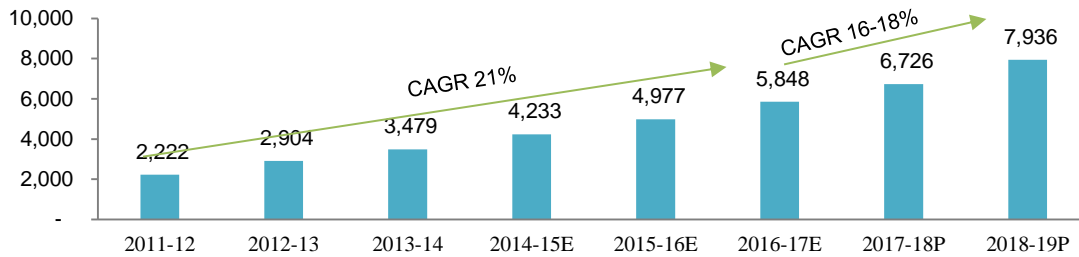
Note: Data is for 2014-15 and only for HFCs

(Source: CRISIL Research Report on Housing Finance, 2017; and <https://nhb.org.in/wp-content/uploads/2018/02/T%20&%20P%202016.pdf>)

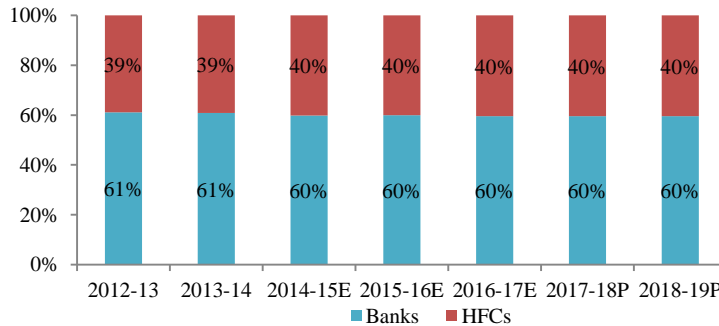
**g) Expected size over next 5 years:**

For fiscal year 2017-18 and 2018-19, HFCs loan portfolio was expected to grow at a slower pace 16-18% CAGR largely due to RERA. However, due to HFCs’ strong origination skills, focused approach of catering to a particular category of customers, relatively superior customer service and diverse channels of business sourcing placed in the backdrop of increased urbanisation, the growth thereafter is expected to accelerate leading to a 18-20% CAGR over next five fiscal years.

**HFC market to grow fast in long term**



It is also expected that the market share of HFC will remain positively stable given their ability take more risk (resorting to various surrogates for credit assessment; hence providing higher LTV), faster turnaround times, higher builder tie-ups and less-stringent documentation processes. The projected market share of HFCs in housing finance market stands between 40-41% range in fiscal year 2018-2019.



(Source: CRISIL Research Report on Housing Finance, 2017).

## OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 12 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors” on page 13 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*Unless otherwise indicated, the financial information included herein is based on our Restated Standalone Financial Information for Fiscal Years 2014, 2015, 2016, 2017 and 2018 included in this Draft Letter of Offer. For further information, see “Financial Information” on page 129. Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the 12 months ended March 31 of that year.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the CRISIL Reports.*

### Overview

We are a non-banking finance company (“NBFC”) primarily focused in providing bespoke asset backed financing solutions to customers. While we have been in existence for over two decades, our current Promoter, Capital India Corp LLP, completed the acquisition of Equity Shares from our erstwhile promoter pursuant to the Capital India SPA and from our public shareholders through an open offer, in December, 2017. The new management took control in November 2017 and the new leadership has brought in significant changes in the senior management to efficiently anchor the Company and also made significant changes to the business outlook and the product portfolio of the Company.

The product portfolio offered by us can be broadly classified into real estate financing and structured financing. Our real estate financing primarily consists of Real Estate Project Finance, Loan Against Property, Lease Rental Discounting and Commercial Property Purchase Loan. Our offerings for structured financing solutions include funding for acquisition, expansion, buyouts, diversification, pre-IPO financing needs and promoter funding. For information on the products description, see “- Product Portfolio” on page 85.

Presently, we are a “Non-Systemically Important Non-Deposit taking NBFC”. As of March 31, 2018 our portfolio of loans and advances relating to financing activity was ₹ 1,039.44 million.

The following table provides the details of our broad product-wise AUM as at the end of the periods indicated:

*(Amounts in ₹ million)*

Product	Fiscal Year ended		
	March 31, 2016	March 31, 2017	March 31, 2018
<b>Real Estate Financing</b>	-	730.00	380.21
<b>Structured Financing</b>	513.79	145.00	659.23
<b>Total</b>	513.79	875.00	1,039.44

Our business is operated from our Registered Office and Corporate Office. Our enterprise-wide loan management system, *OmniFin* (developed by *AS Software Services Private Limited*), which provides single platform operational support such as risk management, documentation management and customer service and consequently enabling us to focus our resources on delivering quality services to our customers. For details see “- Information Technology” on page 93.

Our total revenue in the Fiscal Years 2016, 2017 and 2018 was ₹ 75.43 million, ₹ 87.83 million and ₹ 257.09 million, respectively. Our profit after tax in the Fiscal Years 2016, 2017 and 2018 was ₹ 2.22 million, ₹ 2.35 million and ₹ 29.49 million, respectively. Between Fiscal Years 2016 and 2018, our total credit exposure and total revenue grew at a CAGR 42% and 85%, respectively. Our average cost of borrowings in the Fiscal Years 2016, 2017 and 2018 was 14.24%, 13.11% and 10.20%, respectively. Our net interest income (interest income less interest

expenses) for Fiscal Years 2016, 2017 and 2018 was ₹ 4.77 million, ₹ 3.54 million and ₹ 37.49 million, respectively.

## **Our Strengths**

We believe the following are our principal strengths:

### ***Experienced, highly motivated and dedicated management team***

We have an experienced, highly motivated and dedicated senior management team, with significant experience in the banking, financial services, consultancy and infrastructure sectors. Pursuant to the change in control in November 2017, we appointed Keshav Porwal and Amit Sahai Kulshreshtha, as our Managing Director and Executive Director & CEO, respectively, and Vineet Kumar Saxena, as CEO of Capital India Home Loans in December 2017. Keshav Porwal, our Managing Director has approximately two decades of experience in the financing and real estate industry. Amit Sahai Kulshreshtha, our Executive Director and CEO has prior experience in investment banking, consulting and infrastructure sectors. Vineet Kumar Saxena, CEO of Capital India Home Loans, our wholly-owned subsidiary, has prior experience in the financial services sector, having been associated with Barclays Bank PLC, ICICI Personal Financial Services Limited and ICICI Bank Limited, among others. Our new and dynamic senior management team has already implemented a number of changes in the Company for steady growth of the business. One of the changes was to diversify from real estate lending focus to become sector agnostic and lend with a focus on good quality collateral asset. As a result, our real estate lending, in the Fiscal Year 2018, has come down to 37.0% compared to 70.0% of our lending portfolio in the Fiscal Year 2017. Further, we believe that our dedicated senior management team has enabled us to attract experienced mid-level talented, growth-oriented professionals.

### ***Institutional philosophy of prudent risk management controls through asset-backed lending and streamlined procedures***

We maintain healthy and high quality loan asset portfolio in synchronization with our institutional philosophy of lending against security, which we call asset backed lending. We have instituted prudent and comprehensive risk management controls, policies, and procedures that are critical for the long-term sustainable development of our organization. Our risk management committee which is a Board level committee oversees and monitors the overall credit risk management framework. Our credit risk governance framework comprises of primarily three-units, spanning across the (i) our business teams, that generates lead; (ii) the credit risk unit, that independently manages the risk, provides policy guidance, performs credit analysis, risk reporting and credit monitoring, and our credit risk unit comprises of various sub-units, such as credit underwriting and policy unit and portfolio monitoring unit, which are responsible for management of credit risks; and (iii) the internal audit unit, which independently assesses the design and operational effectiveness of the entire credit risk management framework. Our credit risk governance framework incorporates the requirement of senior management and credit committee approval, with built-in escalation matrices at pre-defined credit thresholds, which enables us to ensure that high-ticket advances are sanctioned by our senior management.

We have implemented enterprise-wide loan management system, *OmniFin*, which provides single platform operational support such as risk management, documentation management and customer service and consequently aids our decision-making. We are also integrating *OmniFin* with services of third party credit assessment service products, such as *CIBIL and Perfios - Insight* to increase the operational efficiency of loan disbursement and risk assessment processes. We believe that our streamlined credit risk governance framework and loan management system have contributed to our operational efficiency and enhances our ability to take prudent credit decisions.

As a result of our prudent risk management controls, our Company had no NPAs in the last three Fiscal Years. Further, as of March 31, 2016, March 31, 2017 and March 31, 2018, Nil, 89.71 % (i.e., ₹ 785.00 million) and 89.42 % (i.e., ₹ 929.43million), respectively, of our loans and advances relating to financing activity were secured.

## **Our Strategies**

Following the change in control of our Company in November 2017, our Board has implemented initiatives to

rejuvenate our institutional spirit. Some of the initiatives implemented by the new management include: (i) induction of the new senior management team having significant experience and a diversified track record in the banking, financial services, consultancy and infrastructure sectors; (ii) raise of capital through a preferential allotment in June 2018, wherein funds aggregating to approximately ₹ 2,500 million were mobilized for the business, operational and general corporate requirements of our Company; (iii) diversification from real estate lending focus to become sector agnostic lender; (iv) augmentation of the risk management controls; and (v) adoption of enterprise-wide loan management system, *OmniFin*, to increase the operational efficiency. While we intend to continue evaluating and implementing changes to enhance our scale of operations and increase our profitability, we intend to focus on:

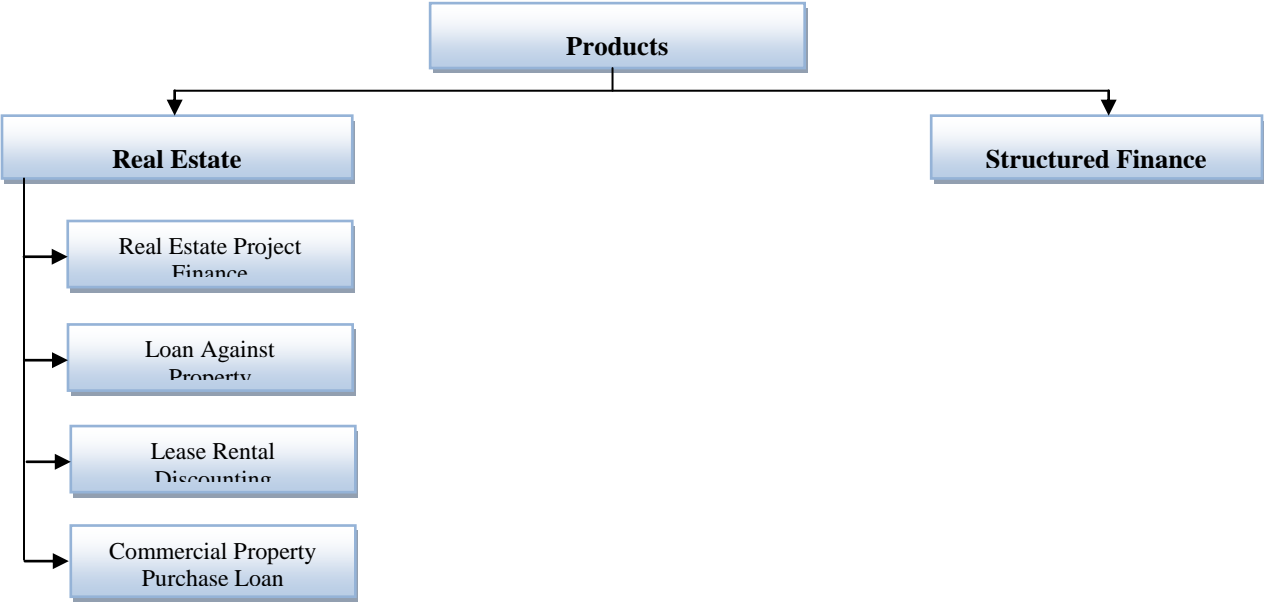
**Further strengthening credit assessment and risk management procedures:** In line with our institutional philosophy of implementing prudent risk management controls, we continuously endeavor to strengthen various aspects of our credit and risk management, including credit assessment and due diligence procedures for appraisal of the borrower’s credit worthiness and mitigation of the credit risk. We are committed to efficiently maintain healthy and high quality loan asset portfolio.

In relation to origination and appraisal of our advances, we propose to continuously review and upgrade our credit risk governance framework, including enhancing our resources. In addition, we are currently in the process of integrating our loan management system, *OmniFin* with services of third party credit assessment service products, such as *CIBIL* and *Perfios - Insight*, which we believe would increase the operational efficiency of loan disbursement and risk assessment processes. For details, see “– Risk Management Architecture” and “ – Information Technology” on pages 91 and 93, respectively.

**Leverage on the relationship and experience of our senior management for business growth:** We intend to continue growth at a stable but steady pace. Therefore, instead of focusing on opening of new branches, we wish to leverage the experience and business relationships of our senior management to grow our business. Our new senior management has a diversified track record that can help us identify suitable customers across industries which meet our risk appetite. We also believe our senior management’s acumen of the market trends, demands and industry developments, would enable us to adapt and take advantage of market opportunities.

**Product Portfolio**

The product portfolio offered by us consists of loan products which can be broadly classified into real estate financing and structured financing.





### ***Real Estate Financing:***

Our real estate financing primarily consists of: (i) Real Estate Project Finance; (ii) Loan Against Property; (iii) Lease Rental Discounting; and (iv) Commercial Property Purchase Loan.

As on March 31, 2018, we have sanctioned advances aggregating to ₹ 1,039.44 million to six customers.

#### ***(i) Real estate project finance***

We provide customized project specific funding for acquisition, construction and development of residential, commercial, retail, township projects and industrial real estate projects. This financing is for long-term property developments and re-development projects that require customized terms. Tenure of the loan is decided on the basis of project size and execution period, which generally ranges from 12 months to a maximum of 72 months. The applicable interest rate is determined in accordance with our credit policies and sanction terms of the loan. Further, we offer last-mile funding to bridge the gap in capital and helps in the project to achieve completion. The last-mile funding is designed for ventures that are struggling with project completion and need the final tranche of financial assistance. Financing is secured typically by way of, mortgage of property under consideration with security cover of 1.5 times to the loan amount and by creation of an escrow over project receivables, and/ or movables assets, personal guarantee of promoters or directors, corporate guarantee and a term deposit (debt service reserve account) in form of bank fixed deposit with lien marked in our favor.

#### ***(ii) Loans against property***

We offer loans against the collateral on property for general corporate purpose, debt consolidation, taking over of existing facilities, purchase of land, or development of floor space index. We offer loan against property for a duration up to 20 years. The security for such loans would be exclusive charge by way of equitable or registered mortgage over the property financed, personal guarantee and corporate guarantee. Additionally, we may require the borrowers to maintain a security cover of 1.5 times to the loan amount and a debt service reserve account.

#### ***(iii) Lease Rental Discounting***

The lease rental discounting is designed to provide financial solutions to the customers who have either developed or acquired real estate for the purpose of leasing out such properties. The financing is offered against the discounting of rental income received or receivable pursuant to the lease of residential, commercial, Special Economic Zone, or industrial properties and any other real estate property. The tenure of lease rental discounting is generally for up to 15 years. In this financing, amortization of loan can be regular amortization as per defined repayment schedule or turbo amortization. The security for the LRD advances would be creation of a charge over the concerned property and on the rent receivables thereon. The borrower will additionally be required to maintain an escrow account with a bank, where the rent from the leased property is deposited.

#### ***(iv) Commercial Property Purchase Loan***

We offer financing for purchase or construction of commercial property. The tenure of this facility is typically for a period of up to 20 years. This facility is secured by creation of *inter alia* exclusive charge over the financed property.

### ***Structured Financing***

We offer customized structured financing solutions for acquisition, expansion, buyouts, diversification and pre-IPO financing needs, amongst others. This financing is through, our offering of terms loans, inter-corporate deposits, subscribing to debt instruments, or convertible preference shares, amongst others. Tenure of such financing is for up to a period of five years. We also offer promoter funding for either personal or corporate requirements. As a part of our credit policy, we also offer loans to businesses without the backing of any collateral, to cater to their short-term funds requirements either for *capex* purposes or for bridging the working capital gap.

Our structured financing is typically secured by equitable or registered mortgage over the property of the borrower, pledge of marketable securities or fixed deposits, corporate guarantee, personal guarantee of promoters, guarantee of entity providing pledge of shares, debt service reserve account, amongst others.

### ***Disbursement and monitoring***

The disbursement of our advances is made in tranches as per the sanction terms based on specified milestones. Prior to the disbursal, the borrower is also required to submit an end-use declaration.

### **Credit Ratings**

Our present borrowings have not been rated by any credit rating agency. Also, see “*Risk Factor - Any adverse credit ratings in future could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.*” on page 25.

### **ALM Policy**

NBFCs are exposed to credit and market risks in view of the asset-liability transformation. With liberalization in Indian financial markets over the last few years, growing integration of domestic markets with external markets and entry of multinational corporations for meeting the credit needs of corporates and retail segments, the risks associated with NBFCs’ operations have become complex and large, thus requiring strategic management. As an NBFC, we are exposed to various kinds of risks including credit risk, interest rate risk, equity and commodity price risk, liquidity risk and operational risk. Moreover, intense competition has brought intense pressure on the management of the NBFCs to maintain a good balance among spreads, profitability and long-term viability. An effective, dynamic and integrated risk management system to address the issues relating to interest rates and liquidity risks has been addressed in the Asset Liability Management Policy (“**ALM Policy**”) adopted by our Board. The ALM Policy of our Company, has the objective of managing the assets and liabilities of the Company. It seeks to maximize stakeholders’ value, increase capital, serve customers better, and protect the Company from any negative financial consequences arising from changes in interest rate, liquidity and operation risks.

Our ALM Policy includes the management of total balance sheet dynamics with regard to its size, quality and risk. Under this system of management, we have constituted an Asset-Liability Committee (“**ALCO**”), consisting of an Independent Director (Chairperson), the Managing Director, and the Chief Executive Officer. The objective of ALCO is to set policies and manage the structural balance sheet risks arising over time, monitor the external environment and initiate appropriate action after evaluating interest rate trends, market liquidity and other factors, fine tune product pricing, ensure adequacy of capital, and ensure regulatory compliance related to interest rates and liquidity risks, amongst others. We also maintain a Management Information System (“**MIS**”) for management of assets and liabilities with respect to the maturity mismatches and the other associated various risks. As per our ALM Policy, we cover (i) liquidity risk management (structural liquidity plan and dynamic liquidity plan), (ii) interest risk management system and (iii) funding and capital planning.

### **Credit Approval Procedure**

The authority for approval of credit proposals is delegated by our Board to specific approval authorities, within the identified limits. The authorities exercise their powers within the framework of the norms prescribed by our Board. Certain guiding principles with respect to our credit approvals are enumerated below:

- *Risk based delegation:* Delegation of authority is risk based, which entails that the senior authorities and committees (with senior management personnel) approve the credit proposals with higher credit risk, higher exposure or the transactions /proposals which are more complex or have critical deviations from the standard norms;
- *Meeting /Desk based approval:* Approvals are either through convened meetings or through desk based in Loan origination system or through email approvals;

- *Adequate audit trail:* The credit risk unit maintains a central repository of ‘controlled copies’ of all approved cases and all such ‘controlled copies’ are kept on record such that there is adequate audit trail for all approvals/sanctions;
- *Non-transferability of authority:* No member is allowed delegate the individual authority to other official to attend the meeting and/or to constitute a quorum. In cases where the approval authority is unable to attend the meeting or is not accessible, specific approvals are taken from the MD /CEO and the proposal is subject to hindsight approval by the approving authority;
- *Adherence to regulatory/ internal guidelines:* While exercising the delegated powers, the restrictions or precautions advised by the RBI and any other regulatory body (if applicable) from time to time and the guidelines enunciated in this credit policy are followed;
- *Independence of approving authorities:* The delegated powers are not exercised by any member/official to the personal advantage of their own self or family members/related-party, directly or indirectly. Such credit proposals are referred to the next higher sanctioning authority;
- *Approval in line with the delegated authority:* The sanctioning committee/ authorities harmoniously work with the powers delegated to them. In cases where there is any ambiguity in the guidelines regarding delegation of powers, clarification is sought from the CRO /Head Risk;
- *Compliance to Company’s objectives:* The approval authorities exercise their powers with utmost caution without sacrificing the broad objectives of the credit policy and any other internal policy of the Company;
- *Approval backed by analysis:* All notes or proposals placed before the approving authorities are required to be in the prescribed format approved by the Company. Further, proposals are required to be backed by a proper assessment and justification of limits proposed; and
- *Hindsight review:* The higher level sanctioning authorities review the sanction on a sample basis.

We have also instituted an escalation mechanism, which can be initiated where consensus is not arrived at by the sanctioning authority. Generally, escalation cases are presented to the sanctioning authority, a level above the sanctioning authority that originally reviewed the proposal. Further, we have set up an organizational framework for the sanctioning authorities, their composition is set forth below:

Particulars	Maximum Financial authority (group exposure)	Minimum Approving authority
Limit/Renewal of Existing Limits	Up to ₹ 250 million	CEO and Head Risk
	Up to ₹ 1,000 million	Credit Committee (Subordinate Committee)
	Above ₹ 1,000 million	Credit Committee of Board

Particulars	Maximum Financial authority (group exposure)	Minimum Approving authority
Short terms limits (Ad hoc facilities) (subject to maximum tenure of 90 days) For this facility, our Company’s group exposure to borrower group shall not be considered	Maximum of ₹ 50 million	MD /CEO and Head Risk
	Maximum of ₹ 100 million	Credit Committee (Subordinate Committee)

*Note: Credit Committee typically comprises of MD, CEO and Head Risk and the Credit Committee of Board shall comprise of 1 (One) Independent Director, MD, CEO and 1 (One) Non-Executive Director. Deviation approvals that are allowed at each approving authority are specified in respective product policy. Additionally, approval powers accorded to the above authorities is guided by the risk philosophy of our Company.*

## **Risk Management Architecture**

We have formalized a credit risk governance framework to ensure that various credit risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to. In addition to the said framework, we also have a Risk Management Committee, Credit Risk Unit, Business Units, Operations Unit, Legal and Compliance Department and Internal Audit Department to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks.

*Board of Directors:* Our Board of Directors is responsible for providing oversight for overall credit risk management. The key responsibilities of the Board of Directors relating to credit risk management include approving and reviewing the credit policy framework, establishing a robust credit risk management culture by delegating responsibilities for key decision making and controls to appropriate management authorities and committees, ascertaining that the credit risk governance framework is subjected to effective independent review by internal audit and conforming the credit management framework with regulatory guidelines.

*Risk Management Committee:* Our Board of Directors has delegated credit risk related responsibilities to the Risk Management Committee. The committee comprises of three Board members including an independent director who chairs the Committee. The committee also has special invitees such as CFO, Head Risk and other invitees, as decided by committee from time to time. The committee is mandated to meet at least on quarterly basis, with proper quorum.

The committee is responsible for approval related matters, overseeing implementation of credit management, ensuring proper identification of credit risks, reviewing portfolio composition, quality, delinquencies and NPAs, evaluating the credit risk profile and any major internal or external development and its impact on the portfolio and on the company, and assessing the non-compliance, limit breaches, audit / regulatory findings, and policy exceptions.

*Credit Risk Unit:* This unit is responsible for holistically developing and implementing policies and processes related to identification, assessment, measurement, control, monitoring and reporting of credit risks. Other key functions include, but are not limited to, conducting personal discussions with the customer to understand the customer's background, background of the business, credit needs and the risk involved, stipulating the required terms and conditions for credit transactions, which are deemed necessary for specific transactions, conducting periodic inspections and field visits post disbursement of the loan to monitor the end use of funds by the customer, issuing guidance notes, advisories and credit alerts on various aspects of risk from time to time, reviewing the credit policy and updates based on RBI regulations and internal events, consolidating credit data for analysis and reporting to senior management and monitoring portfolio level MIS/exposure, irregularities, deviations and overall portfolio quality, amongst others.

This unit comprises of sub-units responsible for management of credit risks. The sub-units typically include a credit underwriting and policy unit, and a portfolio monitoring unit. While the former is responsible for developing various credit related policies, performing credit analysis and underwriting credit applications proposed by the business units; the latter is responsible for regular monitoring of the credit portfolio and early warning triggers to ensure effective asset management.

*Business Unit:* Business units are primarily responsible for credit origination within the credit framework defined by our Company. It also has the responsibility to other key functions like ensuring that relevant documents are executed by authorized signatories of the borrower or guarantor, managing customer relationships and highlighting any material credit event to the Credit Risk Unit on a timely basis, proposing new product or changes in existing one along with parameters and analyzing competition in the market, and ensuring all post sanction documentation and post disbursement documentation/conditions are complied with.

*Operations Unit:* It is the gatekeeper of credit documentation in the overall credit risk governance framework. It is entrusted with the responsibility of ensuring that all the credit documentation is in order prior to disbursement processing, setting up of limits with conformity to the sanction terms and ensuring compliance with the applicable post-sanction terms, perfecting the security with adequate documentation as per the sanction terms and highlighting

non-compliance to the senior management, proper reporting/filings of all regulatory matters and other related matters.

*Legal and Compliance Department.* Our legal and compliance department is primarily responsible for maintaining proper records of the documents and litigations arising out of the loan portfolio. The key roles and responsibilities include providing concurrence/approval to operations post credit due diligence on documentation and other compliances before onboarding customer, creating and maintaining an effective system to ensure that the business activities of the Company are carried out within the framework set out by various regulations and applicable law, and providing guidance to the other teams on the business activities of the Company and reviewing the status of various compliances.

*Internal Audit Department:* We have an in-house internal audit department and we have appointed Aneja Associates as our internal Auditor for the Fiscal Year 2019. This department is entrusted with the primary responsibility of providing an independent assessment on the design and operational effectiveness of the overall credit risk governance framework. Other key roles include, but are not limited to, assuring the overall adequacy of the internal control system and compliance with internal policies and procedures, especially with respect to compliances with RBI guidelines, ensuring that the credit risk policies are reviewed, approved and clearly communicated by the appropriate authorities on a periodic basis and reporting the results of its independent review to the senior management and relevant committees.

### **AML Policy**

In accordance with the KYC guidelines and AML standards issued by the RBI, our Company has adopted a policy framework on KYC and AML measures (“**AML Policy**”). The objective of the AML Policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures also enable us to know and understand our customers. It also helps in making our financial dealings better, which in turn will assist us to manage risks more prudently. The AML policy has four key elements:

- i. Customer Acceptance Policy;
- ii. Customer Identification Procedures;
- iii. Monitoring of Transactions; and
- iv. Risk Management.

As per the AML Policy, we maintain proper records of transactions as required under Section 12 of the Prevention of Money Laundering Act, 2002 read with Rule 3 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, as amended from time to time. In accordance with these provisions, we also preserve records for a period of five years from the date of the transaction between the customer and the company. We also have a senior employee designated as a ‘Principal Officer’, who is responsible for monitoring and reporting of all transactions and sharing of information as required. The Principal Officer is entrusted with the responsibility of reporting information relating to cash and suspicious transactions, if detected, to the Financial Intelligence Unit India, as advised in terms of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, as amended from time to time, in the prescribed formats as designed and circulated by RBI.

### **Advisory Services**

We also offer advisory services to our clients. Our offerings for advisory services include, strategic advisory on business segments that our clients can expand into, strategic advisory for asset planning and disposition strategy, advisory for strategic financial planning and assistance in fund raising by way of private equity, structured finance and debt funding. Our revenue from the fee income in the Fiscal Years 2016, 2017 and 2018 was Nil, ₹ 4 million and ₹ 116 million, respectively, constituting Nil, 4.58% and 45.12% of our total revenues, respectively, for such periods.

## Housing Finance

Our Subsidiary, Capital India Home Loans Limited has applied to the National Housing Bank for seeking permission to carry on the business of a housing finance institution. This application is currently pending. For details, see “*Government and Other Approvals*” on page 206.

## Information Technology

Our information management system facilitates the information sharing across our business functions, thereby enabling operational coordination across internal departments. We have implemented a loan management system, *OmniFin*, which has loan management, risk management and core financial accounting capabilities, allowing us to effectively manage our loan portfolio and providing us decision-making and operational support.

For consolidating our document and content management on to a single platform, we are in the process of harmonizing *OmniFin* with *dMACQ document management system solution*. We are also integrating *OmniFin* with services of third party credit assessment service products, such as *CIBIL and Perfios - Insight* to increase the operational efficiency of loan disbursement and risk assessment processes.

We host our servers carrying critical data on *Netmagic* cloud. We focus on safeguarding data and building resilience in business applications, by having a robust IT infrastructure in place which includes security solutions like firewalls, secured Wi-Fi connections and structured network.

## Human Resources

As of June 30, 2018 we have 29 full-time employees and four trainees. Our subsidiary, Capital India Home Loans Limited, also has 12 full time employees as of June 30, 2018.

We have recently proposed to institute an employee stock option plan. For details, see “*Capital Structure*” and “*Our Management*” on pages 51 and 109, respectively.


## Competition


The NBFC sector in India is characterized by high levels of competition. We face competition not only from other NBFCs, but from banks also. The main competitive factors are product range, speed of loan approvals, price, the ability to customize products, reputation of the service provider, and customer relationships. We face stiff competition from several other players such as Indostar Capital Finance Limited and L&T Finance Holdings Limited, in the NBFC sector.

## Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. We maintain this coverage with renowned insurers in India. Our principal types of coverage include our directors’ and officers’ liability insurance policy, group health insurance policy and group personal accident policy. We have additionally obtained a group personal accident policy for employees of our subsidiary, Capital India Home Loans Limited. Our insurance policies may not be sufficient to cover our economic loss. For details, see “*Risk Factor – Insurance coverage and policies obtained by us may not adequately protect us against economic losses arising from any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flow.*” on page 25.

## Intellectual Property

The trademark over  **CAPITALINDIA**, our corporate logo is registered in the name of our Promoter, Capital India

Corp LLP and is valid up to July 19, 2027. The trademark over  **CAPITALINDIA** Home Loans is also registered in the name of our Promoter, Capital India Corp LLP and is valid up to July 20, 2027.

We have received a no-objection certificates dated July 25, 2017 from the Promoter for usage of the aforementioned trademarks.

In addition, our Promoter has applied for registration of three trademarks, which have been objected to by the Registrar of Trademarks. Also, see “*Risk Factor - If we are unable to protect our intellectual property rights, our business, reputation, results of operations, cash flows and financial condition could be adversely affected.*” on page 23.

### **Property**

Our registered office is located at DLF Centre, 2<sup>nd</sup> Floor, Sansad Marg, New Delhi 110 001, on a leased premise for a period of three years ending on December 10, 2020. Our corporate office is located at 14<sup>th</sup> Floor, One BKC, A-Wing, G Block, BKC, Bandra East, Mumbai 400 051, on a leased premise for a period of five years ending on July 31, 2022.

## REGULATIONS AND POLICIES

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

### **Key Indian regulations applicable to our Company**

Our Company is a Non-Banking Financial Company – Non Systemically Important Non-Deposit taking Company (“**non-systemically important NBFC-ND**”), registered with RBI under the RBI Act.

#### **1. Laws relating to non-systemically important non-deposit taking NBFCs**

##### *The RBI Act*

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the central government, and by notification in the official gazette, specify.

In order to commence or carry out the business of a non- banking financial institution, an NBFC has to mandatorily obtain a certificate of registration issued by the RBI and it should have minimum net owned fund of ₹ 2.5 million or such other amount, not exceeding ₹ 20 million, as the RBI may, by notification in the Official Gazette, specify. Subsequently, through a notification dated April 21, 1999, the RBI has increased such minimum net owned fund threshold to ₹ 20 million. Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

In addition, non-systemically important NBFCs-NDs are also governed by various directions, circulars and guidelines as issued by the RBI from time to time.

##### ***Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (“Master Directions, 2016”)***

The Master Directions, 2016 apply to, among certain other entities, to every NBFC not accepting / holding public deposits which is not systemically important, that is having a total asset size of below ₹ 5,000 million.

The Master Directions, 2016 consolidate the various other regulations and notifications as issued by Department of Non-Banking Regulation, RBI from time to time. NBFCs are required to separately disclose in their balance sheets the provisions made as per Master Directions, 2016, without netting them from the income or against the value of assets. Such provisions are required to be distinctly indicated under separate heads of account as: (i) provisions for bad and doubtful debts; and (ii) and provisions for depreciation in investments. The board of directors of NBFCs shall also lay down the appropriate grievance redressal mechanism within the organization.

##### *Prudential Regulations*

As per the prudential regulations under the Master Directions, 2016, the leverage ratio of applicable NBFCs, as prescribed, is required to not be more than seven at any point of time, with effect from March 31, 2015. Every applicable NBFC which grants or intends to grant demand or call loans, is required to frame a policy and implement the same, which shall *inter alia* contain details of cut-off date for repayment and/ or review, rate of interest to be charged. It further provides that an applicable NBFC with an asset size of ₹1,000 million or above, is required to



maintain an LTV ratio of 50% for loans granted against collateral of shares and shall report information in relation to the shares pledged in their favor to the stock-exchange quarterly.

#### *Fair Practices Code*

The Master Directions, 2016 also prescribe for a fair practices code to be adopted by certain types of NBFCs, as prescribed. As per these directions, applicable NBFCs are mandated to adopt guidelines wherein all communications to the borrower is required to be in the vernacular language or a language as understood by the borrower. Additionally, the loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. NBFCs should also give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs shall also ensure that changes in interest rates and charges are effected only prospectively.

In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the NBFC, if any, is required to be conveyed within 21 days from the date of receipt of request. Such transfer is required to be as per transparent contractual terms in consonance with law. In the matter of recovery of loans, an NBFC is required not to resort to undue harassment methods which include persistently bothering the borrowers at odd hours, using muscle power for recovery of loans etc. The prescribed NBFCs are also required to ensure that the staff is adequately trained to deal with the customers in an appropriate manner. A fair practices code, preferably in the vernacular language, based on the guidelines outlined in the Master Directions, 2016 is required to be put in place with approval of the companies' board, by all such prescribed NBFCs, which also have a customer interface.

#### *Governance*

As per the Master Directions, 2016, any takeover/acquisition of control of the NBFCs covered under the Master Directions, 2016, which may or may not result in change of management, or any change in the shareholding of the applicable NBFCs, including progressive increases over time, which would result in acquisition/transfer of shareholding of 26% or more of the paid up equity capital of the concerned NBFC, requires a prior approval of the RBI. This governance norm is subject to the exception of change in shareholding due to court approved buyback of shares or reduction in capital.

#### *Asset Liability Management ("ALM") Systems*

NBFCs are exposed to several major risks in the course of their business - credit risk, interest rate risk, equity and commodity price risk, liquidity risk and operational risk. In order to introduce effective risk management systems which address the issues such as interest rate and liquidity risks, the Master Directions, 2016 mandates that the non-systemically important NBFCs-ND have an ALM system in place. NBFCs meeting the criteria of asset base of ₹ 1,000 million or more (whether accepting /holding public deposits or not) or holding public deposits of ₹ 200 million or more (irrespective of their asset size) as per their last audited balance sheet are required to put in place an ALM system.

#### *Miscellaneous*

In addition to other provisions, this section of the Master Directions, 2016 lays down the level of net non-performing assets to be maintained by the non-systemically important NBFCs-ND and mandates conformity with the KYC norms for such NBFCs having customer interface.

While granting finance for housing projects and development projects, the NBFCs covered under the Master Directions, 2016 are also required to stipulate that the borrowing builder or developer disclose in its pamphlets / brochures / advertisements, information regarding mortgage of property and should not release the funds till the stipulation is met. The NBFCs, as prescribed, are required to become members of all Credit Information Companies and submit data, including historical data, to such companies.

### ***Master Direction - Know Your Customer Directions, 2016 (“KYC Directions”)***

As per the KYC Directions, all NBFCs, unless specified otherwise, are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions.

In terms of the KYC Directions, the applicable NBFCs are required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated is required to include four key elements, which are the customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The NBFCs are required to *inter alia* ensure that they specify who constitutes ‘senior management’ for the purpose of KYC compliance, specifying allocation of responsibility for effective implementation of policies and procedures, independent evaluation of the compliance functions of the entity’s policies and procedures, including legal and regulatory requirements. Further, pursuant to the provisions of Prevention of Money-Laundering Act, 2002, and the KYC Directions, all NBFCs to whom the KYC Directions apply have to appoint a ‘Designated Director’ who shall be responsible for ensuring overall compliance as required under the aforementioned laws, and a ‘Principal Officer’, who shall be responsible for furnishing/reporting all transactions and sharing of information as required under the law to the Foreign Intelligence Unit -India and other enforcement agencies.

### ***Information Technology Framework for the NBFC Sector Directions (the “IT Framework Directions”)***

The IT Framework Directions have been notified with the view of benchmarking the information technology/information security framework, business continuity planning, disaster recovery management, information technology (“IT”) audit and other processes of NBFCs to best practices for the NBFC sector. The focus of the IT Framework Directions is on IT governance, IT policy to be formulated by the NBFC, information & cyber Security, IT operations, information system audit, business continuity planning and IT services outsourcing. The IT Framework Directions require all non-systemically important NBFCs to develop basic IT systems mainly for maintaining the database and have a board approved IT policy/information system policy in place. NBFCs with an asset size below ₹ 5,000 million are required to comply with the IT Framework Directions by September 30, 2018.

### ***Master Direction-Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016. (“Returns Direction”)***

NBFCs are required to put in place a reporting system for filing various returns within the timeframe prescribed in the Returns Direction. NBFCs are required to submit various returns to the Bank with respect to their deposit acceptance, prudential norms compliance, ALM etc. The lists of returns to be submitted by the NBFCs-ND, includes an annual submission of the return on financial indicators and statutory auditor certificate to the effect that it is engaged in the business of non-banking financial institution, requiring it to hold a certificate of registration granted under Section 45-IA of the RBI Act. Other returns may also be required to be submitted, depending on the asset size of the concerned NBFC.

### ***Ombudsman Scheme for Non-Banking Financial Companies, 2018 (“Ombudsman Scheme”)***

The Ombudsman Scheme applies to NBFCs that: (a) are authorized to accept deposits; or (b) have customer interface, with an asset size of ₹ 1,000 million as on the date of the audited balance sheet of the previous financial year, or of any such asset size as the RBI may prescribe, excluding NBFC-infrastructure finance companies, core investment companies, NBFCs-infrastructure debt fund and NBFCs under liquidation. RBI has brought into operation the Ombudsman Scheme to ensure that a suitable mechanism exists for receiving and addressing complaints from their customers with specific emphasis on resolving such complaints expeditiously and in a fair manner. This scheme provides for an alternate dispute resolution mechanism, where the customer is at liberty to approach any other court/forum/authority for the redressal at any stage.

## **2. Foreign Investment**

### ***Consolidated FDI Policy of 2017 (“FDI Policy”)***

The FDI Policy is issued by the Department of Industrial Policy and Promotion, Government of India. Pursuant to the FDI Policy, foreign investment in an Indian company engaged in ‘other financial services activities’ regulated by financial sector regulators which amongst others includes RBI, SEBI, NHB, IRDA, PFRDA or any other financial sector regulator is permitted under automatic route up to 100% of equity share capital of the concerned entity. Foreign investment in companies engaged in financial services activities and downstream investment by any of these entities, will be subject to the conditions specified in paragraph 5.2.26.2 of the FDI Policy.

## **3. Tax Laws**

### ***Income Tax Act, 1961***

Income Tax Act, 1961 is applicable to every domestic/ foreign company whose income is taxable under its provisions or the rules made under it depending upon its ‘Residential Status’ and ‘Type of Income’ involved. It lays down compliances like those relating to tax deducted at source, fringe benefit tax, Advance Tax, minimum alternative tax and others.

### ***Goods and Services Tax (“GST”)***

The goods and service tax, or GST, has been implemented with effect from July 1, 2017. It combines taxes and levies imposed by the GoI and state governments into a unified rate structure, and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, cess and surcharge and excise, that were being collected by the GoI and state governments. It is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

## **4. Laws relating to employment**

Employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws applicable to the business and operations of Indian companies:

- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees’ State Insurance Act, 1948;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Maternity Benefit Act, 1961;
- Industrial Disputes Act, 1947;
- Employees' Compensation Act, 1923’
- Equal Remuneration Act, 1976;
- Maharashtra Shops and Establishments Act, 2017;
- Delhi Shops and Establishments Act, 1954;
- Maharashtra Labour Welfare Fund Act, 1953;
- Employment Exchange (Compulsory Notification off Vacancies) Act, 1959; and
- The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.

In addition, there are certain state specific labour laws which also need to be complied with by our Company and Subsidiaries.

## **5. Intellectual Property**

### ***Trademark Act, 1999***

In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services. The Trade Marks Act, 1999 (“**Trademark Act**”) provides for the statutory protection of trademarks and prevention of the use of fraudulent marks in India. Certification marks and collective marks can also be registered under the Trademark Act. An application for trademark registration may be made by individual or joint applicants by any person claiming to be the proprietor of a trade mark, and can be made on the basis of either use or intention to use a trademark in the future.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses. While both registered and unregistered trademarks are protected under Indian Law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. The Trademark (Amendment) Act, 2010 has been enacted by the GoI to amend the Trademark Act to enable Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other countries, and to empower the Registrar of Trademarks to do so. It also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to bring the law generally in line with international practice.

### **Other Regulations**

In addition to the above, we are required to comply with the provisions of the Companies Act, SEBI Listing Regulations, FEMA, other additional tax legislations and other applicable statutes for our day-to-day operations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was originally incorporated as ‘Bhilwara Tex-Fin Limited’, a public limited company under the Companies Act, 1956, with a certificate of incorporation issued by the RoC, Rajasthan at Jaipur on November 16, 1994. Subsequently, a certificate for commencement of business was issued to our Company by the RoC, Rajasthan on November 22, 1994.

Our Company received a certificate of registration dated March 24, 1998 from the RBI to carry on the business of a non-banking financial institution without accepting public deposits. Pursuant to an order dated July 20, 2004 of Company Law Board and the certificate of registration dated August 25, 2004 issued by the RoC, Delhi, the location of the registered office of our Company was changed from the State of Rajasthan to the National Capital Territory of Delhi. In light of such change in the registered office, our Company received a fresh certificate of registration dated June 6, 2013 from the RBI to carry on the business of non-banking financial institution without accepting public deposits. Subsequently, in order to align the activities of our Company as an NBFC with its name, the name of our Company was changed from ‘Bhilwara Tex-Fin Limited’ to ‘Capital India Finance Limited’ and a fresh certificate of incorporation was issued by the RoC, Delhi on August 16, 2017. Further, our Company also received a fresh certificate of registration dated August 30, 2017 from RBI for carrying on the business of non-banking financial institution without accepting public deposits, reflecting its new name.

Our Promoter is not the original promoter of our Company. In 2005, pursuant to the Sainik Mining SPA, Sainik Mining purchased a total of 1,243,000 Equity Shares from Rajendra Prasad Baldwa and eleven other shareholders of the Company. Further, pursuant to an open offer required to be made in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, Sainik Mining acquired an additional 224,800 Equity Shares from certain existing Shareholders of the Company (“**Sainik Mining Open Offer**”), bringing its aggregate shareholding in our Company to 1,467,800 Equity Shares, being 41.90 % of the then issued and paid-up equity share capital of our Company. Subsequently, in 2017, in accordance with the terms of the Capital India SPA, our Promoter agreed to purchase the entire shareholding of Sainik Mining, being 1,467,800 Equity Shares (“**Sainik Mining Shares**”) for an aggregate consideration of ₹ 16.88 million, subject to, among others, completion of the open offer required to be made to then Shareholders (other than Sainik Mining) of our Company by our Promoter, pursuant to provisions of the SEBI Takeover Regulations (“**Capital India Open Offer**”). Pursuant to the Capital India Open Offer made by our Promoter through the letter of offer dated November 7, 2017, our Promoter acquired a total of 764,500 Equity Shares, for an aggregate consideration of ₹ 8.79 million. Subsequently, the Sainik Mining Shares were also transferred to our Promoter in terms of the Capital India SPA.

The Equity Shares of our Company are presently listed on the BSE.

### Business and management

For a description of our activities, services, products, technology, market segments, the growth of our Company, the standing of our Company with reference to prominent competitors in connection with our services, management, major clients, geographical segment etc., see the sections titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 85 and 184, respectively.

For details of the management of our Company, see “*Our Management*” on page 109.

### Changes in the registered office

The details of prior changes in the registered office of our Company are as follows:

Effective Date	Details of Change	Reasons for Change
August 25, 2004*	The registered office of our Company was shifted from ‘13, Gandhinagar, Bhilwara, Rajasthan- 311 001’ to ‘82, Vasant Enclave, Rao Tula Ram Marg, New Delhi, 110 057’.	For administrative convenience

Effective Date	Details of Change	Reasons for Change
November 15, 2005	The registered office of our Company was shifted from '82, Vasant Enclave, Rao Tula Ram Marg, New Delhi, 110 057' to '290, Vasant Enclave, Rao Tula Ram Marg, New Delhi, 110 057'.	
October 1, 2007	The registered office of our Company was shifted from '290, Vasant Enclave, Rao Tula Ram Marg, New Delhi, 110 057' to '129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi- 110 035'.	
December 20, 2017	The registered office of our Company was shifted from '129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi, 110 035' to '2 <sup>nd</sup> Floor, DLF Centre, Sansad Marg, New Delhi, 110 001'.	

\* Pursuant to an order dated July 20, 2004 issued by the Company Law Board, approving shifting of registered office from the State of Rajasthan to the National Capital Territory of Delhi.

### **Our main objects**

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

- (a) *To provide financial services of all kinds, including fund based financial services like textile industrial leasing, hire purchase, bridge finance, venture capital funding, housing finance, mutual funds (domestic and offshore) factoring (export and domestic) and short and long-term investment, corporate financing of all kinds and to provide non-fund based financial services like Project Planning, Investment Planning, Estate Planning, Tax Planning, Tax Planning consultancy, Counseling Services and facilities of every description capable of being provided by an investment and fund Manager to promote formation and mobilization of capital, identification and transfer of technology, new financial instruments, share-registration, correspondent banking, underwriting, portfolio management of all type including funds of non-resident Indians (NRIs), subject to rules prescribed in SEBI Act. Credit information and Risk evaluation, Issue Market Managers, syndication of leases (for lessors and lessees), and loans, dealing in forex and inter-bank broking in forex subject to approvals of RBI, stock broking, dealing in treasury products, credit card and maintenance of data bases using computers networking on national grid and to provide a package of investment/merchant banking services either individually or in collaboration with merchant banking institutions in India and abroad by acting as managers, underwriters issue houses and brokers to any public/rights issue of securities, to carry on the business of on investment company or an Investment Trust Company to undertake and transact Trust and Agency Investment, to and for that purpose to lend or invest money and negotiable loans in any form or manner, to draw accept, endorse, discount, buy, sell and deal in bill of exchange, hundies, promissory notes and any other negotiable instruments and securities form, promote subsidies and assist companies syndicates and partnerships and to undertake any business, transaction or operation commonly carried on or undertaken by capitalists, promoters, financiers and underwriters, provide "Acceptance House" and "Conforming House" services.*
- (b) *To carry on business, profession or vocation of acting as consultants, advisors for all matters and problems arising out of, relating to or touching upon the field of finance, local or international investment, real estate, foreign exchange, taxation, law, import, export, administration organization, management, staff selection, techno-economics, costing, commencement and expansion of trade, commerce and industries, purchasing techniques, production, storage, purchases, sales, marketing, distribution, advertising, publicity, material and cost control and rendering of services to individuals, firms, bodies corporate, institutions concerns and associations.*

The main objects clause and objects incidental or ancillary to the main objects contained in the Memorandum of Association enable our Company to undertake its existing activities.

### **Amendments to our Memorandum of Association**

Since incorporation, the following amendments have been made to our Memorandum of Association:

Date of change/ shareholders' resolution <sup>#</sup>	Nature of amendment
November 23, 1994	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 500,000 divided into 50,000 Equity Shares of ₹ 10 each to ₹ 40 million, divided into 4,000,000 Equity Shares of ₹ 10 each.
August 25, 2004 <sup>*</sup>	Clause II of the Memorandum of Association was amended to reflect the change in the registered office from the State of Rajasthan to the National Capital Territory of Delhi.
August 16, 2017	Clause I of the Memorandum of Association was amended to reflect the change in the name of our Company from 'Bhilwara Tex-Fin Limited' to 'Capital India Finance Limited'.
January 27, 2018	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 40 million, divided into 4,000,000 Equity Shares of ₹ 10 each to ₹ 2,140 million divided into 204,000,000 Equity Shares of ₹ 10 each and 10,000,000 preference shares of ₹ 10 each.

<sup>\*</sup> Pursuant to an order dated July 20, 2004 issued by the Company Law Board, approving shifting of registered office from the State of Rajasthan to the National Capital Territory of Delhi.

<sup>#</sup> Despite having conducted an internal search of our records, and a search in the records of the RoC Delhi, we have been unable to retrieve the initial Memorandum of Association of our Company. Accordingly, we have relied on other documents, including relevant form filings and the resolutions passed by our Board and Shareholders, for the disclosure of amendments to our Memorandum of Association in the above table. See also "Risk factors - Certain of our corporate records are not traceable." on page 22.

### Total number of Equity Shareholders of our Company

As on the date of this Draft Letter of Offer, our Company has 540 Equity Shareholders. For further details, see "Capital Structure" on page 51.

### Major events and milestones

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

Calendar Year	Details
1994	Incorporated as Bhilwara Tex-Fin Limited, a public limited company under the Companies Act, 1956 and received a certificate for commencement of business.
1995	Listing of the Equity Shares of our Company on the BSE, pursuant to a public issue.
1998	Grant of certificate of registration bearing registration number 10.00047 dated March 24, 1998 as non-public deposit taking NBFC, by the RBI under Section 45IA of the RBI Act
2005	Sainik Mining acquired control of our Company, by acquiring, in aggregate, 1,467,800 Equity Shares pursuant to the Sainik Mining SPA and the Sainik Mining Open Offer.
2013	Grant of fresh certificate of registration bearing registration number B14.03278 dated June 6, 2013 issued by the RBI pursuant to change in registered office of our Company from State of Rajasthan to National Capital Territory of New Delhi.
2017	Capital India Corp LLP acquired control of our Company, by acquiring, in aggregate, 2,232,300 Equity Shares pursuant to the Capital India SPA and the Capital India Open Offer.
	Change of name of our Company from Bhilwara Tex-Fin Limited to Capital India Finance Limited.

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

There have been no changes in the activities of our Company during the last five years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

### Capital raising (Equity/ Debt)

For details regarding our capital raising activities through equity or debt, see the sections titled "Capital Structure" and "Financial Information" on pages 51 and 129, respectively. Further, our Company has not undertaken any offering of debt instruments since its incorporation.

#### *Strike and lock-outs*

We have not had any strikes and lock-outs in our operations in the past.

#### *Time/cost overrun*

We have not experienced any instances of time/ cost overrun in our business operations.

#### *Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by the Company*

There have been no defaults or rescheduling of borrowings with financial institutions, banks, conversion of loans into equity in relation to our Company.

#### *Injunctions or restraining order against our Company*

As on the date of this Draft Letter of Offer, there are no injunctions or restraining orders against our Company.

#### **Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets**

Our Company has not acquired any business or undertaking, or entered into any scheme of merger or amalgamation since incorporation.

#### *Revaluation of assets*

Our Company has not undertaken any revaluation of its assets since incorporation.

#### **Material Agreements**

##### **A. Share purchase and shareholders' agreements**

#### ***Share purchase agreement dated August 24, 2017 entered into between Capital India Corp LLP (then known as Trident Holding LLP) and Sainik Mining***

In accordance with the terms of the share purchase agreement dated August 24, 2017 executed between Sainik Mining and our Promoter (then known as Trident Holding LLP) ("**Capital India SPA**"), our Promoter agreed to purchase the entire shareholding of Sainik Mining, being 1,467,800 Equity Shares ("**Sainik Mining Shares**") for an aggregate consideration of ₹ 16.88 million, subject to, among others, completion of the open offer required to be made to then Shareholders (other than Sainik Mining) of our Company by our Promoter, pursuant to provisions of the SEBI Takeover Regulations ("**Capital India Open Offer**"). Pursuant to the Capital India Open Offer made by our Promoter through the letter of offer dated November 7, 2017, our Promoter acquired a total of 764,500 Equity Shares, for an aggregate consideration of ₹ 8.79 million. Subsequently, the Sainik Mining Shares were also transferred to our Promoter in terms of the Capital India SPA.

##### **B. Other Agreements**

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



## Holding Company

Our Company does not have a holding company. However, 29,615,300 Equity Shares, amounting to 68.58% of our paid-up share capital, are held by our Promoter, Capital India Corp LLP, (formerly Trident Holding LLP), a limited liability partnership incorporated under the LLP Act. For further details, see “*Our Promoter and Promoter Group*” on page 121.

## Subsidiaries of our Company

Currently, our Company has five Subsidiaries, namely.

1. Capital India Home Loans Limited
2. Capital India Wealth Management Private Limited
3. Capital India Asset Management Private Limited
4. CIFL Investment Manager Private Limited
5. CIFL Holdings Private Limited

The brief details of our Subsidiaries are as under:

### 1. *Capital India Home Loans Limited (“Capital India Home Loans”)*

#### *Corporate information*

Capital India Home Loans was incorporated on August 11, 2017 as a public limited company under the Companies Act, 2013 with the RoC, Delhi. The registered office of the company is situated at 2<sup>nd</sup> Floor DLF Centre, Sansad Marg, New Delhi 110 001. The CIN of the company is U65990DL2017PLC322041. The main object of the company are *inter alia* to carry on the business of housing finance and as such to undertake financing either wholly or partly of flats, houses, buildings, structures, super structures, industrial structures, commercial structures, shops, warehouses, cold storages, hotels, hospitals, real estate and all kinds of town and colony development plans whether on cash down, deferred payments, equal installments, variable installments basis and to carry on the business of financiers and as such to finance, give loans, in cash or in kind, whether secured or unsecured, on all or any of the articles or properties and movable or immovable assets of any description relating to business, trade, profession or otherwise, whether tangible or intangible, real or normal, lease or free hold.

It has applied to the National Housing Bank for seeking permission to carry on the business of a housing finance institution, whereby the application is currently pending. For details, see “*Government and Other Approvals*” on page 206.

The board of directors of Capital India Home Loans comprises the following persons:

1. Amit Sahai Kulshreshtha;
2. Keshav Porwal; and
3. Vineet Kumar Saxena.

#### *Capital structure and shareholding pattern*

The authorised, issued, subscribed and paid-up share capital of Capital India Home Loans is ₹ 150,000,000 divided into 15,000,000 equity shares of ₹ 10 each. The shareholding pattern of Capital India Home Loans is as follows:

Name	No. of equity shares of face value of ₹ 10 each	% of Shareholding
Capital India Finance Limited	1,49,99,994	100%
Keshav Porwal*	1	-**

Amit Sahai Kulshreshtha*	1	-**
Poonam Narvar*	1	-**
Sumit Narvar*	1	-**
Vineet Kumar Saxena*	1	-**
Subodh Kumar*	1	-**
<b>Total</b>	<b>1,50,00,000</b>	<b>100%</b>

\* The beneficial interest in these equity shares is in the name of our Company.

\*\* Negligible

## 2. Capital India Wealth Management Private Limited (“CIWMPL”)

### Corporate information

CIWMPL was incorporated on August 29, 2017 as a private limited company under the Companies Act, 2013 with the RoC, Delhi. The registered office of the company is situated at 2<sup>nd</sup> Floor, DLF Centre, Sansad Marg, New Delhi 110 001. The CIN of the company is U65999DL2017PTC322881. The main objects of the company are *inter alia* to carry on the business of providing all kinds of corporate advisory services in the areas of wealth management, portfolio management, financial planning, asset allocation, risk profiling, research based cash budgeting, estate / will planning and taxation issue and to provide, execute, undertake and provide services in the area of research, institutional quality and fixed income planning, and wealth management solutions, consultancy on financial products like mutual funds, RBI bonds, small savings plans, retirement plans and IPOs.

The board of directors of CIWMPL comprises the following persons:

1. Keshav Porwal;
2. Amit Sahai Kulshreshtha.

### Capital structure and shareholding pattern

The authorised, issued, subscribed and paid-up share capital of CIWMPL is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each. The shareholding pattern of CIWMPL is as follows:

Name	No. of equity shares of face value of ₹ 10 each	% of Shareholding
Capital India Finance Limited	9,999	100%
Keshav Porwal*	1	-**
<b>Total</b>	<b>10,000</b>	<b>100%</b>

\* The beneficial interest in this equity share is in the name of our Company.

\*\* Negligible

## 3. Capital India Asset Management Private Limited (“CIAMPL”)

### Corporate information

CIAMPL was incorporated on September 12, 2017 as a private limited company under the Companies Act, 2013 with the RoC, Delhi. The registered office of the company is situated at 2<sup>nd</sup> Floor DLF Centre, Sansad Marg, New Delhi 110 001. The CIN of the company is U65999DL2017PTC323549. The main objects of the company are to promote, establish, manage, organise, handle, operate or float an asset management company to manage all types and kinds of assets of mutual funds in India or abroad in all its branches whether open ended or close ended or other schemes as may be approved by the SEBI or other authorities from time to time under the prevailing laws, rules, regulations and guidelines and to set up asset management company for any bank, mutual fund or insurance company or constitute trusts and to do all such acts and things as may be necessary for the management of movable assets likes, shares, debentures, government securities commercial papers, inter – corporate deposits or special deposits etc. and to act as custodians of such assets and properties as may be required.

The board of directors of CIAMPL comprises the following persons:

1. Keshav Porwal; and
2. Amit Sahai Kulshreshtha.

*Capital structure and shareholding pattern*

The authorised, issued, subscribed and paid-up share capital of CIAMPL is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each. The shareholding pattern of CIAMPL is as follows:

Name	No. of equity shares of face value of ₹ 10 each	% of Shareholding
Capital India Finance Limited	9,999	100%
Keshav Porwal <sup>*</sup>	1	- <sup>**</sup>
<b>Total</b>	<b>10,000</b>	<b>100%</b>

<sup>\*</sup>The beneficial interest in this equity share is in the name of our Company.

<sup>\*\*</sup>Negligible

#### 4. CIFL Investment Manager Private Limited (“CIMPL”)

*Corporate information*

CIMPL was incorporated on September 14, 2017 as a private limited company under the Companies Act, 2013 with the RoC, Delhi. The registered office of the company is situated at 2<sup>nd</sup> Floor DLF Centre, Sansad Marg, New Delhi 110 001. The CIN of the company is U65929DL2017PTC323719. The main objects of the company are to carry on in India or anywhere else in the world, the business of providing business advisory services on all areas of finance management including but not limited to advisory services on strategic management, acquisitions, mergers, divestments, capital raisings by identifying capital needs, timing and identification of potential equity partners, management buy-outs, management buy-ins, debt restructuring and the like and to carry on in India and/or elsewhere, either alone or in collaboration with any person, firm, company, organization or government, whether Indian or foreign, the business as/of investment, tax consultants, wealth & portfolio managers, underwriter, subunderwriter, merchant banker, manager, joint manager, lead managers, co-managers, advisors, consultants, or other intermediaries in the primary and/or secondary capital markets and investment market.

The board of directors of CIMPL comprises the following persons:

1. Keshav Porwal; and
2. Amit Sahai Kulshreshtha.

*Capital structure and shareholding pattern*

The authorised, issued, subscribed and paid-up share capital of CIMPL is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each. The shareholding pattern of CIMPL is as follows:

Name	No. of equity shares of face value of ₹ 10 each	% of Shareholding
Capital India Finance Limited	9,999	100%
Keshav Porwal <sup>*</sup>	1	- <sup>**</sup>
<b>Total</b>	<b>10,000</b>	<b>100%</b>

<sup>\*</sup>The beneficial interest in this equity share is in the name of our Company.

<sup>\*\*</sup>Negligible

#### 5. CIFL Holdings Private Limited (“CHPL”)

*Corporate information*

CHPL was incorporated on September 18, 2017 as a private limited company under the Companies Act, 2013 with

the RoC, Delhi. The registered office of the company is situated at to 2<sup>nd</sup> Floor DLF Centre, Sansad Marg, New Delhi 110 001. The CIN of the company is U65990DL2017PTC323832. The main objects of the company are, inter alia, to carry on the business or businesses of a holding and investment company and to buy, underwrite and to invest in and acquire and hold shares, stocks, debenture stock, bonds, obligation or securities of companies or partnership firms or body corporate or any other entities whether in India or elsewhere either singly or jointly with any other person(s), body corporate or partnership firm or any other entity carrying out or proposing to carry out any activity whether in India or elsewhere in any manner and to purchase or acquire, hold, trade and further to dispose of any right, stake or controlling interest in the shares, stocks, debentures, debenture stock, bonds, obligation or securities of companies or partnership firms either singly or jointly with any other person(s), body corporate or partnership firm carrying out or proposing to carry out any activity in India or in any other part of the world.

The board of directors of CHPL comprises the following persons:

1. Keshav Porwal; and
2. Amit Sahai Kulshreshtha.

#### *Capital structure and shareholding pattern*

The authorised, issued, subscribed and paid-up share capital of CHPL is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each. The shareholding pattern of CHPL is as follows:

Name	No. of equity shares of face value of ₹ 10 each	% of Shareholding
Capital India Finance Limited	9,999	100%
Keshav Porwal*	1	-**
<b>Total</b>	<b>10,000</b>	<b>100%</b>

\* The beneficial interest in this equity share is in the name of our Company.

\*\* Negligible

#### **Shareholding of our Directors in our Subsidiaries**

For details of the shareholding of certain of our Directors in our Subsidiaries, see “- Subsidiaries of our Company” on page 104.

#### **Significant sale or purchase between our Subsidiaries and Group Company**

There are no sales or purchases between any of the Subsidiaries and Group Company where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Company.

#### **Common Pursuits**

There are no common pursuits between our Company and its Subsidiaries.

#### **Business interest between our Company and the Subsidiaries**

None of the Subsidiaries have any business interest in our Company.

#### **Other confirmations**

##### *Listing*

None of our Subsidiaries are listed on any stock exchange in India or abroad. None of our Subsidiaries have been refused listing of any securities at any time, by any of the recognised stock exchanges in India or abroad.

None of our Subsidiaries have made any public or rights issue (including any rights issue to the public) in the three years preceding the date of this Draft Letter of Offer.

*Sick Subsidiaries*

None of our Subsidiaries have become sick companies under the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, nor have they been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further, no winding up proceedings have been initiated against them.

*Accumulated profits or losses*

There are no accumulated profits or losses of any of our Subsidiaries not accounted for by our Company in its consolidated financial information.

*Sale or purchase of shares of our Subsidiaries during the last six months*

None of our Promoter, designated partners of our Promoter, or our Directors or their relatives have sold or purchased any equity shares or other specified securities of our Subsidiaries during the six months immediately preceding the date of this Draft Letter of Offer.

**Strategic and financial partnerships**

As on the date of this Draft Letter of Offer, our Company does not have any strategic or financial partners.

## OUR MANAGEMENT

Our Company currently has eight Directors on its Board, including three Independent Directors. For details on the strength of our Board, as permitted and required under the AoA, see “Main Provisions of the Articles of Association” on page 254.

### Our Board

The following table sets forth details regarding our Board:

Name and other details	Age (in years)	Other directorships
<p><b>Vinod Kumar Somani</b></p> <p>Designation: Chairman and Independent Director* Address: 163, Tagore Garden, Delhi 110 009 Occupation: Professional Nationality: Indian DIN: 00327231 Date of Appointment: December 20, 2017 Term: Five years with effect from December 20, 2017</p>	65	<ol style="list-style-type: none"> <li>1. NTB International Private Limited</li> <li>2. K.G. Somani Management Consultant Private Limited</li> </ol>
<p><b>Keshav Porwal</b></p> <p>Designation: Managing Director Address: Flat No. N-2, Prathmesh CHS, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025 Occupation: Service Nationality: Indian DIN: 06706341 Date of Appointment: November 27, 2017 Term: November 27, 2017 to November 26, 2022</p>	42	<ol style="list-style-type: none"> <li>1. Sahyog Homes Limited</li> <li>2. CIFL Investment Manager Private Limited</li> <li>3. Capital India Home Loans Limited</li> <li>4. CIFL Holdings Private Limited</li> <li>5. Capital India Wealth Management Private Limited</li> <li>6. Capital India Asset Management Private Limited</li> <li>7. SBKP Consultancy Private Limited</li> <li>8. Sahyog Dream Homes Private Limited</li> </ol>
<p><b>Achal Kumar Gupta</b></p> <p>Designation: Independent Director* Address: Flat No. 814, Asian Games Village Complex New Delhi, India 110049 Occupation: Professional Nationality: Indian DIN: 02192183 Date of Appointment: December 20, 2017 Term: Five years with effect from December 20, 2017</p>	64	<ol style="list-style-type: none"> <li>1. The South Indian Bank Limited</li> <li>2. Canara Robeco Asset Management Company Limited</li> </ol>
<p><b>Promila Bhardwaj</b></p> <p>Designation: Independent Director* Address: 702 Tower 12, South Close, Nirvana Country, Sector -50, South City II, Gurgaon 122 018 Occupation: Professional Nationality: Indian DIN: 06428534 Date of Appointment: December 20, 2017 Term: Five years with effect from December 20, 2017</p>	63	<ol style="list-style-type: none"> <li>1. Maruti Clean Coal and Power Limited</li> <li>2. Sindhu Tradelinks Limited</li> <li>3. Spectrum Coal and Power Limited</li> <li>4. ACB (India) Power Limited</li> <li>5. Apex Home Finance Limited</li> <li>6. TRN Energy Private Limited</li> </ol>
<p><b>Amit Sahai Kulshreshtha</b></p> <p>Designation: Executive Director and Chief Executive Officer Address: B/3, Prathamesh Co Op Housing Society, Twin Tower Lane, Off VS Road, Bombay Dyeing</p>	43	<ol style="list-style-type: none"> <li>1. CIFL Investment Manager Private Limited</li> <li>2. Capital India Home Loans Limited</li> <li>3. CIFL Holdings Private Limited</li> <li>4. Capital India Wealth Management Private Limited</li> </ol>

Name and other details	Age (in years)	Other directorships
Compound, Prabhadevi, Mumbai 400 025 Occupation: Service Nationality: Indian DIN: 07869849 Date of Appointment: November 27, 2017 Term: November 27, 2017 to November 26, 2022		5. Capital India Asset Management Private Limited
<b>Vineet Kumar Saxena</b>  Designation: Non-Executive Director** Address: K-904, Greewoods, Chakala, Andheri Kurla Road, Andheri East, Mumbai 400 093 Occupation: Service Nationality: Indian DIN: 07710277 Date of Appointment: November 27, 2017 Term: Liable to retire by rotation	50	1. Capital India Home Loans Limited 2. Fintree Finance Private Limited
<b>Subodh Kumar</b>  Designation: Non-Executive Director** Address: C – 492 Sarswati Vihar, Delhi 110034 Occupation: Service Nationality: Indian DIN: 07781250 Date of Appointment: November 27, 2017 Term: Liable to retire by rotation	42	Nil
<b>Shraddha Kamat Suresh</b>  Designation: Woman Non-Executive Director ** Address: B/8, Ratnadeep, Mahant Road extension, Vile Parle (East), Mumbai 400 057 Occupation: Professional Nationality: Indian DIN: 07555355 Date of Appointment: November 27, 2017 Term: Liable to retire by rotation	33	Nil

\* Appointed as Additional Director on December 20, 2017. Subsequently appointed as Independent Director by way of Shareholder's resolution dated June 2, 2018.

\*\* Appointed as Additional Director on November 27, 2017. Subsequently appointed as Non-Executive Director by way of Shareholder's resolution dated June 2, 2018.

### Brief Profiles of our Directors:

**Vinod Kumar Somani**, aged 65 years, is the Chairman and Independent Director of our Company. He is a qualified chartered accountant registered with the ICAI. As a partner with M/s KG Somani and Co., Chartered Accountant, he has past experience in auditing and accountancy.

**Keshav Porwal**, aged 42 years, is the Managing Director of our Company. He holds a bachelor's degree in Science from Kanpur University and is a qualified chartered accountant registered with the ICAI. Having previously been associated with India Infoline group, he has past experience in the financial services sector.

**Achal Kumar Gupta**, aged 64 years, is an Independent Director of our Company. He holds a master's degree in English. In the past, he has also been associated with the SBI Mutual Funds Management Private Limited as a Managing Director.

**Promila Bhardwaj**, aged 63 years, is an Independent Director of our Company. She holds a master's degree in English and a master's diploma in Public Administration. She is a former officer of Indian Revenue Service, and has previously served as the Director General of Income Tax (Systems) and Chief Commissioner of Income Tax, North West Region, Chandigarh.

**Amit Sahai Kulshreshtha**, aged 43 years, is the Executive Director and Chief Executive Officer of our Company. He holds a bachelor's of technology degree in Metallurgical Engineering from Banaras Hindu University, a post-graduate diploma in Management from IIM Kozhikode and bachelor's degree in Law from University of Mumbai. Having been previously associated with Reliance Energy Management Services Private Limited, YES Securities (India) Limited, CRISIL Limited, Tata Infotech and the International Bank for Reconstruction and Development in the past, he has past experience in investment banking, consulting and infrastructure sectors.

**Vineet Kumar Saxena**, aged 50 years, is a Non-Executive Director of our Company. He holds a bachelor's of engineering degree in Electronics from University of Pune and master's degree in Business Administration from University of Lucknow. Having previously been associated with StarAgri Finance Limited, Alpic Finance Limited, GE Capital Transportation Financial Services Limited, ICICI Personal Financial Services Limited, ICICI Bank Limited, ABN-AMRO Bank, Barclays Bank PLC and Religare Finvest Limited, he has past experience in the financial services sector.

**Subodh Kumar**, aged 42 years, is a Non-Executive Director of our Company. He attended the bachelor's in Hotel Management course, at Saptagiri College of Hotel Management, under Mangalore University. He has past experience in hospitality, including as a trek group leader.

**Shraddha Kamat Suresh**, aged 33 years, is a Woman Non-Executive Director of our Company. She holds a bachelor's degree in Commerce from University of Mumbai and a master's degree in Business Administration from Narsee Monjee Institute of Management Studies. She has over six years of experience in corporate strategy in the financial services and real estate sectors, and was, in the past, also associated with India Infoline and the Wadhwa Group.

#### Relationship between Directors

None of our Directors are related to each other.

#### Remuneration of the Directors

##### (1) Remuneration details of our executive Directors

##### Keshav Porwal

Pursuant to a resolution of our Board dated November 27, 2017 and a resolution of our Shareholders dated June 2, 2018, Keshav Porwal was appointed as our Managing Director for a term of five years with effect from November 27, 2017. Pursuant to an agreement dated January 4, 2018 entered into between our Company and Keshav Porwal, he is entitled to the following remuneration:

<b>Basic Salary</b>	₹ 320,833 per month	
<b>Perquisites</b>	HRA	₹ 160,417 per month
	Medical (Domiciliary) allowance	₹ 1,250 per month
	Leave travel allowance	₹ 26,736 per month
	Conveyance allowance	₹ 1,600 per month
	Car running expenses reimbursement	₹ 50,000 per month
	Special/Other Allowances	₹ 317,331 per month
	Employer PF	₹ 38,500 per month
	Gratuity	₹ 15,425 per month

During Fiscal Year 2018, the total amount of compensation paid to him was ₹ 3.79 million.



## Amit Sahai Kulshreshtha

Pursuant to a resolution of our Board dated November 27, 2017 and a resolution of our Shareholders dated June 2, 2018, Amit Sahai Kulshreshtha was appointed as our Executive Director and Chief Executive Officer for a term of five years with effect from November 27, 2017.

Pursuant to an agreement dated January 4, 2018 entered into between our Company and Amit Sahai Kulshreshtha, he is entitled to the following remuneration:

Basic Salary	₹ 320,833 per month	
Perquisites	HRA	₹ 160,417 per month
	Medical (Domiciliary) allowance	₹ 1,250 per month
	Leave travel allowance	₹ 26,736 per month
	Conveyance allowance	₹ 1,600 per month
	Car running expenses reimbursement	₹ 50,000 per month
	Special/Other Allowances	₹ 317,331 per month
	Employer PF	₹ 38,500 per month
	Gratuity	₹ 15,425 per month

During Fiscal Year 2018, the total amount of compensation paid to him was ₹ 3.63 million.

### (2) *Remuneration details of our Non-Executive and Independent Directors*

Pursuant to a resolution of the Board dated May 3, 2018, our Directors are entitled to sitting fee of ₹100,000 per meeting of the Board and ₹ 35,000 per meeting for each meeting of the committees of the Board, attended by such Directors.

Details of the sitting fees/ remuneration paid to our Directors during Fiscal Year 2018 are set forth below:

Name of Director	Sitting fees/ remuneration paid (In ₹)
Promila Bhardwaj	300,000
Achal Kumar Gupta	300,000
Vinod Kumar Somani	300,000
Vineet Kumar Saxena*	2,679,646

\* Net of recovery of ₹ 3,464,801 from Capital India Home Loans, a wholly owned subsidiary of our Company.

### Shareholding of our Directors

Our Articles do not require the Directors to hold any qualification shares. None of the Directors hold any Equity Shares in our Company as on date of this Draft Letter of Offer.

### Interest of Directors

All of our directors may be deemed to be interested to the extent of their shareholding, remuneration / 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 paid in their professional capacity and / or reimbursement of expenses, if any, payable to them and the shares held by them in our Company.

Certain of our Directors are also directors on the boards of some of our Subsidiaries and Group Company and may be deemed to be interested to the extent of the interest in our Company of such Subsidiaries and Group Company, and to the extent of any remuneration/ sitting fees received from such entities. For details of the directorships of such directors, see “– Our Board” on page 109.

No loans have been availed by our Directors from our Company.

None of the beneficiaries of loans, advances and sundry debtors are related to our Directors.

*Interest in promotion of our Company*

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

*Interest in property*

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

*Business interest*

Except as stated in this sub-section, and “*Related Party Transactions*” on page 127, our Directors do not have any other interest in our business or our Company.

**Service contracts with Directors**

As on the date of this Draft Letter of offer, there are no service contracts entered into with any of our Directors which provide for any benefit upon termination of employment.

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

As on the date of this Draft Letter of Offer, our Company has no bonus or profit sharing plan for its Directors.

**Confirmations**

None of our Directors have been identified as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guideline on wilful defaulters issued by the Reserve Bank of India.

None of our Directors have been or are directors on the board of listed companies which have been or were delisted from any stock exchange(s).

Our Directors are not, and have not, during the five years preceding the date of this Draft Letter of Offer, been on the board of any listed company whose shares have been or were suspended from being traded on the BSE or the NSE.

**Corporate Governance**

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, relevant provisions of the SEBI Listing Regulations pertaining to corporate governance will also become applicable to our Company with effect from December 8, 2018.

Our Chairman is a non- executive Director. Our Company currently has eight Directors, of which two are executive Directors, three are non-executive Directors, and three are non-executive Independent Directors, including two women Directors. Our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations and the Companies Act, 2013, including, in relation to composition of our Board of Directors and constitution of Board level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements under SEBI Listing Regulations and the Companies Act, 2013.

**Borrowing Powers of our Board of Directors**

Pursuant to a Shareholders’ resolution dated January 27, 2018, the Board has been authorised to make borrowing from time to time as they may think fit, any sum or sums of money, together with the money already borrowed by

the Company, in Indian rupees or equivalent thereof in any foreign currency(ies), on such terms and conditions as the Board may deem fit, (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed or raised shall not at any time exceed ₹ 20,000,000,000, whether domestic or international, whether the same may be secured or unsecured and if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any manner whatsoever, on, over in any respect of all, or any of the Company's assets and effects or properties, movable and / or immovable, (both present and future) and/or any other assets or properties, either tangible or intangible), including stock in trade.

### Changes in the Board of Directors in the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Letter of Offer are as follows:

Name of the Director	Date of Change	Reasons
Rahul Ramesh Kumar Jain	June 2, 2018	Resignation
Achal Kumar Gupta	December 20, 2017	Appointment as Additional Director**
Vinod Kumar Somani	December 20, 2017	Appointment as Additional Director**
Promila Bhardwaj	December 20, 2017	Appointment as Additional Director**
Keshav Porwal	November 27, 2017	Appointment
Amit Sahai Kulshreshtha	November 27, 2017	Appointment
Vineet Kumar Saxena	November 27, 2017	Appointment as Additional Director*
Subodh Kumar	November 27, 2017	Appointment as Additional Director*
Shraddha Kamat Suresh	November 27, 2017	Appointment as Additional Director*
Seema Kumari	November 27, 2017	Resignation
Satish Kumar Sharma	November 27, 2017	Resignation
Samai Singh	November 27, 2017	Resignation

\* Appointed as Non-Executive Director by way of Shareholder's resolution dated June 2, 2018.

\*\* Appointed as Independent Director by way of Shareholder's resolution dated June 2, 2018.

### Board-level committees

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee; and
- (c) Stakeholders' Relationship Committee.

### Audit Committee

The Audit Committee was last reconstituted by our Board in their meeting held on December 20, 2017. The Audit Committee presently comprises of:

Name of Member	Designation	Position in committee
Vinod Kumar Somani	Chairman and Independent Director	Chairman
Achal Kumar Gupta	Independent Director	Member
Vineet Kumar Saxena	Non - Executive Director	Member

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

1. the remuneration and terms of appointment of auditors of the company;
2. review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. examination of the financial statement and the auditors' report thereon;
4. approval or any subsequent modification of transactions of the company with related parties;
5. scrutiny of inter-corporate loans and investments;

6. valuation of undertakings or assets of the Company, wherever it is necessary;
7. evaluation of internal financial controls and risk management systems;
8. monitoring the end use of funds raised through public offers and related matters;
9. oversee the vigil mechanism established by the Company for Directors and employees to report genuine concerns.

The Audit Committee shall also exercise the following powers in addition to the powers specified above:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary;
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
6. 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;
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
8. 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 or Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - 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; and
  - g. Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
10. 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
12. 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;
13. Discussion with internal auditors any significant findings and follow up there on;
14. 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;
15. 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;
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. To review the functioning of the Whistle Blower mechanism, in case the same is existing;
18. 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; and
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was last reconstituted by our Board in their meeting held on May 3, 2018. The Nomination and Remuneration Committee presently comprises of:

<b>Name of Member</b>	<b>Designation</b>	<b>Position in committee</b>
Promila Bhardwaj	Independent Director	Chairperson
Achal Kumar Gupta	Independent Director	Member
Vineet Kumar Saxena	Non - Executive Director	Member

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

1. identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down;
2. recommend to the Board their appointment and removal;
3. shall carry out evaluation of every director's performance;
4. formulate the criteria for determining qualifications, positive attributes and independence of a Director recommend to the Board a policy, relating to the remuneration for the directors, Key Management Personnel and other employees; and
5. while formulating the policy under sub-section (3) of section 178 of the Companies Act ensure that:
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to Directors, Key Management Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **Stakeholders Relationship Committee**

The Stakeholders Relationship Committee was last reconstituted by our Board in their meeting held on May 3, 2018. The Stakeholders Relationship Committee presently comprises of:

<b>Name of Member</b>	<b>Designation</b>	<b>Position in committee</b>
Vinod Kumar Somani	Chairman and Independent Director	Chairman
Promila Bhardwaj	Independent Director	Member
Vineet Kumar Saxena	Non - Executive Director	Member

The terms of reference of the Stakeholders Relationship Committee of our Company include the following:

1. To take note of transfer and transmission of shares;
2. Approve requests of shareholders for dematerialization, re-materialisation of shares, issue or split of shares, consolidation of shares and issue of duplicate share certificates;
3. Grievances of the security holders of the listed entity including but not limited to complaints related to:
  - a. Transfer of shares;
  - b. Non-receipt of annual report; and
  - c. Non-receipt of declared dividends.
4. To ensure expeditious redressal of investor complaints received through SCORES and other mediums; and
5. To ensure periodical reporting of investor grievances in the prescribed manner from time to time.

### **Securities Issuance Committee**

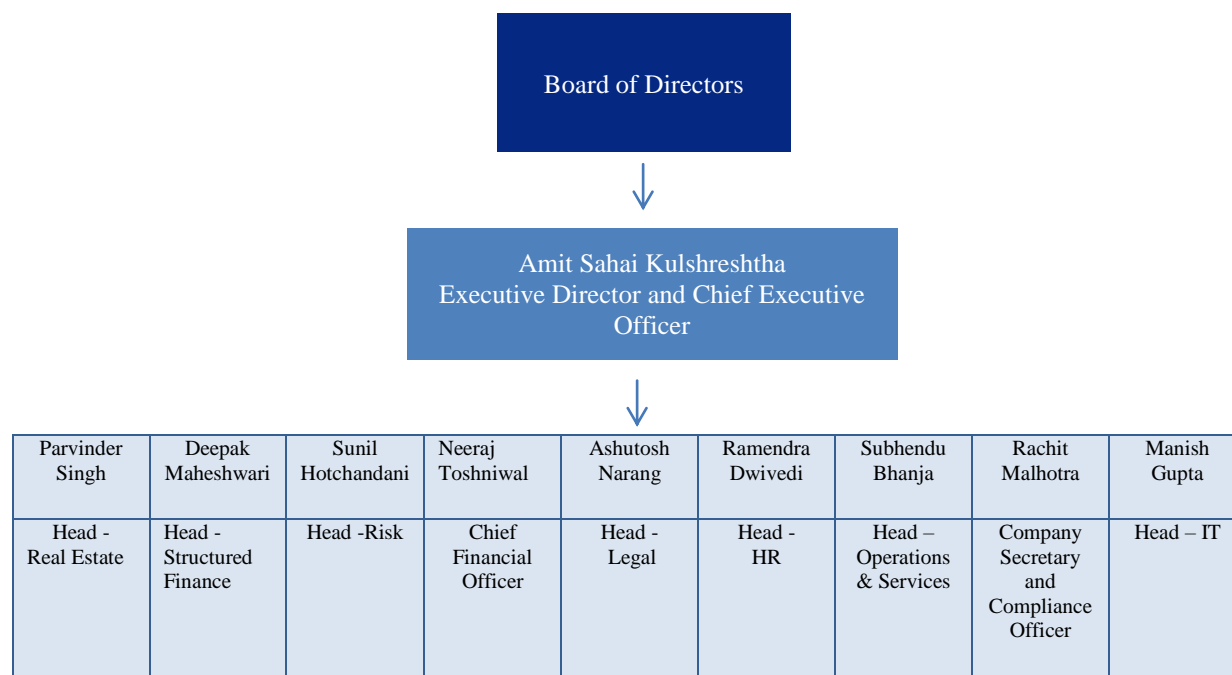
In addition to above committees, our Board has also constituted a Securities Issuance Committee pursuant to a resolution dated May 3, 2018, which currently comprises of:

<b>Name of Member</b>	<b>Designation</b>	<b>Position in Committee</b>
Promila Bhardwaj	Independent Director	Chairperson
Vinod Kumar Somani	Chairman and Independent Director	Member
Amit Sahai Kulshreshtha	Executive Director and Chief Executive Officer	Member
Vineet Kumar Saxena	Non - Executive Director	Member

The terms of reference of the Securities Issuance Committee of our Company include the following:

1. to allot securities;
2. to negotiate and finalise terms and conditions of the proposed securities;
3. to appoint a trustee, registrar and transfer agent, lead managers, brokers, legal advisors, depository participant, custodians, bankers, printers, advertising agencies and such other persons / agencies / intermediaries and service providers, and to remunerate all such persons / agencies, including by the payment of commission, brokerage, fees, etc., as may be deemed fit and as may be required;
4. to create and perfect the security on the assets and properties of the Company for securing the obligations of the Company in respect of the Securities being allotted;
5. to issue certificates (including duplicate certificates);
6. to negotiate, finalise and execute or ratify amendments to such executed documents and other documents as and when they become necessary and to sign letters of undertaking, declarations, agreements and other papers which may be required;
7. to open and operate one or more bank accounts, being the escrow / current accounts, of the Company required to be opened by the Company in connection with the allotment of the securities;
8. to accept application forms, execute all documents, file forms with, make applications to, receive approvals from, appear before, register all documents or agreements with any persons, authorised dealers, governmental / regulatory authorities, including but not limited to the Reserve Bank of India, Registrar of Companies, Sub-Registrar of Assurances and Income Tax authorities or any depository;
9. to settle all questions, remove any difficulties or doubts that may arise from time to time in relation to the allotment of the securities;
10. to negotiate, finalise and execute or ratify or issue, on behalf of the Company, all documents, undertakings, deeds, writings, letters and agreements (including any amendments thereto) which may be required in relation to the allotment of any securities;
11. to do such other things, take such other actions as the Committee in its absolute discretion, deem necessary, proper or desirable for the purpose of giving effect to the allotment of securities; and
12. to withdraw / cancel issuance of securities, alter and / or modify the terms and conditions of such securities for any reason whatsoever, if deemed proper.

## Management Organization Structure



### Key Management Personnel

The following are the Key Management Personnel of our Company:

1. Keshav Porwal, *Managing Director*
2. Amit Sahai Kulshreshtha, *Executive Director and Chief Executive Officer*
3. Neeraj Toshniwal, *Chief Financial Officer*
4. Rachit Malhotra, *Company Secretary and Compliance Officer*

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

### Brief Profiles of our Key Management Personnel:

For brief profiles of Keshav Porwal and Amit Sahai Kulshreshtha, see “- *Brief Profiles of our Directors*” above on page 110.

The details of our other Key Management Personnel as of the date of this Draft Letter of Offer are set forth below:

**Neeraj Toshniwal**, aged 41 years, is the Chief Financial Officer of our Company and has been associated with our Company in such capacity since January 11, 2018. He is a qualified chartered accountant and a company secretary. He has also completed the master in Business Finance certificate course conducted by Institute of Chartered Accountants of India. Prior to joining our Company, he was associated with Tata Realty and Infrastructure Limited. He received a gross remuneration of ₹ 1.6 million in Fiscal 2018.

**Rachit Malhotra**, aged 27 years, is the Company Secretary and Compliance Officer of our Company, and has been associated with our Company in such capacity since January 11, 2018. He is a qualified company secretary and an associate member of the Institute of Company Secretaries of India. He holds a bachelor’s degree in Commerce from the School of Open Learning, University of Delhi, and has past experience in corporate laws and secretarial matters. He received a gross remuneration of ₹ 0.59 million in Fiscal 2018.

### **Relationship between Key Management Personnel**

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

### **Service Contracts with Key Management Personnel**

None of our Key Management Personnel have entered into any service contracts with the Company pursuant to which they are entitled to benefits upon termination of employment.

### **Bonus or profit sharing plan for the Key Management Personnel**

As on the date of this Draft Letter of Offer, there are no bonus or profit sharing plans for the Key Management Personnel.

### **Shareholding of the Key Management Personnel**

None of the Key Management Personnel hold any Equity Shares in our Company.

### **Changes in the Key Management Personnel during the last three years**

Changes in our Key Management Personnel during the three years immediately preceding the date of this Draft Letter of Offer are set forth below:

<b>Name</b>	<b>Designation</b>	<b>Date of Change</b>	<b>Reason</b>
Rachit Malhotra	Company Secretary	January 11, 2018	Appointment
Neeraj Toshniwal	Chief Financial Officer	January 11, 2018	Appointment
Archana Aggarwal	Company Secretary	January 11, 2018	Resignation
Keshav Porwal	Managing Director	November 27, 2017	Appointment
Amit Sahai Kulshreshtha	Executive Director and Chief Executive Officer	November 27, 2017	Appointment
Sukomal Bhunya	Chief Financial officer	November 27, 2017	Resignation
Himmat Singh Bedla	Chief Executive Officer	November 27, 2017	Resignation
Archana Aggarwal	Company Secretary	October 04, 2016	Appointment
Mansi Prakash	Company Secretary	October 04, 2016	Resignation
Mansi Prakash	Company Secretary	April 1, 2016	Appointment
Munesh Kumar Gaur	Company Secretary	March 31, 2016	Resignation
Munesh Kumar Gaur	Company Secretary	November 30, 2015	Appointment
Rahul Jogi	Company Secretary	November 30, 2015	Resignation

### **Interest of Key Management Personnel**

None of our Key Management Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment or reimbursement of expenses incurred by them during the ordinary course of business.

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

Except as disclosed in this section, including in “- *Interest of Directors*” on page 112, our Key Management Personnel have no interest in our Company.

### **Contingent and deferred compensation payable to Key Management Personnel**

There is no contingent or deferred compensation payable to our Key Management Personnel.



### **Employee Stock Option Scheme**

Our Board has, by way of its resolution dated August 7, 2018, approved the CIFL Employee Stock Option Plan 2018 (“**ESOP 2018**”), which provides for granting options to employees of our Company and its Subsidiaries who meet the eligibility criteria under ESOP 2018. A maximum number of 3,500,000 options can be granted pursuant to ESOP 2018, which shall be exercisable into a maximum of 3,500,000 Equity Shares with each such option conferring a right upon the employee to apply for such number of Equity Shares of our Company as per the letter of grant given to them, in accordance with the terms and conditions of such grant. ESOP 2018 will be administered by Nomination and Remuneration Committee.

The implementation of ESOP 2018 is currently pending Shareholders’ approval.

### **Payment or benefit to officers of the Company**

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Letter of Offer or is intended to be paid, other than in the ordinary course of their employment.

### **Arrangements and understanding with major shareholders, customers, suppliers or others**

None of our Directors or Key Management Personnel have been appointed/ selected as a director or a member of senior management pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

## OUR PROMOTER AND PROMOTER GROUP

### Our Promoter

The Promoter of our Company is Capital India Corp LLP (formerly known as Trident Holding LLP), which holds 29,615,300 Equity Shares, amounting to 68.58% of our paid-up share capital.

#### *Corporate information*

Capital India Corp LLP is a limited liability partnership incorporated under the LLP Act, pursuant to a certificate of registration dated June 20, 2017, issued by the Registrar, Delhi and the LLP agreement dated July 7, 2017 (“**LLP Agreement**”). Pursuant to the LLP Agreement, the initial contribution of the LLP was determined to be ₹ 100,000 to be contributed in equal ratio by both designated partners. However, pursuant to a supplementary LLP agreement dated August 17, 2017, further contribution of ₹ 50,000,000 was contributed by both the designated partners in equal ratio. The name of our Promoter was changed from Trident Holding LLP to Capital India Corp LLP, with effect from December 31, 2017, pursuant to a fresh certificate of registration issued by the Registrar, Delhi and the second supplementary LLP agreement dated January 2, 2018.

Its LLP identification number is AAJ-7602, and its registered office is situated at B-4, Second Floor, Defence Colony, New Delhi 110024.

We confirm that details of the permanent account number, bank account number, LLP identification number of our Promoter, along with the address of the Registrar of Companies where our Promoter is registered, will be submitted to the Stock Exchange at the time of filing this Draft Letter of Offer with them.

#### *Designated Partners*

The following table sets forth details regarding the designated partners of Capital India Corp LLP as on the date of this Draft Letter of Offer:

S. No.	Name of the Partner	Residential Address	Date of Appointment	Designated Partner Identification Number (DPIN)	Designation	% of Partnership Interest
1.	Sumit Kumar Narvar	51, August Kranti Marg, Anand Lok, Andrews Ganj, New Delhi 110049	June 20, 2017	02045194	Designated Partner	50
2.	Poonam Narvar	51, Anand Lok, Andrews Ganj, New Delhi 110049	June 20, 2017	02043399	Designated Partner	50

There has been no change in the control or management of our Promoter since its incorporation.

#### *Interest of Capital India Corp LLP in the Promotion of our Company*

Capital India Corp LLP is interested in our Company to the extent of its shareholding in our Company and the dividend declared, if any and any other distributions in respect of its shareholding in our Company. For further details, see “*Capital Structure*” on page 51.

#### *Interest of Capital India Corp LLP in the Property of our Company*

Capital India Corp LLP does not have any interest whether direct or indirect in any property acquired by our Company within two years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company as on the date of this Draft Letter of Offer or in any transaction for acquisition of land, construction of buildings and supply of machinery etc.



*Interest of Capital India Corp LLP in our Company other than as Promoter*

Except as stated in this section and “*Related Party Transactions*” on page 127, Capital India Corp LLP does not have any interest in our Company other than as promoter.

*Interest of Capital India Corp LLP in our Company arising out of being a member of firm or company*

Our Company has not made any payments in cash or shares or otherwise to Capital India Corp LLP or to firms or companies in which Capital India Corp LLP is interested as a member or promoter nor has Capital India Corp LLP been offered any inducements to become interested in any firm or company, in connection with the promotion or formation of our Company, except for reimbursement of incorporation expenses, if any, by any person.

*Details of licensing agreement entered between our Promoter and our Company in relation to usage of intellectual property.*

The trademark over  **CAPITALINDIA**, our corporate logo is registered in the name of our Promoter, Capital India Corp LLP and is valid up to July 19, 2027. The trademark over  **CAPITALINDIA** Home Loans is also registered in the name of our Promoter, Capital India Corp LLP and is valid up to July 20, 2027.

We have received no-objection certificates dated July 25, 2017 from the Promoter for usage of the aforementioned trademarks.

*Payment of amounts or benefits to Capital India Corp LLP during the last two years or intended to be given*

Except for the transactions disclosed in “*Related Party Transactions*” and dividends received by Capital India Corp LLP, no amount or benefit has been paid by our Company to Capital India Corp LLP in the two years preceding the date of this Draft Letter of Offer. For details see “*Related Party Transactions*” on page 127.

*Disassociation by Capital India Corp LLP in the last three years*

Capital India Corp LLP has not disassociated itself from any venture during the three years preceding the date of filing of this Draft Letter of Offer.

*Sick Companies, Insolvency and other confirmations:*

Capital India Corp LLP does not fall under the definition of sick industrial companies under erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, or declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further no winding up, insolvency or bankruptcy proceedings have been initiated against it.

During the five years preceding the date of this Draft Letter of Offer, Capital India Corp LLP has not been defunct nor has there been an application made to the registrar of companies for striking off its name.

**Other confirmations by our Promoter**

*Change in control*

In accordance with the terms of the share purchase agreement dated August 24, 2017 executed between Sainik Mining and our Promoter (then known as Trident Holding LLP) (“**Capital India SPA**”), our Promoter agreed to purchase the entire shareholding of Sainik Mining, being 1,467,800 Equity Shares (“**Sainik Mining Shares**”) for an aggregate consideration of ₹ 16.88 million, subject to, among others, completion of the open offer required to be made to then Shareholders of our Company by our Promoter, pursuant to provisions of the SEBI Takeover Regulations (“**Capital India Open Offer**”). Pursuant to the Capital India Open Offer made by our Promoter

through the letter of offer dated November 7, 2017, our Promoter acquired a total of 764,500 Equity Shares, for an aggregate consideration of ₹ 8.79 million. Subsequently, on December 11, 2017, the Sainik Mining Shares were also transferred to our Promoter in terms of the Capital India SPA.

For further details regarding the date of acquisition of Equity Shares by Capital India Corp LLP, terms of acquisition and control, consideration paid for such acquisition, see the sections titled “*Capital Structure*” and “*History and Certain Corporate Matters*” on pages 51 and 100.

#### *Related Party Transactions*

Except as stated in “*Related Party Transactions*” on page 127, our Company has not entered into any related party transactions with our Promoter during the last five Fiscal Years.

#### **Other Confirmations**

Our Promoter has not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoter has not been identified as a Wilful Defaulter.

Our Promoter is not and has never been a promoter, or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

#### **Promoter Group**

Apart from our Promoter, there are no companies or entities that form part of our ‘promoter group’ as defined in the SEBI ICDR Regulations.

## OUR GROUP COMPANY

In terms of the SEBI ICDR Regulations, for the purpose of identification of “group companies”, our Company has considered:

- companies disclosed as related parties in accordance with Accounting Standard – 18 in the Restated Consolidated Financial Information; and
- companies that are considered material by our Board, in terms of policy laid down by the Board.

Pursuant to the materiality policy approved by our Board on July 25, 2018 (“**Materiality Policy**”) for the purpose of disclosure as a group company in this Draft Letter of Offer, a company shall be considered material and will be disclosed as a ‘group company’ in the Offer Documents, if:

- (a) it is a member of the promoter group of the Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations, and has entered into one or more transactions with our Company in the most recent Fiscal and any stub period (in respect of which restated Financial Information are included in the Offer Documents), that individually or in the aggregate, exceed 10% of the total consolidated revenue of our Company, as per the last annual restated consolidated financial information of our Company; and/or
- (b) would, subsequent to the Relevant Period, require disclosure in the consolidated financial information of our Company for subsequent periods as an entity covered under Accounting Standard 18, in addition to/ other than those companies covered in the schedule of related party relationships in terms of the Accounting Standard – 18, in the restated consolidated financial information of the Company for the Relevant Period.

Further, pursuant to the Materiality Policy, it is clarified that companies which, subsequent to the Relevant Period, have ceased to be related parties of the Company in terms of Accounting Standard 18, solely on account of there being no significant influence/control over/ by such company in terms of Accounting Standard 18 (as confirmed by the Board in a resolution) shall not be considered as ‘group companies’ for the purpose of disclosure in this Draft Letter of Offer.

Based on the foregoing, our Company has one Group Company, namely Sahyog Homes Limited.

### **Sahyog Homes Limited (“SHL”)**

SHL was incorporated as a public limited company on December 23, 2009 under the Companies Act, 1956 with the RoC, Maharashtra. It further received its certificate of commencement of business on January 20, 2010 from the RoC, Maharashtra. Its corporate identification number is U45202MH2009PLC198080 and its registered office is situated at 321, Morya Estate, New Link Road, Opp. Infinity Mall, Andheri (West), Mumbai, 400053.

The main object of SHL is, inter alia, to carry on in India or elsewhere, among others, the business to construct, build, alter, acquire, improve and design all types of construction and development work in all its branches, or to deal in all sorts of land & building and to carry on all or any of the foregoing activities for building material, goods, plants, machineries, equipments, accessories, parts, tools, fitting, articles, material and facilities

#### *Interest of Promoter*

Our Promoter does not have any interest in SHL, except to the extent that the designated partners in our Promoter, i.e. Sumit Kumar Narvar and Poonam Narvar, hold one share each in SHL, and may be entitled to receive dividend in such capacity from time to time.

Certain financial information derived from the audited financial results of SHL for Fiscal Years 2017, 2016 and 2015 are set forth below:

(Amounts in ₹ millions)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity Capital	72.69	72.69	72.69
Reserves and surplus	14.75	14.59	14.59
Total Income	16.28	6.62	3.81
Profit/(Loss) after Tax	0.16	-	(47.82)
Basic EPS	0.02	-	(6.58)
Diluted EPS	0.02	-	(6.58)
Net asset value per share	12.03	12.01	12.01

### Defunct Group Company

SHL has not remained defunct, nor has any application been made to the relevant registrar of companies for striking off its name, during the five years preceding the date of this Draft Letter of Offer.

### Other Confirmations

SHL has not become a sick company under the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, or declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further no winding up, insolvency or bankruptcy proceedings have been initiated against it.

Except as disclosed below, SHL did not incur a loss in Fiscal Years 2015, 2016 and 2017:

(Amount in ₹ millions)

Particulars	Fiscal 2015
Profit/(Loss) after Tax	(47.82)

None of the securities of SHL are listed on any stock exchange and it has not made any public or rights issue of securities in the preceding three years.

SHL has not been debarred from accessing the capital markets for any reasons by SEBI or any other authorities.

SHL has not been identified as a “wilful defaulter” as defined under the SEBI Regulations.

### Group Company with negative net worth

SHL did not have negative net worth in Fiscal Years 2015, 2016 and 2017.

### Common pursuits of our Group Company

There are no common pursuits among our Company and SHL.

### Related Party Transactions

Except as disclosed in “*Related Party Transactions*” on page 127, there have been no related party transactions with SHL.

### Sales or purchases exceeding 10% in aggregate of the total sales or purchases of our Company

There are no sales or purchases between the Company and SHL exceeding 10% in aggregate in value of the total sales or purchases of our Company.

### Interest of Group Company in promotion of our Company

SHL does not have any interest in the promotion of our Company.

**Interest of our Group Company in the property of our Company**

SHL does not have any interest in any property acquired by our Company within two years of the date of this Draft Letter of Offer or proposed to be acquired by our Company.

**Interest of Group Company in any transaction by our Company**

SHL was not, and is not, interested in any transaction by our Company involving acquisition of land, construction of building or supply of any machinery.

**Business interests of our Group Company in our Company**

SHL does not have any business interests in our Company.

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions during Fiscal Years ended March 31, 2018, 2017, 2016, 2015 and 2014 as per the requirements of Accounting Standard 18, see “*Financial Information – Restated Financial Information*” on page 130.



## DIVIDEND POLICY

The declaration and payment of dividend on the Equity Shares will be recommended by our Board and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board.

Pursuant to a Shareholders' resolution dated June 2, 2018, our Company has declared a dividend of ₹ 1 per Equity Share for Fiscal 2018. Our Company did not declare any dividend for Fiscal Years 2014, 2015, 2016 and 2017.

Details of the dividend proposed on Equity Shares by our Company for the last Fiscal is set out in the following table:

<b>Particular</b>	<b>Fiscal 2018</b>
Number of Equity Shares	3,502,700
Rate of dividend (%)	1
Amount of Dividend (₹ in million)	3.50
Corporate dividend tax (₹in million)	0.71

## SECTION V - FINANCIAL INFORMATION

### FINANCIAL INFORMATION

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1	<b>Restated Financial Information:</b>	129
	Restated Standalone Financial Information	130
	Restated Consolidated Financial Information	155
2	<b>Unaudited Standalone Interim Financial Information</b>	179

**RESTATED FINANCIAL INFORMATION**

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## INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL INFORMATION

The Board of Directors

**Capital India Finance Limited** (Formerly known as Bhilwara Tex-Fin Limited)

14th Floor, A Wing, One BKC,

Mumbai – 400 051

Dear Sirs,

1. We have examined (as appropriate, refer paragraphs 4 and 5 below) the attached Restated Standalone Financial Information of Capital India Finance Limited (Formerly known as Bhilwara Tex-Fin Limited) (the "Company"), which comprise of the Restated Standalone Summary Statement of Assets and Liabilities as at March 31, 2018, 2017, 2016, 2015 and 2014, the Restated Standalone Summary Statement of Profit and Loss and the Restated Standalone Summary Statement of Cash Flows for the years ended March 31, 2018, 2017, 2016, 2015 and 2014 and the Standalone Summary Statement of Significant Accounting Policies, and related Annexures thereto (collectively, the "Restated Standalone Financial Information"), as approved by the Board of Directors of the Company at their meeting held on August 7, 2018 for the purpose of inclusion in the Draft Letter of Offer ("DLOF") prepared by the Company in connection with its proposed Rights Issue of equity shares prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
  - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India, as amended from time to time (the "Guidance Note").
2. The preparation of the Restated Standalone Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 11 below. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Standalone Financial Information and confirm whether such Restated Standalone Financial Information comply with the requirements of the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Standalone Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 6, 2018 in connection with the proposed rights issue of equity shares of the Company;
  - b) The Guidance Note; and
  - c) The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

4. These Restated Standalone Financial Information have been compiled by the Management from:
  - a) audited standalone financial statements of the Company as at and for the years ended March 31, 2018, 2017, 2016, 2015 and 2014 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules as amended from time to time (referred to as Indian GAAP) which have been approved by the Board at their meeting held on May 03, 2018, May 29, 2017, May 26, 2016, May 23, 2015 and May 30, 2014 on which the respective predecessor auditors had issued an unmodified auditor's report to the shareholders dated May 03, 2018, May 29, 2017, May 26, 2016, May 23, 2015 and May 30, 2014 respectively.
  - b) Predecessor auditor has also confirmed that the restated standalone financial information as at and for the years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014:
    - (i) have been made after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in respective financial years to reflect the same accounting treatment as per the accounting policies and regrouping/ reclassification as at and for the year ended March 31, 2018;
    - (ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
    - (iii) do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualifications requiring adjustments; and
    - (iv) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
5. We have audited the Special Purpose Standalone Financial Information of the Company for the year ended March 31, 2018 prepared by the Company in accordance with the Indian GAAP for the limited purpose of complying with the requirement of getting its financial statements audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in relation to proposed Rights issue. We have issued our report dated August 7, 2018 on these Special Purpose Standalone Financial Information to the Board of Directors who have approved these in their meeting held on August 7, 2018.
6. Based on our examination and according to the information and explanations given to us, and our reliance on the examination report dated August 7, 2018 issued by the predecessor auditor, with regard to the restated standalone financial statements of the Company as at and for the years ended March 31, 2017, 2016, 2015 and 2014, we report that the Restated Standalone Financial Information:
  - a. have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the respective financial years to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2018;
  - b. have been prepared after incorporating adjustments for the material amounts in the respective financial years to which they relate;
  - c. do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification requiring adjustments; and
  - d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
8. The Restated Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of predecessor / other auditors' reports mentioned in paragraph 4 above on the audited standalone financial statements.
9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by the predecessor / other auditors', nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update the predecessor / other auditors' report for events and circumstances occurring after the date of the report.
11. Our report is intended solely for use of the Management for inclusion in the DLOF to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies, New Delhi in connection with the proposed offer of rights shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Kalpesh J. Mehta  
Partner  
Membership No. 48791

Place: Mumbai  
Date: August 7, 2018

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure I - Restated Standalone Summary Statement of Assets and Liabilities for five financial years**  
(All figures are ₹ in millions, except otherwise stated)

Particulars	Note to Annexure IV	As at March 31st,				
		2018	2017	2016	2015	2014
<b>EQUITY AND LIABILITIES</b>						
<b>1 Shareholders' fund</b>						
(a) Share Capital	3	35.03	35.03	35.03	35.03	35.03
(b) Reserves and Surplus	4	34.00	4.51	2.16	(0.05)	(1.12)
		<b>69.03</b>	<b>39.54</b>	<b>37.19</b>	<b>34.98</b>	<b>33.91</b>
<b>2 Advance towards share application money</b>	3 (d)	1,250.00	-	-	-	-
<b>3 Non-Current Liabilities</b>						
(a) Long-Term Borrowings	5	70.00	1,376.80	-	-	118.20
(b) Other Long Term Liabilities	6	5.53	-	-	-	-
(c) Long- Term Provisions	7	0.52	3.12	1.66	1.40	-
		<b>76.05</b>	<b>1,379.92</b>	<b>1.66</b>	<b>1.40</b>	<b>118.20</b>
<b>4 Current Liabilities</b>						
(a) Short Term Borrowings	5	-	-	483.33	526.29	-
(b) Other Current Liabilities	6	144.51	16.37	70.04	29.63	25.18
(c) Short term provision	7	4.89	-	-	-	-
		<b>149.40</b>	<b>16.37</b>	<b>553.37</b>	<b>555.92</b>	<b>25.18</b>
<b>Total</b>		<b>1,544.48</b>	<b>1,435.83</b>	<b>592.22</b>	<b>592.30</b>	<b>177.29</b>
<b>ASSETS</b>						
<b>1 Non Current Assets</b>						
(a) Fixed assets	8					
(i) Tangible assets		83.00	-	-	-	-
(ii) Intangible assets		0.24	-	-	-	-
(iii) Capital work in progress		20.50	-	-	-	-
(iv) Intangible assets under development		3.03	-	-	-	-
(b) Non-current investments	9	150.40	-	28.71	28.71	28.71
(c) Deferred tax assets (net)	12	2.80	-	-	-	-
(d) Long-term loans and advances	10	115.65	785.00	-	-	104.30
		<b>375.62</b>	<b>785.00</b>	<b>28.71</b>	<b>28.71</b>	<b>133.01</b>
<b>2 Current Assets</b>						
(a) Trade receivables	13	3.24	4.03	-	-	-
(b) Cash and cash equivalents	14	167.57	534.38	0.27	0.73	0.17
(c) Short-term loans and advances	10	984.56	96.95	523.98	524.34	16.69
(d) Other current assets	11	13.49	15.47	39.26	38.52	27.42
		<b>1,168.86</b>	<b>650.83</b>	<b>563.50</b>	<b>563.59</b>	<b>44.28</b>
<b>Total</b>		<b>1,544.48</b>	<b>1,435.83</b>	<b>592.22</b>	<b>592.30</b>	<b>177.29</b>

The above Statement should be read with the Basis of Preparation and significant accounting policies appearing in Note 2 of Annexure IV and "Standalone Statement Of Material Adjustments To Audited Financial Statements" given in Annexure V.

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Reg No-117366W/W -100018

For and on behalf of the board  
**Capital India Finance Limited**

**Kalpesh J. Mehta**  
Partner  
Membership No. 48791  
Place: Mumbai  
Date: August 7, 2018

<b>Keshav Porwal</b> Managing Director DIN: 06706341 Place: New Delhi Date: August 7, 2018	<b>Amit Sahai Kulshreshtha</b> Director DIN: 07869849 Place: New Delhi Date: August 7, 2018
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**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure II - Restated Standalone Summary Statement of Profit and Loss for five financial years**  
(All figures are ₹ in millions, except otherwise stated)

Particulars	Note to Annexure IV	For The Year Ended March 31st,				
		2018	2017	2016	2015	2014
Revenue from operations	15	257.09	87.32	75.37	43.86	15.28
Other Income	16	-	0.51	0.06	-	0.09
<b>Total Revenue</b>		<b>257.09</b>	<b>87.83</b>	<b>75.43</b>	<b>43.86</b>	<b>15.37</b>
Expenses :						
Employee benefits expenses	17	31.62	1.36	1.14	0.16	0.07
Finance costs	18	103.65	79.78	70.60	40.36	13.65
Depreciation and amortisation expenses	8	4.29	-	-	-	-
Other expenses	19	71.07	2.24	0.84	2.00	0.91
<b>Total Expenses</b>		<b>210.63</b>	<b>83.38</b>	<b>72.58</b>	<b>42.52</b>	<b>14.63</b>
<b>Restated profit before tax</b>		<b>46.46</b>	<b>4.45</b>	<b>2.85</b>	<b>1.34</b>	<b>0.74</b>
<u>Tax expense:</u>						
(1) Income tax provision pertaining to earlier assessment year		-	0.27	(0.01)	0.02	-
(2) Current tax		19.77	1.83	0.64	0.26	0.14
(3) Deferred tax (Credit)		(2.80)	-	-	-	-
<b>Total tax expenses</b>		<b>16.97</b>	<b>2.10</b>	<b>0.63</b>	<b>0.28</b>	<b>0.14</b>
<b>Restated profit for the year</b>		<b>29.49</b>	<b>2.35</b>	<b>2.22</b>	<b>1.06</b>	<b>0.60</b>
Basic and diluted earnings per share (in Rs.) (Face Value of ₹10 each)	20	8.42	0.67	0.63	0.30	0.17

The above Statement should be read with the Basis of Preparation and significant accounting policies appearing in Note 2 of Annexure IV and "Standalone Statement Of Material Adjustments To Audited Financial Statements" given in Annexure V.

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Reg No-117366W/W -100018

For and on behalf of the board  
**Capital India Finance Limited**

**Kalpesh J. Mehta**  
**Partner**  
Membership No. 48791

**Keshav Porwal**  
Director  
DIN: 06706341

**Amit Sahai Kulshreshtha**  
Director  
DIN: 07869849

Place: Mumbai  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018



**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure III - Restated Standalone Summary Statement of Cash Flows for five financial years**  
(All figures are ₹ in millions, except otherwise stated)

Particulars	For The Year Ended March 31st,				
	2018	2017	2016	2015	2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Restated profit before tax	46.46	4.45	2.85	1.34	0.74
<u>Adjusted for:</u>					
Provision for standard asset (Net)	1.04	1.46	0.26	1.40	1.15
Sundry Balances written off	-	-	-	-	(0.57)
Depreciation & amortisation expense	4.29	-	-	-	-
Interest on income tax refund	-	(0.51)	(0.05)	-	(0.02)
Provision for employee benefits	1.26	-	-	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>53.05</b>	<b>5.40</b>	<b>3.06</b>	<b>2.74</b>	<b>1.30</b>
<u>Adjusted for:</u>					
(Increase) / Decrease in trade and other receivables	0.79	(4.03)	-	-	-
(Increase) / Decrease in loan and advances	(200.77)	(337.44)	5.83	(411.16)	(41.76)
Decrease in other current assets	1.97	-	-	-	-
Increase in other long term liabilities	5.53	-	-	-	-
Increase/ (Decrease) in current liabilities	125.84	(53.67)	40.41	4.45	12.87
<b>Cash (used in)/ generated from Operations</b>	<b>(13.59)</b>	<b>(389.74)</b>	<b>49.29</b>	<b>(403.97)</b>	<b>(27.59)</b>
Direct taxes (paid)/ received (Net)	(25.47)	1.65	(6.79)	(3.56)	(0.52)
<b>Net Cash (used in)/ generated from Operating Activities (A)</b>	<b>(39.06)</b>	<b>(388.09)</b>	<b>42.50</b>	<b>(407.53)</b>	<b>(28.11)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets	(111.05)	-	-	-	-
Capital advances given	(9.50)	-	-	-	-
Investment in subsidiary companies	(150.40)	-	-	-	-
Sale of non current investments	-	28.72	-	-	-
<b>Net Cash (used in)/ generated from Investment Activities (B)</b>	<b>(270.95)</b>	<b>28.72</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>					
Proceeds from share application money pending allotment	1,250.00	-	-	-	-
Proceeds from long term borrowings	-	893.48	-	-	-
Proceeds from short term borrowings	400.10	-	-	408.09	28.20
Repayment of long term borrowings	(1,306.80)	-	-	-	-
Repayment of short term borrowings	(400.10)	-	(42.97)	-	-
<b>Net Cash (used in)/ generated from Financing Activities (C)</b>	<b>(56.80)</b>	<b>893.48</b>	<b>(42.97)</b>	<b>408.09</b>	<b>28.20</b>
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)	(366.81)	534.11	(0.47)	0.56	0.09
Opening Balance of Cash and Cash Equivalents	534.38	0.27	0.73	0.17	0.08
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>167.57</b>	<b>534.38</b>	<b>0.27</b>	<b>0.73</b>	<b>0.17</b>

The above Statement should be read with the Basis of Preparation and significant accounting policies appearing in Note 2 of Annexure IV and "Standalone Statement Of Material Adjustments To Audited Financial Statements" given in Annexure V.  
In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Reg No-117366W/W -100018

For and on behalf of the board  
**Capital India Finance Limited**

**Kalpesh J. Mehta**  
Partner  
Membership No. 48791

**Keshav Porwal**  
Director  
DIN: 06706341

**Amit Sahai Kulshreshtha**  
Director  
DIN: 07869849

Place: Mumbai  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018

## Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

### Annexure-IV . Notes To Restated Standalone Financial Information

(All figures are ₹ in millions, except otherwise stated)

#### 1 Background

Capital India Finance Limited (the Company) is a public Company domiciled in India and incorporated on 16 November 1994 under the provisions of Companies Act, 1956. The Company has received a Certificate of Registration number B-14.03278 dated 30th August 2017 from the Reserve Bank of India (RBI) to carry on the business of Non-Banking Financial Institution (NBFC) without accepting public deposits.

#### 2 Significant accounting policies

##### 2.1 Basis of preparation

The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and Restated Standalone Summary Statement of Profit and Loss and Restated Standalone Summary Statement of Cash Flows for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 [collectively referred to as the ('Restated Standalone Financial Information')] have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with the relevant provisions of the Act, as applicable and as per the guidelines issued by the RBI as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulations'). The notified Accounting Standards (AS) is followed by the Company in so far as they are not inconsistent with the NBFC Regulations. 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.

These Restated Standalone Financial information have been prepared to comply in all material respects with the requirements of Section 26 of the Act and the SEBI Regulations 2009, as amended from time to time. The Act and the SEBI Regulations require the information to be disclosed in respect of the assets and liabilities and profit and loss of the Company for each of the five years immediately preceding the issue of the Prospectus.

##### 2.2 Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles ('GAAP') requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### 2.3 Operating cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

##### 2.4 Fixed assets, depreciation and amortisation

###### Tangible fixed assets

- a) Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and / or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. Tangible fixed assets under construction are disclosed as capital work-in-progress.

###### Acquired intangible assets

- b) Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

###### Leasehold improvements

- c) Leasehold improvement includes all expenditure incurred on the leasehold premises that have future economic benefits. Leasehold improvements are written off over the period of lease.

###### Depreciation and amortization

- d) Depreciation / amortisation is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the 2013 Act have been considered as useful life for tangible assets. Acquired intangible assets are amortised over a period as per management estimates of their useful life. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

	Estimated useful life
<b>Tangible fixed assets</b>	
Computers & Printers	3 Years
Furniture & Fixtures	10 Years
Leasehold Improvements	5 Years
Office Equipments	5 Years
<b>Acquired intangible assets</b>	
Computer software	3 Years

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure-IV . Notes To Restated Standalone Financial Information**

*(All figures are ₹ in millions, except otherwise stated)*

**2 Significant accounting policies (Continued)**

- e) Depreciation is provided on a pro-rata basis i.e. from the month in which asset is ready for use. Individual assets costing less than or equals to Rs. 5,000 are depreciated in full, in the year of purchase. Depreciation on assets sold during the year is recognized on a pro-rata basis in the statement of profit and loss up to the month prior to the month in which the assets have been disposed off.

*Gains / losses on disposal of assets*

- f) Losses arising from retirement or gains or losses arising from disposal of tangible and intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss.

**2.5 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

**2.6 Leases**

Assets acquired under lease other than finance lease are classified as operating lease. The total lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term (in accordance with AS-19 'Leases' as prescribed by Companies (Accounting Standards) Rules, 2006).

**2.7 Loans**

Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date.

**2.8 Provisioning/ Write-off on assets**

*Provisioning/ Write-off on overdue assets*

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master

Direction-Non Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

*Provision on standard assets*

Provision on standard assets has been made @ 0.25%, 0.30%, 0.35% & 0.40% for the financial year ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 respectively, which is in accordance with Reserve Bank of India ('RBI') guidelines.

**2.9 Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non current investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Non current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**2.10 Revenue recognition**

Revenue is recognized on accrual basis, when no significant uncertainty as to determination or realization exists.

Interest income is recognised on time proportionate basis. In case of non performing assets, interest income is recognised on receipt basis as per NBFC prudential norms. Penal interest is recognised on receipt basis.

Fee income is recognised on an accrual basis on completion of services as enumerated in the milestones specified in the relevant mandate letters.

Upfront/ Processing fees is recognised as income as per terms mentioned in the loan agreements.

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized on receipt basis in accordance with the NBFC Regulation.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure-IV . Notes To Restated Standalone Financial Information**

*(All figures are ₹ in millions, except otherwise stated)*

**2 Significant accounting policies (Continued)**

**2.11 Retirement and other employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits include salary, bonus, allowances and compensated absences. The undiscounted amount of short term employee benefits expected to be paid in exchange for the service rendered by the employees is recognised as an expense as the service is rendered by the employees.

The Company operates defined benefit plans for its employees pertaining to gratuity liability. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for this defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**2.12 Borrowing costs**

Borrowing costs consists of interest and other cost that an entity incurs in connection with borrowing of funds. Borrowing costs are recognized as an expense in the period in which these are incurred.

**2.13 Share issue expenses**

Share issue expenses related to issuance of equity are debited against securities premium account in accordance with the provisions of Section 52 of the Companies Act, 2013.

**2.14 Foreign currency transactions**

Foreign exchange transactions are recorded the spot rate on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the period.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss.

Non monetary assets and liabilities are carried at historical cost using exchange rates as on the date of the respective transactions.

**2.15 Taxation**

Income tax expense comprises current tax including minimum alternate tax (MAT) (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized to the extent there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

MAT paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years and is recognized as tax credit in statement of profit and loss.

**2.16 Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**2.17 Earnings per share**

The basic earnings per share is computed by dividing the net profit / loss after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**2.18 Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

Annexure-IV . Notes To Restated Standalone Financial Information

(All figures are ₹ in millions, except otherwise stated)

3. Restated Standalone Summary Statement of Share Capital

	As at March 31st, 2018		As at March 31st, 2017		As at March 31st, 2016		As at March 31st, 2015		As at March 31st, 2014	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<b>Share capital</b>										
<b>Authorised share capital</b>										
Equity shares of Rs. 10 each	20,40,00,000	2,040.00	40,00,000	40.00	40,00,000	40.00	40,00,000	40.00	40,00,000	40.00
Preference shares of Rs. 10 each	1,00,00,000	100.00	-	-	-	-	-	-	-	-
	<b>21,40,00,000</b>	<b>2,140.00</b>	<b>40,00,000</b>	<b>40.00</b>	<b>40,00,000</b>	<b>40.00</b>	<b>40,00,000</b>	<b>40.00</b>	<b>40,00,000</b>	<b>40.00</b>
<b>Issued, subscribed and fully paid up</b>										
Equity shares of Rs. 10 each	35,02,700	35.03	35,02,700	35.03	35,02,700	35.03	35,02,700	35.03	35,02,700	35.03
<b>Total issues, subscribed and fully paid up share capital</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31st, 2018		As at March 31st, 2017		As at March 31st, 2016		As at March 31st, 2015		As at March 31st, 2014	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
At the beginning of the year	35,02,700	35.03	35,02,700	35.03	35,02,700	35.03	35,02,700	35.03	35,02,700	35.03
Add : Allotment during the year	-	-	-	-	-	-	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>	<b>35,02,700</b>	<b>35.03</b>

b. Terms and rights attached to fully Paid up shares :

The Company has only one type of equity shares having Par value of Rs 10 each. All shares rank paripassu with respect to dividend , voting rights, and other terms. Each shareholder is entitled to one vote per share. The dividend proposed, if any by the Board of Directors subject to approval of shareholders in the ensuing Annual General Meeting, except incase of interim dividend. The Repayment of equity share capital in the event of liquidation and buyback of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the company after distribution of all Preferential amounts, in proportion to their holdings.

c. Shares in the Company held by each shareholder holding more than 5% shares

	As at March 31st, 2018		As at March 31st, 2017		As at March 31st, 2016		As at March 31st, 2015		As at March 31st, 2014	
	Number	%	Number	%	Number	%	Number	%	Number	%
Archana Aggarwal	-	-	-	-	-	-	2,43,100	6.94%	2,43,100	6.94%
Sainik Mining and Allied Services Private Limited	-	-	14,67,800	41.90%	14,67,800	41.90%	14,67,800	41.90%	14,67,800	41.90%
Capital India Corp LLP (formerly known as Trident Holdings LLP)	22,32,300	63.73%	-	-	-	-	-	-	-	-
DharampalSatyapal Limited	3,97,800	11.36%	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26,30,100</b>	<b>75.09%</b>	<b>14,67,800</b>	<b>41.90%</b>	<b>14,67,800</b>	<b>41.90%</b>	<b>17,10,900</b>	<b>48.84%</b>	<b>17,10,900</b>	<b>48.84%</b>

d. Advance towards share application money

The Company has received an amount of ₹ 1250 millions from Capital India Corp LLP as advance against share application money towards its entitlement under the proposed Rights Issue of the Company. The said advance money is free of any interest and would be utilized for the objects of the proposed Rights issue. Any amount which shall be in excess or shortage towards actual entitlement shall be adjusted or refunded from the final offer of the proposed Rights Issue.

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)  
Annexure-IV . Notes To Restated Standalone Financial Information  
(All figures are ₹ in millions, except otherwise stated)

4. Restated Standalone Summary Statement of Reserve And Surplus  
Reserves and surplus consist of following Reserves:

	As at March 31st 2018	As at March 31st 2017	As at March 31st 2016	As at March 31st 2015	As at March 31st 2014
<b>General Reserve</b>					
Opening balance	0.18	0.18	0.18	0.18	0.18
Add : Transfer during the year	-	-	-	-	-
<b>Total</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>
<b>Statutory Reserve under Section 45-IC of the RBI Act, 1934</b>					
Opening balance	1.68	1.21	1.04	0.83	0.71
Add : Transfer during the year	5.90	0.47	0.17	0.21	0.12
<b>Total</b>	<b>7.58</b>	<b>1.68</b>	<b>1.21</b>	<b>1.04</b>	<b>0.83</b>
<b>Surplus in the statement of profit and loss</b>					
Opening balance	2.65	0.77	(1.27)	(2.13)	(2.61)
Add : Restated Profit for the year	29.49	2.35	2.22	1.06	0.60
	<b>32.15</b>	<b>3.12</b>	<b>0.95</b>	<b>(1.07)</b>	<b>(2.01)</b>
Less : Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	5.90	0.47	0.17	0.21	0.12
<b>Net Surplus in the statement of profit and loss</b>	<b>26.25</b>	<b>2.65</b>	<b>0.77</b>	<b>(1.27)</b>	<b>(2.13)</b>
<b>Total Reserves and surplus</b>	<b>34.00</b>	<b>4.51</b>	<b>2.16</b>	<b>(0.05)</b>	<b>(1.12)</b>

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)  
Annexure-IV . Notes To Restated Standalone Financial Information  
(All figures are ₹ in millions, except otherwise stated)

**5. Restated Standalone Summary Statement of Borrowing**

	As at		As at		As at		As at		As at	
	March 31st 2018		March 31st 2017		March 31st 2016		March 31st 2015		March 31st 2014	
	Long Term	Short term	Long Term	Short term	Long Term	Short term	Long Term	Short term	Long Term	Short term
Unsecured										
From Corporates (ICD)	70.00	-	1,200.00	-	-	483.33	-	501.29	118.20	-
From Others	-	-	176.80	-	-	-	-	25.00	-	-
	<b>70.00</b>	-	<b>1,376.80</b>	-	-	<b>483.33</b>	-	<b>526.29</b>	<b>118.20</b>	-

**Additional information for Borrowings as on March 31, 2018:**

Details of Unsecured borrowings from Corporates:

- Inter corporate deposits of Rs. 70 millions is raised at an interest rate of 8% and repayable on 16 February, 2022
- Inter Corporate deposits of Rs. 400 millions is raised at an interest rate of 10% and repayable on demand. The same has been repaid during the year.

**Additional information for Borrowings as on March 31, 2017:**

Details of Unsecured borrowings from Corporates:

- Rs. 1,130 millions loan facility carries an interest rate of 11% p.a. or "SBI base rate + 200bps" whichever is lower repayable on or within a period of 5 years from the date of last disbursement of the said ICD, extendable if mutually agreed to by both the parties in writing. Further, interest calculated on total amount of ICDs advanced for a period of 5 years, shall be payable at the end of 5 years.
- Rs. 176.80 millions loan facility carries an interest rate of 6.50% p.a. repayable on or within a period of 5 years from the date of last disbursement of the said ICD, extendable if mutually agreed to by both the parties in writing.
- Rs. 70 millions loan facility carries an interest rate of 8.00% p.a. repayable after one year.

**Additional information for Borrowings as on March 31, 2016:**

Details of Unsecured borrowings from Corporates:

- Inter corporate deposits of Rs. 483.33 millions is raised at an interest rate of 14% - 15% and repayable on demand.

**Additional information for Borrowings as on March 31, 2015:**

Details of Unsecured borrowings from Corporates:

- Inter corporate deposits of Rs. 501.29 millions is raised at an interest rate of 14% - 15% and repayable on demand.

Details of Unsecured borrowings from Others:

- Unsecured borrowings of Rs. 25 millions is raised at an interest rate of 14% and repayable on demand.

**Additional information for Borrowings as on March 31, 2014:**

Details of Unsecured borrowings from Corporates:

- Rs. 118.20 millions loan facility carries an interest rate of 11% p.a. or "SBI base rate + 200bps" whichever is lower repayable on or within a period of 5 years from the date of last disbursement of the said ICD, extendable if mutually agreed to by both the parties in writing. Further, interest calculated on total amount of ICDs advanced for a period of 5 years, shall be payable at the end of 5 years.

**6. Restated Standalone Summary Statement of Other Liabilities**

	As at		As at		As at		As at		As at	
	March 31st 2018		March 31st 2017		March 31st 2016		March 31st 2015		March 31st 2014	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Interest accrued but not due on borrowings	5.53	-	-	14.10	-	63.93	-	25.48	-	23.60
Book overdraft	-	110.53	-	-	-	-	-	-	-	-
Rent equalisation reserve	-	6.04	-	-	-	-	-	-	-	-
Statutory Dues Payable	-	22.29	-	2.15	-	5.99	-	4.05	-	1.49
Creditors for capital goods	-	2.29	-	-	-	-	-	-	-	-
Other payables	-	3.36	-	0.12	-	0.12	-	0.10	-	0.09
	<b>5.53</b>	<b>144.51</b>	-	<b>16.37</b>	-	<b>70.04</b>	-	<b>29.63</b>	-	<b>25.18</b>

**7. Restated Standalone Summary Statement of Provisions**

	As at		As at		As at		As at		As at	
	March 31st 2018		March 31st 2017		March 31st 2016		March 31st 2015		March 31st 2014	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
<u>Provision for employee benefits</u>										
- Gratuity	0.13	-	-	-	-	-	-	-	-	-
- Compensated absence	-	1.12	-	-	-	-	-	-	-	-
Provision for standard assets	0.39	3.77	3.12	-	1.66	-	1.40	-	-	-
	<b>0.52</b>	<b>4.89</b>	<b>3.12</b>	-	<b>1.66</b>	-	<b>1.40</b>	-	-	-

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

Annexure-IV . Notes To Restated Standalone Financial Information

(All figures are ₹ in millions, except otherwise stated)

8. Restated Standalone Summary Statement of Fixed assets

Description	Tangible assets					Intangible assets		Capital Work in Progress	Intangible assets under development
	Computers	Office Equipments	Furniture & Fixtures	Leasehold Improvements	Total	Computer Software	Total		
<b>Gross Block</b>									
<b>As at April 1st 2013</b>	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2014</b>	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2015</b>	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2016</b>	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2017</b>	-	-	-	-	-	-	-	-	-
Additions	3.76	7.19	44.05	32.27	87.27	0.26	0.26	20.50	3.03
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2018</b>	<b>3.76</b>	<b>7.19</b>	<b>44.05</b>	<b>32.27</b>	<b>87.27</b>	<b>0.26</b>	<b>0.26</b>	<b>20.50</b>	<b>3.03</b>
<b>Accumulated Depreciation</b>									
<b>As at April 1st 2013</b>	-	-	-	-	-	-	-	-	-
Charges for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2014</b>	-	-	-	-	-	-	-	-	-
Charges for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2015</b>	-	-	-	-	-	-	-	-	-
Charges for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2016</b>	-	-	-	-	-	-	-	-	-
Charges for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2017</b>	-	-	-	-	-	-	-	-	-
Charges for the year	0.35	0.30	1.46	2.15	4.27	0.02	0.02	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2018</b>	<b>0.35</b>	<b>0.30</b>	<b>1.46</b>	<b>2.15</b>	<b>4.27</b>	<b>0.02</b>	<b>0.02</b>	-	-
<b>Net Block</b>									
<b>As at March 31st 2014</b>	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2015</b>	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2016</b>	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2017</b>	-	-	-	-	-	-	-	-	-
<b>As at March 31st 2018</b>	<b>3.41</b>	<b>6.89</b>	<b>42.59</b>	<b>30.12</b>	<b>83.00</b>	<b>0.24</b>	<b>0.24</b>	<b>20.50</b>	<b>3.03</b>



**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**  
**Annexure-IV . Notes To Restated Standalone Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

**9. Restated Standalone Summary Statement of Non Current Investment**

	As at		As at		As at		As at		As at	
	March 31st 2018		March 31st 2017		March 31st 2016		March 31st 2015		March 31st 2014	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
<i>(at cost, unless otherwise stated)</i>										
<u>Non-Trade Investments</u>										
Investment in equity instruments (unquoted):										
-In subsidiary companies										
<u>15,000,000 equity shares @ Rs 10/- per share</u>										
- Capital India Home Loans Limited	150.00	-	-	-	-	-	-	-	-	-
<u>10,000 equity shares @ Rs 10/- per share</u>										
- Capital India Asset Management Private Limited	0.10	-	-	-	-	-	-	-	-	-
- Capital India Wealth Management Private Limited	0.10	-	-	-	-	-	-	-	-	-
- CIFL Holding Private Limited	0.10	-	-	-	-	-	-	-	-	-
- CIFL Investment Manager Private Limited	0.10	-	-	-	-	-	-	-	-	-
<u>Other Investment</u>										
1067 Equity shares @ Rs.26,910/- per share of Sainik Mining and Allied Services Limited	-	-	-	-	28.71	-	28.71	-	28.71	-
	<b>150.40</b>	-	-	-	<b>28.71</b>	-	<b>28.71</b>	-	<b>28.71</b>	-

**10. Restated Standalone Summary Statement of Loans and advances**

	As at		As at		As at		As at		As at	
	March 31st 2018		March 31st 2017		March 31st 2016		March 31st 2015		March 31st 2014	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
<i>(Secured, considered good)</i>										
Loans and advances relating to financing activity	97.22	832.21	785.00	-	-	-	-	-	104.30	-
<i>(Unsecured, considered good)</i>										
Loans and advances relating to financing activity	-	110.00	-	90.00	-	513.79	-	520.37	-	16.00
<u>Other loans and advances</u>										
- Security deposits	18.43	-	-	-	-	-	-	-	-	-
- Advances to related parties (Refer note 25)	-	6.14	-	-	-	-	-	-	-	-
- Advance to employees	-	1.92	-	0.01	-	-	-	-	-	-
- Advances to suppliers	-	13.76	-	-	-	-	-	-	-	-
- Advance taxes (net of provision for tax)	-	12.63	-	6.94	-	10.19	-	3.97	-	0.69
- Prepaid expenses	-	7.90	-	-	-	-	-	-	-	-
	<b>115.65</b>	<b>984.56</b>	<b>785.00</b>	<b>96.95</b>	-	<b>523.98</b>	-	<b>524.34</b>	<b>104.30</b>	<b>16.69</b>

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

Annexure-IV . Notes To Restated Standalone Financial Information

(All figures are ₹ in millions, except otherwise stated)

11. Restated Standalone Summary Statement of Other Current Assets

	As at	As at	As at	As at	As at
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Interest accrued and due	12.15	15.47	39.26	38.52	27.42
Interest accrued but not due	1.34	-	-	-	-
	<b>13.49</b>	<b>15.47</b>	<b>39.26</b>	<b>38.52</b>	<b>27.42</b>

12. Restated Standalone Summary Statement of Deferred Tax (Net)

	As at	As at	As at	As at	As at
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
<u>Deferred tax asset comprises of:</u>					
Provision for standard assets	1.14	-	-	-	-
Provision for gratuity	0.04	-	-	-	-
Provision for compensated absence	0.31	-	-	-	-
Rent equalisation reserve	1.66	-	-	-	-
<u>Deferred tax liability comprises of:</u>					
Depreciation on fixed assets	(0.35)	-	-	-	-
<b>Deferred tax assets (Net)</b>	<b>2.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

13. Restated Standalone Summary Statement of Trade Receivable

	As at	As at	As at	As at	As at
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
<i>(unsecured and considered good)</i>					
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-	-
Other receivables	3.24	4.03	-	-	-
	<b>3.24</b>	<b>4.03</b>	<b>-</b>	<b>-</b>	<b>-</b>

14. Restated Standalone Summary Statement of Cash And Bank Balances

	As at	As at	As at	As at	As at
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
<u>Cash and cash equivalents</u>					
Cash on hand	0.01	0.07	0.01	0.03	0.03
Balances with banks					
- in current accounts	0.06	534.31	0.26	0.70	0.14
- in fixed deposits with original maturity less than 3 months	165.00	-	-	-	-
Cheques in hand	2.50	-	-	-	-
	<b>167.57</b>	<b>534.38</b>	<b>0.27</b>	<b>0.73</b>	<b>0.17</b>

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

Annexure-IV . Notes To Restated Standalone Financial Information

(All figures are ₹ in millions, except otherwise stated)

15. Restated Standalone Summary Statement of Revenue from operations

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Interest income	141.09	83.32	75.37	43.86	15.28
Fee income	116.00	4.00	-	-	-
	<b>257.09</b>	<b>87.32</b>	<b>75.37</b>	<b>43.86</b>	<b>15.28</b>

16. Restated Standalone Summary Statement of Other Income

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Interest on Income Tax Refund	-	0.51	0.05	-	0.02
Sundry balances written back	-	-	0.01	-	0.07
	-	<b>0.51</b>	<b>0.06</b>	-	<b>0.09</b>

17. Restated Standalone Summary Statement of Employee benefit expense

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Salaries, wages and bonus	29.91	1.36	1.14	0.16	0.06
Contribution to provident and other funds	1.15	-	-	-	-
Staff Welfare	0.56	-	-	-	0.01
	<b>31.62</b>	<b>1.36</b>	<b>1.14</b>	<b>0.16</b>	<b>0.07</b>

18. Restated Standalone Summary Statement of Finance costs

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Interest expenses	103.60	79.78	70.60	40.36	13.64
Bank charges	0.05	-	-	-	0.01
	<b>103.65</b>	<b>79.78</b>	<b>70.60</b>	<b>40.36</b>	<b>13.65</b>

19. Restated Standalone Summary Statement of Other expenses

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Rent	14.51	-	-	-	-
Rates Fee & Taxes	19.44	0.02	0.03	0.06	0.01
Reversal of GST credit	12.84	-	-	-	-
Repairs & maintenance – others	2.10	-	-	-	-
Office expenses	3.17	-	-	-	-
Electricity charges	0.50	-	-	-	-
Communication expenses	0.47	0.03	0.01	0.02	-
Printing & Stationery	0.78	0.05	-	0.02	-
Insurance	0.23	-	-	-	-
Membership & subscription	1.07	-	-	-	-
Travelling & conveyance	6.10	0.04	0.01	0.03	-
Advertisement, marketing & business promotion expenses	1.47	0.10	0.08	0.10	0.06
<u>Auditor's remuneration</u>					
- Audit fees	0.10	0.07	0.06	0.06	0.06
Legal & professional charges	4.52	0.13	0.12	0.07	0.01
Listing Fee	0.30	0.26	0.25	0.13	0.03
Directors sitting fees	0.90	-	-	-	-
Provisions for standard assets (Net)	1.04	1.46	0.26	1.40	-
Sundry balance written off	-	-	-	-	0.65
Miscellaneous expenses	1.53	0.08	0.02	0.12	0.09
	<b>71.07</b>	<b>2.24</b>	<b>0.84</b>	<b>2.00</b>	<b>0.91</b>

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)****Annexure-IV . Notes To Restated Standalone Financial Information***(All figures are ₹ in millions, except otherwise stated)***20. Restated Standalone Summary Statement of Basic and Diluted Earning Per Share**

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Restated profit for the year (₹)	29.49	2.35	2.22	1.06	0.60
Weighted average number of equity shares of Rs. 10 each	35,02,700	35,02,700	35,02,700	35,02,700	35,02,700
Nominal value of an equity share (₹)	10	10	10	10	10
Basic and diluted earnings per share (in ₹)	8.42	0.67	0.63	0.30	0.17

**21. Restated Standalone Summary Statement of Contingent Liabilities**

	As on	As on	As on	As on	As on
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Contingent liabilities	-	-	-	-	-
There were no pending litigations which would impact the financial position of the company.	-	-	-	-	-
There are no long-term contracts including derivative contracts for which there were any material foreseeable losses.	-	-	-	-	-

**22. Restated Standalone Summary Statement of Capital And Other Commitments**

	As on	As on	As on	As on	As on
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	22.81	-	-	-	-
Other commitments pertaining to undrawn committed loans	70.77	-	-	-	-

**23. Restated Standalone Summary Statement of Segment Information**

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under Section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

**24. Restated Standalone Summary Statement of Operating Lease**

The registered office and corporate office are taken on operating lease. The corporate office premises has a non-cancellable lease for 60 months with an escalation clause of 15% after 36 months. The registered office premises are rented on non-cancellable lease for 36 months without an escalation clause. There are no subleases. Lease payments during the year are charged to statement of profit and loss.

Description	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Operating lease payments recognized during the year	14.51	-	-	-	-
Minimum Lease Obligations					
Not later than one year	48.09	-	-	-	-
Later than one year but not later than five years	145.39	-	-	-	-
Later than five years	-	-	-	-	-

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure-IV . Notes To Restated Standalone Financial Information**

*(All figures are ₹ in millions, except otherwise stated)*

**25. Restated Standalone Summary Statement of Related Party Disclosure**

**Detail of Related Parties During the Period**

Particulars		As at March 31st 2018	As at March 31st 2017	As at March 31st 2016	As at March 31st 2015	As at March 31st 2014
A	Enterprise where control exist					
(i)	<u>Subsidiaries</u>					
	a) Capital India Asset Management Private Limited (w.e.f. 12th September 2017)	√	-	-	-	-
	b) CIFL Holdings Private Limited (w.e.f. 18th September 2017)	√	-	-	-	-
	c) CIFL Investment Manager Private Limited (w.e.f. 14th September 2017)	√	-	-	-	-
	d) Capital India Home Loans Limited (w.e.f. 11th August 2017)	√	-	-	-	-
	e) Capital India Wealth Management Private Limited (w.e.f. 29th August 2017)	√	-	-	-	-
	Other Entities under control of company:	-	-	-	-	-
B	Other related party with whom the company had transaction etc.					
(i)	<u>Having Significant Influence:</u>					
	(a) Sainik Mining and Allied Service limited (Up to 11 December 2017)	√	√	√	√	√
	(b) Sainik Finance & Industries Limited (Director Interested) (Up to 11 December 2017)	-	√	√	√	√
	(c) Spectrum Coal and Power Limited (Director Interested) (Up to 31 March 2016)	-	-	√	√	√
	(d) Capital India Corp LLP (W.e.f. 11 December 2017)	√	-	-	-	-
	(e) Sahyog Homes Ltd. (W.e.f. 11 December 2017)	√	-	-	-	-
(ii)	<u>Key Management:</u>					
	Mr. Keshav Porwal (Managing Director) (W.e.f. 27 November 2017)	√	-	-	-	-
	Mr. Amit Sahai Kulshreshtha (Executive Director) (W.e.f. 27 November 2017)	√	-	-	-	-

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

Annexure-IV . Notes To Restated Standalone Financial Information

(All figures are ₹ in millions, except otherwise stated)

25. Restated Standalone Summary Statement of Related Party Disclosure

Transactions	For the year ended March 31st 2018				For the year ended March 31st 2017			For the year ended March 31st 2016			For the year ended March 31st 2015			For the year ended March 31st 2014		
	Subsidiaries	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total
<u>Managerial remuneration paid</u>																
Mr. Keshav Porwal	-	-	3.79	3.79	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Amit Sahai Kulshreshtha	-	-	3.63	3.63	-	-	-	-	-	-	-	-	-	-	-	-
<u>Investment in equity</u>																
Capital India Asset Management Pvt. Ltd.	0.10	-	-	0.10	-	-	-	-	-	-	-	-	-	-	-	-
CIFL Holdings Pvt. Ltd.	0.10	-	-	0.10	-	-	-	-	-	-	-	-	-	-	-	-
CIFL Investment Manager Pvt. Ltd.	0.10	-	-	0.10	-	-	-	-	-	-	-	-	-	-	-	-
Capital India Home Loans Ltd.	150.00	-	-	150.00	-	-	-	-	-	-	-	-	-	-	-	-
Capital India Wealth Management Pvt. Ltd.	0.10	-	-	0.10	-	-	-	-	-	-	-	-	-	-	-	-
<u>Share application money</u>																
Capital India Corp LLP	-	1,250.00	-	1,250.00	-	-	-	-	-	-	-	-	-	-	-	-
<u>Reimbursement of expense</u>																
Capital India Asset Management Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
CIFL Holdings Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
CIFL Investment Manager Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
Capital India Home Loans Ltd.	4.98	-	-	4.98	-	-	-	-	-	-	-	-	-	-	-	-
Capital India Wealth Management Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
Sahyog Homes Ltd.	-	2.01	-	2.01	-	-	-	-	-	-	-	-	-	-	-	-
<u>ICD given</u>																
Sahyog Homes Ltd.	-	198.00	-	198.00	-	-	-	-	-	-	-	-	-	-	-	-
Sainik Mining and allied Service Ltd.	-	30.00	-	30.00	24.00	-	24.00	-	-	-	621.85	-	621.85	134.46	-	134.46
<u>ICD taken</u>																
Capital India Corp LLP	-	150.00	-	150.00	-	-	-	-	-	-	-	-	-	-	-	-
Spectrum Coal & Power Ltd.	-	-	-	-	-	-	-	-	-	-	430.00	-	430.00	-	-	-
Sainik Finance & Industries Ltd.	-	-	-	-	1,147.00	-	-	-	-	-	40.00	-	40.00	-	-	-
<u>Repayment of ICD taken</u>																
Capital India Corp LLP	-	150.00	-	150.00	-	-	-	-	-	-	-	-	-	-	-	-
Spectrum Coal & Power Ltd.	-	-	-	-	-	-	-	-	-	-	430.00	-	430.00	-	-	-
Sainik Finance & Industries Ltd.	-	-	-	-	277.93	-	-	-	-	-	16.00	-	16.00	-	-	-
<u>Refund of ICD given</u>																
Sahyog Homes Ltd.	-	198.00	-	198.00	-	-	-	-	-	-	-	-	-	-	-	-
Sainik Mining and allied Service Ltd.	-	30.00	-	30.00	624.26	-	624.26	78.66	-	78.66	237.51	-	237.51	121.83	-	121.83
<u>Interest income</u>																
Sahyog Homes Ltd.	-	10.80	-	10.80	-	-	-	-	-	-	-	-	-	-	-	-
Sainik Mining and allied Service Ltd.	-	2.46	-	2.46	66.20	-	66.20	74.19	-	74.19	41.52	-	41.52	14.47	-	14.47
<u>Interest expense</u>																
Spectrum Coal & Power Ltd.	-	-	-	-	-	-	-	-	-	-	11.38	-	11.38	-	-	-
Sainik Finance & Industries Ltd.	-	-	-	-	42.90	-	-	-	-	-	21.43	-	21.43	-	-	-
Capital India Corp LLP	-	5.28	-	5.28	-	-	-	-	-	-	-	-	-	-	-	-

Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

Annexure-IV . Notes To Restated Standalone Financial Information

(All figures are ₹ in millions, except otherwise stated)

25. Particulars of balances in respect of related party transactions:

Balances	As at March 31st 2018				As at March 31st 2017			As at March 31st 2016			As at March 31st 2015			As at March 31st 2014		
	Subsidiaries	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total	Entities having significant influence	Key Management	Total
Receivables																
Capital India Asset Management Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
CIFL Holdings Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
CIFL Investment Manager Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
Capital India Home Loans Ltd.	4.02	-	-	4.02	-	-	-	-	-	-	-	-	-	-	-	-
Capital India Wealth Management Pvt. Ltd.	0.03	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-
Sahyog Homes Ltd.	-	2.01	-	2.01	-	-	-	-	-	-	-	-	-	-	-	-
<u>Share application money</u>																
Capital India Corp	-	1,250.00	-	1,250.00	-	-	-	-	-	-	-	-	-	-	-	-
<u>ICD given</u>																
Sainik Mining and allied Service Ltd.	-	-	-	-	-	-	-	502.50	-	502.50	552.57	-	552.57	131.56	-	131.56
<u>ICD taken</u>																
Sainik Finance & Industries Ltd.	-	-	-	-	1,142.65	-	1,142.65	-	-	-	184.72	-	184.72	-	-	-

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure-IV . Notes To Restated Standalone Financial Information**

(All figures are ₹ in millions, except otherwise stated)

**26 Restated Standalone Summary Statement of Employee Benefit**

Defined Contribution Plan

The Company has recognized Rs. 1.02 mn in Statement of Profit and Loss under Company's Contribution to Provident Fund.

Defined Benefit Plan

The Company has a defined benefit gratuity plan, under which every employee who has completed atleast five years of service gets a gratuity on departure @15 days of last drawn basic salary for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity plan.

	<b>As at March 31st 2018</b>
<b>Statement of profit and loss</b>	
Net employee benefit expense recognized in the employee cost	
Current service cost	0.14
Interest cost on benefit obligation	-
Expected return on plan assets	-
Net actuarial (gain) / loss recognized in the year	-
Amount not recognized as asset	-
Gratuity expense	0.14
Actual return on plan assets	-
<b>Balance sheet</b>	
<b>Benefit asset/ liability</b>	
Present value of defined benefit obligation	0.14
Fair value of plan assets	-
Less: Amount not recognize as asset	-
Plan (asset) / liability	0.14
<b>Changes in the present value of defined benefit obligation are as follows</b>	
Opening defined benefit obligation	-
Current service cost	0.14
Interest cost	-
Past service cost	-
Benefits paid	-
Actuarial (gains)/ losses on obligation	-
Closing defined benefit obligation	0.14
<b>The principal assumptions used in determining gratuity liability for the company is shown below:</b>	
Discount rate	7.58%
Expected rate of return on assets	NA
Employee turnover	5.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.	5.00%
<b>Amounts for the year are as follows:</b>	
	<b>As at March 31st 2018</b>
Defined benefit obligation	0.14
Plan Assets	-
Surplus / (Deficit)	-
Experience adjustments on plan liabilities	-
Experience adjustments on plan assets	-

Notes:

Since the gratuity plan of the Company is not funded, the disclosure regarding change in fair value of plan assets and categories of plan assets are not required.

Since Payment of Gratuity Act 1972 became applicable to the Company from the financial year ended 31 March 2018, the Company has not disclosed the comparative information for financial year 2013-14, 2014-15, 2015-16 and 2016-17.

27 The Board of Directors have recommended dividend of Rs 1.00 per share (10%) on each equity share having face value of Rs. 10/- each aggregating to Rs. 3.50 millions. The proposed equity dividend and dividend distribution tax thereon are not accounted as liabilities in fiscal 2017-18 in accordance with revised AS-4 "Contingencies and events occurring after balance sheet date."

28 Audited Standalone Financial Statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules as amended from time to time (referred to as Indian GAAP) which have been approved by the Board at their meeting held on May 03, 2018, on which the predecessor auditor, M/s Divyank Khullar & Associates had issued an unmodified auditor's report to the shareholders dated May 03, 2018.

29 Audited Standalone Financial Statements of the Company as at and for the years ended March 31, 2017, 2016, 2015 and 2014 prepared in accordance with the Indian GAAP which have been approved by the Board of Directors at their meetings held on May 29, 2017, May 26, 2016, May 23, 2015 and May 30, 2014 respectively, on which the predecessor auditor, M/s Nagar Goel & Chawla, had issued an unmodified auditor's report to the shareholders dated May 29, 2017, May 26, 2016, May 23, 2015 and May 30, 2014 respectively.

30

Deloitte Haskins & Sells LLP ("DHS") have audited the Special Purpose Standalone Financial Information of the Company for the year ended March 31, 2018 prepared by the Company in accordance with the Indian GAAP for the limited purpose of complying with the requirement of getting its financial statements audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in relation to proposed Rights issue. DHS has issued their report dated August 7, 2018 on these Special Purpose Standalone Financial Information to the Board of Directors who have approved these in their meetings held on August 7, 2018.

31 Appropriate adjustments have been made in the restated standalone statement of Assets and liabilities, Profit and loss and cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the company as at and for the year ended March 31st, 2018, prepared in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended).



Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)

Annexure : V

(A) Standalone Statement Of Material Adjustments To Audited Financial Statements

(All figures are ₹ in millions, except otherwise stated)

Particulars	For the year ended March, 31st				
	2018	2017	2016	2015	2014
Net Profit as per Audited Standalone Financial Statements	29.49	2.35	0.82	1.06	0.60
Adjustments on account of:					
- Provision for Standard Assets written back	-	-	1.40	-	-
<b>Profit as per Restated Standalone Financial Information after Adjustments</b>	<b>29.49</b>	<b>2.35</b>	<b>2.22</b>	<b>1.06</b>	<b>0.60</b>

(B) Reconciliation of Surplus in the Statement of Profit & Loss

(All figures are ₹ in millions, except otherwise stated)

Particulars	As at March, 31st
	2013
Surplus in the Statement of Profit & Loss as audited standalone financial statements	(2.61)
Adjustments	-
<b>Surplus in the Statement of Profit &amp; Loss as per restated standalone financial information</b>	<b>(2.61)</b>

For and on behalf of the board  
Capital India Finance Limited

**Keshav Porwal**  
Managing Director  
DIN : 06706341

**Amit Sahai Kulshreshtha**  
Director  
DIN : 07869849

Place: New Delhi  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure : VI - Restated Standalone Summary Statement Of Tax Shelter**

*(All figures are ₹ in millions, except otherwise stated)*

Particulars	As at				
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Restated Profit before tax	46.46	4.45	2.85	1.34	0.74
Tax rate	27.55%	30.90%	30.90%	30.90%	30.90%
Tax thereon at the above rate	12.80	1.38	0.88	0.41	0.23
<b>Tax temporary differences</b>					
On account of provision for standard assets	0.29	0.45	0.51	-	-
On account of depreciation on fixed assets	(0.35)	-	-	-	-
On account of provision for employee benefits	0.35	-	-	-	-
Others	1.66	-	-	-	-
<b>Tax permanent differences</b>					
Others	5.03	-	(0.75)	(0.33)	(0.00)
Brought forward losses	-	-	-	-	(0.21)
<b>Total tax expense as per normal provisions (A)</b>	<b>19.77</b>	<b>1.83</b>	<b>0.64</b>	<b>0.09</b>	<b>0.02</b>
Book Profit as per MAT	53.53	4.45	2.85	1.34	0.74
MAT rate	19.06%	19.06%	19.06%	19.06%	19.06%
<b>Tax liability as per MAT (B)</b>	<b>10.20</b>	<b>0.85</b>	<b>0.54</b>	<b>0.26</b>	<b>0.14</b>
<b>Current tax being higher of A or B</b>	<b>19.77</b>	<b>1.83</b>	<b>0.64</b>	<b>0.26</b>	<b>0.14</b>
<b>Current tax</b>	<b>19.77</b>	<b>1.83</b>	<b>0.64</b>	<b>0.26</b>	<b>0.14</b>

**Annexure :VII Restated Standalone Summary Statement Of Accounting Ratios**

*(All figures are ₹ in millions, except otherwise stated)*

Particulars	Reference	For the year ended March, 31				
		March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Basis for computation of Accounting Ratios						
Restated Profit after tax (A) (Refer Annexure II)	A	29.49	2.35	2.22	1.06	0.60
Restated Net profit attributable to equity shareholders for calculation of basic & diluted earnings per share	B	29.49	2.35	2.22	1.06	0.60
Weighted average number of Equity Shares outstanding during the year for calculating basic earnings per share (Refer Note)	C	35,02,700	35,02,700	35,02,700	35,02,700	35,02,700
Weighted average number of Equity Shares outstanding during the year for calculating diluted earnings per share (Refer Note)	D	35,02,700	35,02,700	35,02,700	35,02,700	35,02,700
Equity share capital	E	35.03	35.03	35.03	35.03	35.03
Reserves and surplus	F	34.00	4.51	2.16	(0.05)	(1.12)
Net worth (E + F)	G	69.03	39.54	37.18	34.98	33.90
Net asset value	H	69.03	39.54	37.18	34.98	33.90
Number of equity shares outstanding at the end of the year (Refer Note)	I	35,02,700	35,02,700	35,02,700	35,02,700	35,02,700
<b>Accounting Ratios</b>						
Basic earnings per share (Rs.) (A / C)	J	8.42	0.67	0.63	0.30	0.17
Diluted earnings per share (Rs.) (A / D)	K	8.42	0.67	0.63	0.30	0.17
Return on net worth % (A / G * 100)	L	42.73	5.95	5.97	3.04	1.77
Net asset value per equity share (Rs.) (H / I)	M	19.71	11.29	10.62	9.99	9.68

Notes: The above ratios are calculated as under:

a) Earnings per share = Restated Net profit after tax attributable to equity shareholders / weighted average number of shares outstanding during the year.

b) Return on net worth (%) = Restated Profit after tax / net worth of the year.

Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve), as restated at the end of the year. The Company does not have any revaluation reserve.

c) Net asset value per equity share (₹) = Net worth / Total number of equity shares outstanding as at the end of the year.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure :VIII Restated Standalone Summary Statement of Capitalization**

*(All figures are ₹ in millions, except otherwise stated)*

<b>Particulars</b>	<b>Pre-issue as at March 31st 2018</b>	<b>Post Issue As Adjusted for issue</b>
Short-Term Debt	-	Refer Note 1 below
Long Term Debt	70.00	
<b>Shareholders Funds</b>		
Share Capital	35.03	
Reserves	34.00	
<b>Total Shareholders Funds</b>	<b>69.03</b>	
Long Term Debt/Equity	1.01	

Note:

1. The corresponding post Rights issue capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Rights issue process and hence the same have not been provided in the above statement.

## INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors

**Capital India Finance Limited** (Formerly known as Bhilwara Tex-Fin Limited)

14th Floor, A Wing, One BKC,

Mumbai – 400 051

Dear Sirs,

1. We have examined (as appropriate, refer paragraphs 4 and 5 below) the attached Restated Consolidated Financial Information of Capital India Finance Limited (Formerly known as Bhilwara Tex-Fin Limited) (the “Company”) along with its subsidiaries (the “Group”), which comprise of the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2018, the Restated Consolidated Summary Statement of Profit and Loss and the Restated Consolidated Summary Statement of Cash Flows for the year ended March 31, 2018 and the Consolidated Summary Statement of Significant Accounting Policies, and related Annexures thereto (collectively, the “Restated Consolidated Financial Information”), as approved by the Board of Directors of the Company at their meeting held on August 7, 2018 for the purpose of inclusion in the Draft Letter of Offer (“DLOF”) prepared by the Company in connection with its proposed Rights Issue of equity shares prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (“the Act”);
  - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (“ICDR Regulations”); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India, as amended from time to time (the “Guidance Note”).
2. The preparation of the Restated Consolidated Financial Information is the responsibility of the Board of Directors of the Company for the purpose set out in paragraph 12 below. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Consolidated Financial Information and confirm whether such Restated Consolidated Financial Information comply with the requirements of the Act, ICDR Regulations and the Guidance Note.
3. We have examined such Restated Consolidated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 6, 2018 in connection with the proposed rights issue of equity shares of the Company;
  - b) The Guidance Note; and
  - c) The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information. This

Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

4. These Restated Consolidated Financial Information have been compiled by the Management from audited consolidated financial statements of the Company as at and for the year ended March 31, 2018 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules as amended from time to time (referred to as Indian GAAP) which have been approved by the Board at their meeting held on May 03, 2018 on which the predecessor auditor had issued an unmodified auditor's report to the shareholders dated May 03, 2018.
5. We have audited the Special Purpose Consolidated Financial Information of the Group for the year ended March 31, 2018 prepared by the Company in accordance with the Indian GAAP for the limited purpose of complying with the requirement of getting its financial statements audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in relation to proposed Rights issue. We have issued our report dated August 7, 2018 on these Special Purpose Consolidated Financial Information to the Board of Directors who have approved these in their meeting held on August 7, 2018.

We did not audit the financial statements of certain subsidiaries as at and for the year ended March 31, 2018 (details furnished below) as considered in the Restated Consolidated Financial Information. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion on these Special Purpose Consolidated Financial Information, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such other auditors:

<b>Particulars</b>	<b>As at / for the year ended March 31, 2018 (Rs. millions)</b>
Total assets	0.40
Revenues	0.40
Net Cash Inflows	0.40

6. These other auditors, as mentioned in paragraph 5 have confirmed that the restated financial information of the subsidiaries for the period ended March 31, 2018:
  - a. do not require any adjustments as there are no change in accounting policies;
  - b. do not require any adjustments relating to material prior period amounts as subsidiaries are incorporated during the year ended March 31, 2018;
  - c. do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification requiring adjustments; and
  - d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the reports submitted by the other auditors, we report that the Restated Consolidated Financial Information:
  - a. have been prepared after incorporating adjustments for the changes in accounting policies retrospectively in the respective financial years to reflect the same accounting treatment as per the accounting policies followed as at and for the year ended March 31, 2018;
  - b. have been prepared after incorporating adjustments for the material amounts in the respective financial years to which they relate;
  - c. do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification

requiring adjustments; and

- d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of predecessor / other auditors' reports mentioned in paragraph 4 above on the audited consolidated financial statements.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by the predecessor / other auditors', nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update the predecessor / other auditors' report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the Management for inclusion in the DLOF to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies, New Delhi in connection with the proposed offer of rights shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Kalpesh J. Mehta  
Partner  
Membership No. 48791

Place: Mumbai  
Date: August 7, 2018

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure I - Restated Consolidated Summary Statement of Assets and Liabilities**  
*(All figures are ₹ in millions, except otherwise stated)*

Particulars	Notes to Annexure IV	As at March 31st 2018
<b>I. EQUITY AND LIABILITIES</b>		
<b>(1) Shareholders' funds</b>		
(a) Share capital	3	35.03
(b) Reserves and surplus	4	32.38
		67.41
<b>(2) Advance towards share application money</b>	3 (d)	1,250.00
<b>(3) Non-current liabilities</b>		
(a) Long-term borrowings	5	70.00
(b) Other long term liabilities	6	5.53
(c) Long-term provisions	7	0.52
		76.05
<b>(4) Current liabilities</b>		
(a) Other current liabilities	6	144.64
(b) Short term provisions	7	4.89
		149.53
<b>Total</b>		<b>1,542.99</b>
<b>II. ASSETS</b>		
<b>(1) Non-current assets</b>		
(a) Fixed assets	8	
(i) Tangible assets		83.00
(ii) Intangible assets		0.24
(iii) Capital work in progress		20.50
(iv) Intangible assets under development		3.03
(b) Deferred tax assets (net)	11	3.31
(c) Long-term loans and advances	9	115.65
		225.73
<b>(2) Current assets</b>		
(a) Trade receivables	12	3.24
(b) Cash and cash equivalents	13	318.92
(c) Short-term loans and advances	9	981.07
(d) Other current assets	10	14.03
		1,317.26
<b>Total</b>		<b>1,542.99</b>

The above Statement should be read with the Basis of Preparation and significant accounting policies appearing in Note 1 and 2 of Annexure IV and Consolidated Statement Of Material Adjustments To Audited Financial Statements given in Annexure V.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Registration No. : 117366W/W -100018

**For and on behalf of the board**  
**Capital India Finance Limited**

**Kalpesh J. Mehta**  
Partner  
Membership No. : 48791

**Keshav Porwal**  
Managing Director  
DIN : 06706341

**Amit Sahai Kulshreshtha**  
Director  
DIN : 07869849

Place: Mumbai  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure II - Restated Consolidated Summary Statement of Profit and Loss**  
*(All figures are ₹ in millions, except otherwise stated)*

Particulars	Notes to Annexure IV	Year ended March 31st 2018
I. Revenue from operation	14	260.46
<b>II. Total revenue</b>		<b>260.46</b>
<b>III. Expenses</b>		
Employee benefit expenses	15	35.09
Finance costs	16	103.65
Depreciation & amortisation expense	8	4.29
Other expenses	17	73.09
<b>Total expenses</b>		<b>216.12</b>
<b>IV. Restated Profit before tax (I-III)</b>		<b>44.34</b>
<b>V. Tax expense</b>		
(1) Current tax		19.77
(2) Deferred tax		(3.31)
<b>VI. Restated Profit for the year (IV-V)</b>		<b>27.88</b>

**Earnings per equity share**

Basic and diluted earning per equity share (in ₹)  
[face value ₹ 10 each]

18

7.96

The above Statement should be read with the Basis of Preparation and significant accounting policies appearing in Note 1 and 2 of Annexure IV and Consolidated Statement Of Material Adjustments To Audited Financial Statements given in Annexure V.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration No. : 117366W/W -100018

**For and on behalf of the board**

**Capital India Finance Limited**

**Kalpesh J. Mehta**

Partner

Membership No. : 48791

Place: Mumbai

Date: August 7, 2018

**Keshav Porwal**

Managing Director

DIN : 06706341

Place: New Delhi

Date: August 7, 2018

**Amit Sahai Kulshreshtha**

Director

DIN : 07869849

Place: New Delhi

Date: August 7, 2018



**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure III - Restated Consolidated Summary Statement of Cash Flows**  
*(All figures are ₹ in millions, except otherwise stated)*

PARTICULARS	Year ended March 31st 2018
<b>A) CASH FROM OPERATING ACTIVITIES:</b>	
Restated profit before tax	44.34
<b>Adjustments for :</b>	
Depreciation and amortisation	4.29
Provision for employee benefits	1.25
Provision for standard assets	1.04
<b>Operating profit before working capital changes</b>	<b>50.92</b>
Adjustments for changes in working capital :	
(Increase) in loans and advances	(197.28)
(Increase) in bank deposits (having original maturity of more than 3 months)	(100.00)
Decrease in trade receivables	0.79
Increase in other long term liabilities	5.53
Decrease in other current assets	1.43
Increase in other current liabilities	125.97
<b>Cash (used in) operations</b>	<b>(112.64)</b>
Income tax paid	(25.47)
<b>Net Cash (used in) operating activities (A)</b>	<b>(138.11)</b>
<b>B) CASH FROM INVESTING ACTIVITIES:</b>	
Purchase of fixed assets	(111.05)
Capital advance given	(9.51)
<b>Net Cash (used in ) investing activities (B)</b>	<b>(120.56)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from share application money pending allotment	1,250.00
Proceeds from short term borrowings	400.10
Repayment of long term borrowings	(1,306.80)
Repayment of short term borrowings	(400.10)
<b>Net cash (used in ) financing activities (C)</b>	<b>(56.80)</b>
<b>D) Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(315.47)</b>
<b>E) Cash and cash equivalents as at the beginning of the year</b>	<b>534.39</b>
<b>F) Cash and cash equivalents as at the end of the year</b>	<b>218.92</b>

**Cash and cash equivalents comprises:**

Particulars	As at March 31st, 2018
Cash in hand	0.01
Cheques in hand	2.50
Balances with banks	
- in current accounts	3.41
- in deposit accounts	213.00
	<b>218.92</b>

The above Statement should be read with the Basis of Preparation and significant accounting policies appearing in Note 1 and 2 of Annexure IV and Consolidated Statement Of Material Adjustments To Audited Financial Statements given in Annexure V.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration No. : 117366W/W -100018

**Kalpesh J. Mehta**

Partner

Membership No. : 48791

Place: Mumbai

Date: August 7, 2018

**For and on behalf of the board**

**Capital India Finance Limited**

**Keshav Porwal**

Managing Director

DIN : 06706341

Place: New Delhi

Date: August 7, 2018

**Amit Sahai Kulshreshtha**

Director

DIN : 07869849

Place: New Delhi

Date: August 7, 2018

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**

(All figures are ₹ in millions, except otherwise stated)

**1 Basis of preparation & Consolidation**

The Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at March 31st, 2018 and Restated Consolidated Summary Statement of Profit and Loss and Restated Consolidated Summary Statement of Cash Flows for the years ended March 31st, 2018 [collectively referred to as the ('Restated Consolidated Financial Information')] have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with the relevant provisions of the Act, as applicable and as per the guidelines issued by the RBI as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulations'). The notified Accounting Standards (AS) is followed by the Group in so far as they are not inconsistent with the NBFC Regulations. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the standalone financial statements of the previous years.

These Restated Consolidated Financial information have been prepared to comply in all material respects with the requirements of Section 26 of the Act and the SEBI Regulations 2009, as amended from time to time. The Act and the SEBI Regulations require the information to be disclosed in respect of the assets and liabilities and profit and loss of the Group for the consolidated financial year immediately preceding the issue of the Prospectus.

**Principles of consolidation**

- a) The Restated Consolidated Financial Information is prepared in accordance with AS - 21 on "Consolidated Financial Statements" notified under Section 133 of the Companies Act, 2013 (the 'Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules 2016. The financial statements of these group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of Inter Company transactions are eliminated on consolidation.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The Restated Consolidated Financial Information are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the Restated Consolidated Financial Information and are presented in the same manner as the Group's restated standalone financial information.

- b) The subsidiary companies considered in the presentation of the restated consolidated financial information are:

<b>Particulars</b>	<b>Country of incorporation</b>	<b>Proportion of ownership interest as on 31 March 2018</b>	<b>Proportion of ownership interest as on 31 March 2017</b>	<b>Financial year ends on</b>
Capital India Home Loans Limited	India	100%	-	31 March
Capital India Asset Management Private Limited	India	100%	-	31 March
Capital India Wealth Management Private Limited	India	100%	-	31 March
CIFL Holding Private Limited	India	100%	-	31 March
CIFL Investment Manager Private Limited	India	100%	-	31 March

**2 Significant accounting policies**

**2.1 Use of Estimates**

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles ('GAAP') requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

**2.2 Operating cycle**

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure-IV . Notes To Restated Consolidated Financial Information**

(All figures are ₹ in millions, except otherwise stated)

**2 Significant accounting policies (Continued)**

**2.3 Fixed assets, depreciation and amortisation**

*Tangible fixed assets*

- a) Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and / or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. Tangible fixed assets under construction are disclosed as capital work-in-progress.

*Acquired intangible assets*

- b) Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

*Leasehold improvements*

- c) Leasehold improvement includes all expenditure incurred on the leasehold premises that have future economic benefits. Leasehold improvements are written off over the period of lease.

*Depreciation and amortization*

- d) Depreciation / amortisation is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the 2013 Act have been considered as useful life for tangible assets. Acquired intangible assets are amortised over a period as per management estimates of their useful life. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

<b>Tangible fixed assets</b>	<b>Estimated useful life</b>
Computers & Printers	3 Years
Furniture & Fixtures	10 Years
Leasehold Improvements	5 Years
Office Equipments	5 Years

**Acquired intangible assets**

Computer software	3 Years
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- e) Depreciation is provided on a pro-rata basis i.e. from the month in which asset is ready for use. Individual assets costing less than or equals to Rs. 5,000 are depreciated in full, in the year of purchase. Depreciation on assets sold during the year is recognized on a pro-rata basis in the statement of profit and loss up to the month prior to the month in which the assets have been disposed off.

*Gains / losses on disposal of assets*

- f) Losses arising from retirement or gains or losses arising from disposal of tangible and intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss.

**2.4 Impairment of assets**

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

**2.5 Leases**

Assets acquired under lease other than finance lease are classified as operating lease. The total lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term (in accordance with AS-19 'Leases' as prescribed by Companies (Accounting Standards) Rules, 2006).

**2.6 Loans**

Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure-IV . Notes To Restated Consolidated Financial Information**

*(All figures are ₹ in millions, except otherwise stated)*

**2 Significant accounting policies (Continued)**

**2.7 Provisioning/ Write-off on assets**

*Provisioning/ Write-off on overdue assets*

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

*Provision on standard assets*

Provision on standard assets has been made @ 0.40% which is in accordance with Reserve Bank of India ('RBI') guidelines.

**2.8 Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non current investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Non current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**2.9 Revenue recognition**

Revenue is recognized on accrual basis, when no significant uncertainty as to determination or realization exists.

Interest income is recognised on time proportionate basis. In case of non performing assets, interest income is recognised on receipt basis as per NBFC prudential norms. Penal interest is recognised on receipt basis.

Fee income is recognised on an accrual basis on completion of services as enumerated in the milestones specified in the mandate letters.

Upfront/processing fees is recognised as income as per terms mentioned in loan agreement

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized on receipt basis in accordance with the NBFC Regulation.

**2.10 Retirement and other employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits include salary, bonus, allowances and compensated absences. The undiscounted amount of short term employee benefits expected to be paid in exchange for the service rendered by the employees is recognised as an expense as the service is rendered by the employees.

The Group operates defined benefit plans for its employees pertaining to gratuity liability. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for this defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure-IV . Notes To Restated Consolidated Financial Information**

*(All figures are ₹ in millions, except otherwise stated)*

**2 Significant accounting policies (Continued)**

**2.11 Borrowing costs**

Borrowing costs consists of interest and other cost that an entity incurs in connection with borrowing of funds. Borrowing costs are recognized as an expense in the period in which these are incurred.

**2.12 Share issue expenses**

Share issue expenses related to issuance of equity are debited against securities premium account in accordance with the provisions of Section 52 of the Companies Act, 2013.

**2.13 Foreign currency transactions**

Foreign exchange transactions are recorded the spot rate on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the period.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss.

Non monetary assets and liabilities are carried at historical cost using exchange rates as on the date of the respective transactions.

**2.14 Taxation**

Income tax expense comprises current tax including minimum alternate tax ("MAT") (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized to the extent there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

MAT paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax in future years and is recognized as tax credit in statement of profit and loss.

**2.15 Provisions and contingencies**

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**2.16 Earnings per share**

The basic earnings per share is computed by dividing the net profit / loss after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**2.17 Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

**3 Restated consolidated summary statement of share capital**

	As at	
	March 31st 2018	
	Number	Amount
<b>Authorised share capital</b>		
Equity shares of Rs. 10 each	20,40,00,000	2,040.00
Preference shares of Rs. 10 each	1,00,00,000	100.00
	<b>21,40,00,000</b>	<b>2,140.00</b>
<b>Issued, subscribed and fully paid up</b>		
Equity shares of Rs. 10 each	35,02,700	35.03
<b>Total issued, subscribed and fully paid up share capital</b>	<b>35,02,700</b>	<b>35.03</b>

**a. Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting period:**

	As at	
	March 31st 2018	
	Number	Amount
At the beginning of the year	35,02,700	35.03
Add : Allotment during the year	-	-
<b>Outstanding at the end of the year</b>	<b>35,02,700</b>	<b>35.03</b>

**b. Terms and rights attached to fully paid up equity shares:**

The Company has only one type of equity shares having par value of Rs. 10 each. All shares rank pari passu with respect to dividend, voting rights and other terms. Each shareholder is entitled to one vote per share. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their holdings.

**c. Shares in the Company held by each shareholder holding more than 5% shares**

	As at	
	March 31st 2018	
	Number	%
Equity shares of Rs. 10 each		
Capital India Corp LLP <i>(formerly known as Trident Holding LLP)</i>	22,32,300	63.73%
Dharampal Satyapal Limited	3,97,800	11.36%
<b>Total</b>	<b>26,30,100</b>	<b>75.09%</b>

**d. Advance towards share application money**

The Company has received an amount of Rs. 1250 millions from Capital India Corp LLP as advance against share application money towards its entitlement under the proposed Rights Issue of the Company. The said advance money is free of any interest and would be utilized for the objects of the proposed Rights issue. Any amount which shall be in excess or shortage towards actual entitlement shall be adjusted or refunded from the final offer of the proposed Rights Issue.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

	<b>As at March 31st 2018</b>
<b>4 Restated consolidated summary statement of reserves and surplus</b>	
<b>a) General reserve</b>	
Opening balance as per last financial statements of standalone entity	0.18
Add : Transfer during the year	-
<b>Total</b>	<b>0.18</b>
<b>b) Statutory Reserve under Section 45-IC of the RBI Act, 1934</b>	
Opening balance as per last financial statements of standalone entity	1.68
Add : Transfer during the year	5.90
<b>Total</b>	<b>7.58</b>
<b>c) Surplus in the statement of profit and loss</b>	
Opening balance as per last financial statements of standalone entity	2.64
Add : Restated Profit for the year	27.88
	30.52
Less : Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	5.90
<b>Net Surplus in the statement of profit and loss</b>	<b>24.62</b>
<b>Total reserves and surplus</b>	<b>32.38</b>

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

		As at	
		March 31st 2018	
		Non-current	Current
<b>5</b>	<b>Restated consolidated summary statement of borrowings</b>		
	<b>Unsecured</b>		
	From corporates (Inter-corporate deposits)	70.00	-
		<b>70.00</b>	<b>-</b>
	<b>Additional information:</b>		
	<u>Details of Unsecured borrowings from Corporates:</u>		
	- Inter corporate deposits of Rs. 70 millions is raised at an interest rate of 8% and repayable on 16 February, 2022		
	- Inter corporate deposits of Rs. 400 millions is raised at an interest rate of 10% and repayable on demand. The same has been repaid during the year.		
<b>6</b>	<b>Restated consolidated summary statement of other liabilities</b>		
	Interest accrued but not due on borrowings	5.53	-
	Book overdraft	-	110.53
	Rent equalisation reserve	-	6.04
	Statutory dues payable	-	22.36
	Creditors for capital goods	-	2.29
	Other payables	-	3.42
		<b>5.53</b>	<b>144.64</b>
<b>7</b>	<b>Restated consolidated summary statement of provisions</b>		
	Provision for employee benefits		
	- Gratuity	0.13	-
	- Compensated absence	-	1.12
	Provision for standard assets	0.39	3.77
		<b>0.52</b>	<b>4.89</b>



**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

**8 Restated consolidated summary statement of fixed assets**

Particulars	Gross block (at cost)				Accumulated depreciation / amortisation				Net block
	As at April 1st, 2017	Additions during the year	Sales during the year	As at March 31st, 2018	As at April 1st, 2017	Depreciation for the year	Adjustments during the year	As at March 31st, 2018	As at March 31st, 2018
<b>Tangible assets</b>									
Computer	-	3.76	-	3.76	-	0.36	-	0.36	3.40
Office equipment	-	7.19	-	7.19	-	0.30	-	0.30	6.89
Furniture & fixtures	-	44.05	-	44.05	-	1.46	-	1.46	42.59
Leasehold improvements	-	32.27	-	32.27	-	2.15	-	2.15	30.12
<b>Total tangible assets</b>	-	<b>87.27</b>	-	<b>87.27</b>	-	<b>4.27</b>	-	<b>4.27</b>	<b>83.00</b>
<b>Intangible assets</b>									
Computer softwares	-	0.26	-	0.26	-	0.02	-	0.02	0.24
<b>Total intangible assets</b>	-	<b>0.26</b>	-	<b>0.26</b>	-	<b>0.02</b>	-	<b>0.02</b>	<b>0.24</b>
<b>Grand total</b>	-	<b>87.53</b>	-	<b>87.53</b>	-	<b>4.29</b>	-	<b>4.29</b>	<b>83.24</b>
Capital work in Progress	-	20.50	-	20.50	-	-	-	-	20.50
Intangible assets under development	-	3.03	-	3.03	-	-	-	-	3.03

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

	As at	
	March 31st 2018	
	Non-current	Current
<b>9 Restated consolidated summary statement of loans and advances</b>		
<i>(Secured, considered good)</i>		
Loans and advances relating to financing activity	97.22	832.22
<i>(Unsecured, considered good)</i>		
Loans and advances relating to financing activity	-	110.00
<u>Other loans and advances</u>		
- Advances to related parties (Refer note 23)	-	2.00
- Advance to employees	-	1.92
- Advances to suppliers	-	13.76
- Security deposits	18.43	-
- Balances with statutory authorities	-	0.64
- Advance taxes (net of provision for tax)	-	12.63
- Prepaid expenses	-	7.90
	<b>115.65</b>	<b>981.07</b>
<b>10 Restated consolidated summary statement of other assets</b>		
Interest accrued and due	-	12.15
Interest accrued but not due	-	1.88
	<b>-</b>	<b>14.03</b>

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

	<u>As at</u> <u>March 31st 2018</u>
<b>11 Restated consolidated summary statement of deferred tax assets</b>	
<b>Deferred tax asset comprises of:</b>	
Provision for standard assets	1.15
Provision for employee benefits	0.35
Rent equalisation reserve	1.66
Others	0.50
<b>Deferred tax liability comprises of:</b>	
Depreciation on fixed assets	(0.35)
<b>Deferred tax assets (Net)</b>	<u><u>3.31</u></u>
<b>12 Restated consolidated summary statement of trade receivables</b>	
<i>(Unsecured, considered good)</i>	
Outstanding for a period exceeding six months from the date they are due for payment	-
Other receivables	3.24
	<u><u>3.24</u></u>
<b>13 Restated consolidated summary statement of cash and bank balances</b>	
<b>Cash and cash equivalents</b>	
Cash on hand	0.01
Balances with banks	
- in current accounts	3.41
- in fixed deposits with original maturity less than 3 months	213.00
Cheques in hand	2.50
	<u>218.92</u>
<b>Other bank balances</b>	
- Short term deposits with banks	100.00
(Other bank deposits with maturity less than 12 months)	
	<u><u>318.92</u></u>

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**  
*(All figures are ₹ in millions, except otherwise stated)*

	<b>Year ended March 31st 2018</b>
<b>14 Restated consolidated summary statement of revenue from operation</b>	
Interest income	144.46
Fee income	116.00
	<b>260.46</b>
<b>15 Restated consolidated summary statement of employee benefit expense</b>	
Salaries, wages and bonus	33.38
Contribution to provident and other funds	1.15
Staff welfare	0.56
	<b>35.09</b>
<b>16 Restated consolidated summary statement of finance costs</b>	
Interest expenses	103.60
Bank charges	0.05
	<b>103.65</b>
<b>17 Restated consolidated summary statement of other expenses</b>	
Rent	14.51
Rate, fee & taxes	21.27
Reversal of GST credit	12.84
Repairs & maintenance - others	2.10
Office expenses	3.17
Electricity charges	0.50
Communication expenses	0.47
Printing & stationery	0.77
Insurance	0.23
Membership & subscription	1.07
Travelling & conveyance	6.10
Advertisement, marketing & business promotion expenses	1.48
<u>Auditor's remuneration</u>	
- Audit fees	0.14
- Certification	0.02
- Other services	0.13
Legal & professional charges	4.52
Listing fee	0.30
Directors sitting fees	0.90
Provisions for standard assets	1.04
Miscellaneous expenses	1.53
	<b>73.09</b>
<b>18 Restated consolidated summary statement of earnings per share</b>	
Restated profit for the year (₹)	27.88
Weighted average number of equity shares outstanding during the year	35,02,700
Nominal value of an equity share (₹)	10
<b>Basic and diluted earnings per share (in ₹)</b>	<b>7.96</b>

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**  
**Annexure-IV . Notes To Restated Consolidated Financial Information**

(All figures are ₹ in millions, except otherwise stated)

**19 Restated consolidated summary statement of contingent liabilities**

There are no contingent liabilities as on 31 March 2018.

There were no pending litigations which would impact the financial position of the group.

There are no long-term contracts including derivative contracts for which there were any material foreseeable losses.

**20 Restated consolidated summary statement of capital & other commitments**

- Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for as at 31 March 2018 is Rs.22.81 millions

- Other commitments pertaining to undrawn committed loans as on 31 March 2018 is Rs. 70.77 millions

**21 Restated consolidated summary statement of segment information**

The Group operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under Section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Housing Finance business has not yet commenced as registration with National Housing Board is pending. The Group operates in a single geographical segment i.e. domestic.

**22 Restated consolidated summary statement of operating Lease**

The registered office and corporate office are taken on operating lease. The corporate office premises has a non-cancellable lease for 60 months with an escalation clause of 15% after 36 months. The registered office premises are rented on non-cancellable lease for 36 months without an escalation clause. There are no subleases. Lease payments during the year are charged to statement of profit and loss.

Description	March 31st 2018
Operating lease payments recognized during the year	14.51
<b>Minimum Lease Obligations</b>	
Not later than one year	48.09
Later than one year but not later than five years	145.39
Later than five years	-

**23 Restated consolidated summary statement of related party disclosures**

Disclosures as required by the Accounting Standard 18 (AS – 18) "Related Party Disclosures" are given below :

(i) Names of related parties with whom transactions have taken place during the year and description of relationship:

Name of the related party	Nature of relationship
Sainik Mining and Allied Services Limited	Enterprise having significant influence (Upto 11 December 2017)
Capital India Corp LLP	Enterprise where key management personnel exercise significant influence
Sahyog Homes Limited	Enterprise where key management personnel exercise significant influence
Mr. Keshav Porwal	Managing Director (W.e.f. 27 November 2017)
Mr. Amit Sahai Kulshreshtha	Executive Director (W.e.f. 27 November 2017)
Mr. Vineet Kumar Saxena	Executive Director & CEO of Capital India Home Loans Ltd. (W.e.f. 20 December 2017)

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**

**Annexure-IV . Notes To Restated Consolidated Financial Information**

(All figures are ₹ in millions, except otherwise stated)

(ii) Details of transaction with related parties mentioned in (i) above are as follows:

Nature of the Transaction	Enterprise having significant influence	Enterprise where key management personnel exercise significant influence		Key Managerial Personnel		
	Sainik Mining and Allied Services Limited	Capital India Corp LLP	Sahyog Homes Limited	Mr. Keshav Porwal	Mr. Amit Sahai Kulshreshtha	Mr. Vineet Kumar Saxena
	March 31st, 2018	March 31st, 2018	March 31st, 2018	March 31st, 2018	March 31st, 2018	March 31st, 2018
<b>Transactions during the year</b>						
Interest income	2.46	-	12.52	-	-	-
Interest expense	-	5.28	-	-	-	-
Reimbursement of expenses	-	-	2.01	-	-	-
Remuneration paid	-	-	-	3.79	3.63	3.46
Share application money	-	1,250.00	-	-	-	-
ICD taken#	-	150.00	-	-	-	-
ICD repaid	-	150.00	-	-	-	-
Loan taken	-	-	-	0.05	-	-
Loan repaid	-	-	-	0.05	-	-
Inter Corporate deposits given#	30.00	-	303.00	-	-	-
Inter Corporate deposits received back	30.00	-	303.00	-	-	-
<b>Closing balances</b>						
Share application money	-	1,250.00	-	-	-	-
Receivable/ (payable)	-	-	2.01	-	-	-

# Maximum loan given / taken at any time during the year

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**

**Annexure-IV . Notes To Restated Consolidated Financial Information**

(All figures are ₹ in millions, except otherwise stated)

**24 Restated consolidated summary statement of employee benefit**

Defined Contribution Plan

The Group has recognized Rs. 1.02 mn in Statement of Profit and Loss under Group's Contribution to Provident Fund.

Defined Benefit Plan

The Group has a defined benefit gratuity plan, under which every employee who has completed atleast five years of service gets a gratuity on departure @15 days of last drawn basic salary for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity plan.

	<b>March 31st, 2018</b>				
<b>Statement of profit and loss</b>					
<b>Net employee benefit expense recognized in the employee cost</b>					
Current service cost	0.14				
Interest cost on benefit obligation	-				
Expected return on plan assets	-				
Net actuarial (gain) / loss recognized in the year	-				
Amount not recognized as asset	-				
Gratuity expense	0.14				
Actual return on plan assets	-				
<b>Balance sheet</b>					
<b>Benefit asset/ liability</b>					
Present value of defined benefit obligation	0.14				
Fair value of plan assets	-				
Less: Amount not recognize as asset	-				
<b>Plan (asset) / liability</b>	<b>0.14</b>				
<b>Changes in the present value of defined benefit obligation are as follows</b>					
Opening defined benefit obligation	-				
Current service cost	0.14				
Interest cost	-				
Past service cost	-				
Benefits paid	-				
Actuarial (gains)/ losses on obligation	-				
Closing defined benefit obligation	0.14				
<b>The principal assumptions used in determining gratuity liability for the company is shown below:</b>					
Discount rate	7.58%				
Expected rate of return on assets	NA				
Employee turnover	5.00%				
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.	5.00%				
<b>Amounts for the Current and previous four years are as follows:</b>					
	<b>March 31st, 2018</b>	<b>March 31st, 2017</b>	<b>March 31st, 2016</b>	<b>March 31st, 2015</b>	<b>March 31st, 2014</b>
Defined benefit obligation	0.14	-	-	-	-
Plan Assets	-	-	-	-	-
Surplus / (deficit)	-	-	-	-	-
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Notes:

Since the gratuity plan of the Company is not funded, the disclosure regarding change in fair value of plan assets and categories of plan assets are not required.

**Capital India Finance Limited (Formerly known as BhilwaraTex-Fin Limited)**

**Annexure-IV . Notes To Restated Consolidated Financial Information**

*(All figures are ₹ in millions, except otherwise stated)*

- 25** The Board of Directors have recommended dividend of Rs 1.00 per share (10%) on each equity share having face value of Rs. 10/- each aggregating to Rs. 3.50 millions. The proposed equity dividend and dividend distribution tax thereon are not accounted as liabilities in fiscal 2017-18 in accordance with revised AS-4 "Contingencies and events occurring after balance sheet date."
- 26** The Group has prepared a separate set of Consolidated financial statements as at and for the year ended March 31, 2018 in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 on which the predecessor auditor, M/s Divyank Khullar & Associates had issued an unmodified auditor's report to the shareholders dated May 3, 2018.



**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**

**Annexure : V - (A) Consolidated Statement Of Material Adjustments To Audited Financial Statements**

*(All figures are ₹ in millions, except otherwise stated)*

<b>Particulars</b>	<b>For the year ended March 31st, 2018</b>
Net Profit as per Audited Consolidated Financial Statements	27.88
Adjustments on account of:	-
<b>Profit as per Restated Consolidated Financial Statements after Adjustments</b>	<b>27.88</b>

**(B) Reconciliation of surplus in the statement of Profit & Loss**

*(All figures are ₹ in millions, except otherwise stated)*

<b>Particulars</b>	<b>As at March 31st, 2018</b>
Surplus in the statement of Profit & Loss as per audited Consolidated Financial Statement	24.62
Adjustments:	-
<b>Surplus in the Statement of Profit &amp; Loss as per restated consolidated financial information</b>	<b>24.62</b>

**For and on behalf of the board  
Capital India Finance Limited**

**Keshav Porwal**  
Managing Director  
DIN : 06706341

**Amit Sahai Kulshreshtha**  
Director  
DIN : 07869849

Place: New Delhi  
Date: August 7, 2018

Place: New Delhi  
Date: August 7, 2018

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**  
**Annexure :VI Restated Consolidated Summary Statement Of Accounting Ratios**  
*(All figures are ₹ in millions, except otherwise stated)*

Particulars	Reference	For the year ended
		March 31st, 2018
Basis for computation of Accounting Ratios		
Restated Profit after tax (A) (Refer Annexure II)	A	27.88
Restated Net profit attributable to equity shareholders for calculation of basic & diluted earnings per share	B	27.88
Weighted average number of Equity Shares outstanding during the year for calculating basic earnings per share (Refer Note)	C	35,02,700
Weighted average number of Equity Shares outstanding during the year for calculating diluted earnings per share (Refer Note)	D	35,02,700
Equity share capital	E	35.03
Reserves and surplus	F	32.38
Net worth (E + F)	G	67.41
Net asset value	H	67.41
Number of equity shares outstanding at the end of the year (Refer Note)	I	35,02,700
<b>Accounting Ratios</b>		
Basic earnings per share (Rs.) (A / C)	J	7.96
Diluted earnings per share (Rs.) (A / D)	K	7.96
Return on net worth % (A / G * 100)	L	41.36
Net asset value per equity share (Rs.) (H / I)	M	19.25

Notes: The above ratios are calculated as under:

a) Earnings per share = Restated Net profit after tax attributable to equity shareholders / weighted average number of shares outstanding during the year.

b) Return on net worth (%) = Restated Net profit after tax / net worth of the period or year.

Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve), as restated at the end of the year. The Company does not have any revaluation reserve.

c) Net asset value per equity share = Net worth / Total number of equity shares outstanding as at the end of the year.

**Capital India Finance Limited (formerly known as Bhilwara Tex-fin Limited)**  
**Annexure :VII Restated Consolidated Summary Statement of Capitalization**  
*(All figures are ₹ in millions, except otherwise stated)*

<b>Particulars</b>	<b>Pre-issue as at March 31st, 2018</b>	<b>Post Issue As Adjusted for issue</b>
Short-Term Debt	-	Refer Note 1 below
Long Term Debt	70.00	
<b>Shareholders Funds</b>		
Share Capital	35.03	
Reserves	32.38	
<b>Total Shareholders Funds</b>	<b>67.41</b>	
Long Term Debt/Equity	1.04	

Note:

1. The corresponding post Rights issue capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Rights issue process and hence the same have not been provided in the above statement.

**UNAUDITED STANDALONE INTERIM FINANCIAL INFORMATION**

*[Rest of the page intentionally left blank]*

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF**

**CAPITAL INDIA FINANCE LIMITED (FORMERLY KNOWN AS BHILWARA TEX-FIN LIMITED)**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **CAPITAL INDIA FINANCE LIMITED** (Formerly known as Bhilwara Tex-Fin Limited) ("the Company"), for the quarter ended June 30, 2018 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standard 25 for "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and Guidelines issued by the Reserve Bank of India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.



4. The comparative financial information of the Company for the quarter ended June 30, 2017 have been reviewed by M/s Nagar Goel & Chawla, on which they have expressed an unmodified conclusion vide their report dated August 10, 2017 as included in this Statement. The column for the quarter and year ended March 31, 2018, as included in this Statement, have been audited by M/s Divyank Khullar & Associates, on which they have expressed an unmodified opinion vide their report dated May 3, 2018.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Kalpesh J. Mehta  
Partner  
Membership No. 48791

Place: Mumbai  
Date: August 7, 2018

**CAPITAL INDIA FINANCE LIMITED**  
(Formerly known as Bhilwara Tex-Fin Limited)

Regd.off : 2nd floor, DLF Centre, Sansad Marg, New Delhi 110001, P.: 011-49546000

CIN: L74899DL1994PLC128577, Website : www.capitalindia.com , Email : secretarial@capitalindia.com

**Statement of Standalone Unaudited Financial Results for the quarter ended 30th June, 2018** (Rs. in Lakhs)

S.No.	Particulars	Quarter Ended			Year Ended
		30.06.2018 Unaudited	31.03.2018 Audited	30.06.2017 Unaudited	31.03.2018 Audited
I	Revenue from operation	686.47	1,185.69	414.34	2,570.89
II	Other income	50.94	0.01	-	0.01
III	<b>Total Income (I+II)</b>	<b>737.41</b>	<b>1,185.70</b>	<b>414.34</b>	<b>2,570.90</b>
IV	<b>Expenses</b>				
	Employee benefit expense	256.97	229.25	2.79	316.25
	Finance costs	51.70	211.88	311.58	1,036.47
	Depreciation and amortisation expense	51.47	32.51	-	42.92
	Rent	133.55	125.49	-	158.19
	Rate, fees & taxes	1.60	189.29	-	194.41
	Other expenses	115.53	304.44	4.63	358.11
	<b>Total Expenses (IV)</b>	<b>610.83</b>	<b>1,092.86</b>	<b>319.00</b>	<b>2,106.34</b>
V	<b>Profit before tax (III-IV)</b>	<b>126.58</b>	<b>92.84</b>	<b>95.34</b>	<b>464.56</b>
VI	Tax Expenses :				
	(1) Current Tax	29.57	105.91	-	197.73
	(2) Deferred Tax	5.37	(28.04)	-	(28.04)
VII	<b>Profit after tax (V-VI)</b>	<b>91.64</b>	<b>14.97</b>	<b>95.34</b>	<b>294.87</b>
VIII	Paid up equity share capital	4,318.57	350.27	350.27	350.27
IX	Reserves excluding revaluation reserve as per balance sheet of previous accounting year	-	-	-	339.92
X	Earnings per share (EPS)*				
	-Basic and diluted EPS (before Extraordinary items) (of Rs.10/- each)				
	(i) Basic (Rs.)	0.68	0.43	2.72	8.42
	(ii) Diluted (Rs.)	0.68	0.43	2.72	8.42

\*EPS for the quarters are not annualised

**Notes :-**

- The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 7, 2018.
- The auditors have carried out Limited Review of the financials results for the quarter ended 30.06.2018, as required under Regulation 33 of the SEBI ( listing obligation and Disclosure requirements) Regulation 2015.
- The main business of the Company is financing. As such there are no separate reportable segments as per the Accounting Standard (AS) - 17 'Segment Reporting' specified under Section 133 of the Companies Act 2013.
- During the current quarter, the shareholders of the Company has approved final dividend @ Re. 1 per share (10%) on each equity share having a face value of Rs. 10 each aggregating to Rs. 35.03 Lakhs in the annual general meeting held on June 2, 2018. The said dividend has also been paid during the quarter. The reservers disclosed as above are before distribution of this final dividend.
- During the current quarter, the Company has allotted 39,683,000 no. of equity shares of the face value of Rs.10 each on preferential basis through private placement, at a price of Rs. 63 each (including a premium of Rs.53 each).
- Figures for quarter ended 31st March 2018, are balancing figures between the audited figures for the financial year 2017-18 and the published year to date figures upto 3rd quarter of the financial year 2017-18.
- Previous periods'/years' figures have been regrouped wherever necessary.
- The comparative financial information of the Company for the quarter ended June 30, 2017 have been reviewed by M/s Nagar Goel & Chawla, on which they have expressed an unmodified conclusion vide their report dated August 10, 2017. The column for the quarter and year ended March 31, 2018, have been audited by M/s Divyank Khullar & Associates, on which they have expressed an unmodified opinion vide their report dated May 3, 2018.

By order of the Board  
Capital India Finance Limited

*Amit Sahai Kulshreshtha*

Amit Sahai Kulshreshtha  
Director & CEO  
DIN: 07869849

Place: New Delhi  
Date : August 7, 2018

## STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the BSE, where they are actively traded.

### Stock Market Data of the Equity Shares

The high, low and average closing prices recorded on the BSE during the last three calendar years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

Calendar Year	High (₹)	Date of High	Volume on date of High (number of equity shares)	Low (₹)	Date of Low	Volume on date of Low (number of equity shares)	Average price for the year (₹)
2017	33.85	19/12/2017	5	13.35	18/05/2017	11	8
2016	21.2	14/01/2016	44	16.95	01/08/2016	25	34.5
2015	31.95	30/07/2015	250	15.59	05/01/2015	1	23.7

### Prices for the last six month:

The total number of days of trading during the past six months from February 1, 2018 to July 31, 2018 is 67. The average volume of Equity Shares traded in the BSE was 758 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective dates on the BSE during the last six month is as follows:

Month	High(₹)*	Date of High	Volume on date of High(Number of Equity Shares)	Low(₹)*	Date of Low	Volume on date of Low (Number of Equity Shares)	Total Volume of Equity Shares Traded
July 2018	329.8	02/07/2018	26	264.35	26/07/2018	44	1417
June 2018	350.2	29/06/2018	1,322	142	01/06/2018	5101	19470
May 2018	137.4	31/05/2018	6074	52.1	02/05/2018	50	7970
April 2018	49.65	27/04/2018	1000	49.65	13/04/2018	4500	5500
March 2018	49.65	22/03/2018	1000	49.65	05/03/2018	1000	8500
February 2018	49.65	20/02/2018	500	49.65	05/02/2018	2400	7900

\* Based on high and low price.

### Assumptions:

1. During February 2018, March 2018 and April 2018 since the lowest and highest price of the Equity Shares remained the same during each of the months i.e. ₹ 49.65. Therefore, the first day of each month on which trading was done has been considered as the 'date of low' and the last day of such month has been taken as the 'date of high'.

The Board of our Company has approved the Issue at their meeting held on July 25, 2018. The high and low prices of our Company's shares as quoted on the BSE on July 26, 2018, the day on which the trading happened immediately following the date of the Board meeting is as follows:

Date	Volume (Nos.)	High(₹)	Low(₹)
July 26, 2018	44	264.35	264.35

The closing market price of our Equity Shares as on August 8, 2018, the trading day immediately prior to the date of this Draft Letter of Offer was ₹ 215.80 on the BSE.



## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion in conjunction with our Restated Standalone Financial Information as of and for the years ended March 31, 2018, 2017, 2016, 2015 and 2014, including the related annexures. The Restated Standalone Financial Information have been prepared in accordance with the Companies Act, Indian GAAP and restated as per the SEBI ICDR Regulations.*

*The Indian GAAP differs in certain material respect with IND AS, IFRS, and U.S.GAAP. The degree to which the Indian GAAP financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the "Risk Factors" on page 13.*

*In this section, unless the context otherwise requires, a reference to "we", "us", "our" or "the Company" is a reference to our Company.*

*Our Fiscal Year ends on March 31 of each year. Accordingly, all references to a particular Fiscal Year are to the 12 months ended March 31 of that year.*

### OVERVIEW

We are a non-banking finance company (“NBFC”) primarily focused in providing bespoke asset backed financing solutions to customers. While we have been in existence for over two decades, our current Promoter, Capital India Corp LLP, completed the acquisition of Equity Shares from our erstwhile promoter pursuant to the Capital India SPA and from our public shareholders through an open offer, in December, 2017. The new management took control in November 2017 and the new leadership has brought in significant changes in the senior management to efficiently anchor the Company and also made significant changes to the business outlook and the product portfolio of the Company.

The product portfolio offered by us can be broadly classified into real estate financing and structured financing. Our real estate financing primarily consists of Real Estate Project Finance, Loan Against Property, Lease Rental Discounting and Commercial Property Purchase Loan. Our offerings for structured financing solutions include funding for acquisition, expansion, buyouts, diversification, pre-IPO financing needs and promoter funding. For information on the products description, see “- *Product Portfolio*” on page 85.

Presently, we are a “Non-Systemically Important Non-Deposit taking NBFC”. As of March 31, 2018 our portfolio of loans and advances relating to financing activity was ₹ 1,039.44 million.

The following table provides the details of our broad product-wise AUM as at the end of the periods indicated:

Product	<i>(Amounts in ₹ million)</i>		
	March 31, 2016	Fiscal Year ended March 31, 2017	March 31, 2018
<b>Real Estate Financing</b>	-	730.00	380.21
<b>Structured Financing</b>	513.79	145.00	659.23
<b>Total</b>	513.79	875.00	1,039.44

Our business is operated from our Registered Office and Corporate Office. Our enterprise-wide loan management system, *OmniFin* (developed by AS Software Services Private Limited), which provides single platform operational support such as risk management, documentation management and customer service and consequently enabling us to focus our resources on delivering quality services to our customers. For details see “- *Information Technology*” on page 93.

Our total revenue in the Fiscal Years 2016, 2017 and 2018 was ₹ 75.43 million, ₹ 87.83 million and ₹ 257.09 million, respectively. Our profit after tax in the Fiscal Years 2016, 2017 and 2018 was ₹ 2.22 million, ₹ 2.35 million and ₹ 29.49 million, respectively. Between Fiscal Years 2016 and 2018, our total credit exposure and total revenue grew at a CAGR 42% and 85%, respectively. Our average cost of borrowings in the Fiscal Years 2016, 2017 and 2018 was 14.24%, 13.11% and 10.20%, respectively. Our interest income for Fiscal Years 2016, 2017 and 2018 was ₹ 75.37 million, ₹ 83.32 million and ₹ 141.09 million, respectively

## **PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

We are a NBFC primarily engaged/focused in providing bespoke asset backed financing solutions to customers. We also generate additional income from services we provide as part of our financing products to supplement interest income. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant impact on our results of operations:

### ***Growth of our lending business***

We have identified our lending business as our key focus areas to expand our presence in the financial sector. We are well placed to expand our lending business, through the acquisition of new customers, providing a convenient experience to customers and offering differentiated solutions to meet the specific needs of particular customer.

As part of our strategy to focus on our lending business, we intend to provide customized loan products and evaluate other financing opportunities. We are confident that customer service initiatives coupled with the use of technology will allow us to increase our presence in the lending market and secure both new and repeat business in our lending operations. That said, growth prospects in the lending business can be affected by a wide variety of factors including competition from other lenders, regulatory limitations on the products we can offer and markets we can serve, changes in access to adequate financing, increasingly sophisticated fraudulent borrowing and online theft and fluctuations in the credit markets and demand for credit. An inability to scale up our infrastructure and management to meet the challenges associated with expanding our lending business could cause disruptions to our operations and adversely affect our results of operations and financial condition. For further details, please refer to the "Risk Factors" on page 13.

### ***Interest rate volatility***

As we grow our lending business, changes in interest rates are expected to have significant impact on our business and operations. Finance costs are dependent on various external factors, including Indian and global credit markets and, in particular, interest rate movements and adequate liquidity in the debt markets. Changes in RBI repo rates could affect the interest charged on interest-earning assets and the interest rates paid on interest-bearing liabilities. Adverse conditions in the global and Indian economy resulting from economic dislocations or liquidity disruptions may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates.

Interest rates have a substantial effect on our cost of funding, our business volumes and our profit margins. Declining interest rates may lead to increased prepayments and repricing of our loans as borrowers seek to take advantage of the more attractive interest rate environment to reduce their borrowing costs. Declining interest rates may also lead to a greater demand for additional borrowings as business owners seek to take advantage of lower interest rates, resulting in an increase in volume of lending business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new funds, resulting in a decrease in volume of our financing activities. In a rising interest rate scenario, our profit margins are therefore primarily dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. In addition, changes in interest rates also affect the interest rates we pay on our interest-bearing liabilities. Varying maturity periods applicable to our interest-bearing assets and interest-bearing liabilities and a consequent change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our interest income from our lending business.

### ***Availability of cost effective funding sources***

The availability of cost-effective funding sources significantly affects our results of operations. Our funding requirements are predominantly sourced through infusion of capital and loans from lenders. We are in the process of establishing relationships with various banks and lenders which would provide us ease of access and help in arranging sufficient term loans and working capital lines. Good relationships with public/private sector banking institutions will improve our credibility and provides ease of access to funds from such institutions at relatively lower costs. Our ability to maintain our finance costs at optimum levels will continue to have a direct impact on our profitability, results of operations and financial condition.

#### ***Credit quality, provisions and write-offs***

Our NPA level is dependent upon our credit appraisal processes, internal process of evaluation of collateral, monitoring and recovery mechanism. The credit quality of our loans directly affects our results of operations, as the quality of our loan portfolio determines our ability to reduce the risk of losses from loan impairment. With the growth of our business, our ability to manage the credit quality of our loans will be a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs. We maintain credit quality based on verification of risk profile of borrower, source of repayment and the underlying collateral.

#### ***Macroeconomic Factors***

As an NBFC operating in India, our financial performance may be impacted by the overall economic conditions in India, including the GDP growth rate and related government policies. Further, our financial results may be influenced by macroeconomic factors relating to growth of the Indian economy in general and the financial services industry in particular. We are also vulnerable to volatility in interest rates in India and regulatory changes applicable to NBFCs. Our business is subject to various other risks and uncertainties, including those discussed in “*Risk Factors*” on page 13. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates, could have an adverse impact on our business.

#### ***Competition in our industry***

The NBFC industry in India is characterized by high level of competition. The main competitive factors are product range, product customization, speed of loan approval, interest rate, reputation and customer relationships. We face our most significant organized competition from banks and other NBFCs who may have better access to and lower cost of funding than we do. They may also have better brand name and much larger customer base than us. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors or build our brand amongst our target customer segment, we may lose existing as well as potential customers to our competitors, which may adversely impact our revenue and profitability.

### **SIGNIFICANT ACCOUNTING POLICIES**

#### ***Fixed assets, depreciation and amortization***

##### ***Tangible fixed assets***

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and / or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates. Tangible fixed assets under construction are disclosed as capital work-in-progress.

##### ***Acquired intangible assets***

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

### *Leasehold improvements*

Leasehold improvement includes all expenditure incurred on the leasehold premises that have future economic benefits. Leasehold improvements are written off over the period of lease.

### *Depreciation and amortization*

Depreciation / amortization is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the 2013 Act have been considered as useful life for tangible assets. Acquired intangible assets are amortized over a period as per management estimates of their useful life. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

<b>Tangible fixed assets</b>	<b>Estimated useful life</b>
Computers & Printers	3 Years
Furniture & Fixtures	10 Years
Leasehold Improvements	5 Years
Office Equipments	5 Years

### **Acquired intangible assets**

Computer software            3 Years

Depreciation is provided on a pro-rata basis i.e. from the month in which asset is ready for use. Individual assets costing less than or equals to ₹ 5,000 are depreciated in full, in the year of purchase. Depreciation on assets sold during the year is recognized on a pro-rata basis in the statement of profit and loss up to the month prior to the month in which the assets have been disposed off.

### *Gains / losses on disposal of assets*

Losses arising from retirement or gains or losses arising from disposal of tangible and intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.

### *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### *Leases*

Assets acquired under lease other than finance lease are classified as operating lease. The total lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term (in accordance with AS-19 'Leases' as prescribed by Companies (Accounting Standards) Rules, 2006).

### *Loans*

Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date.

### *Provisioning/ Write-off on assets*

### *Provisioning/ Write-off on overdue assets*

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

### *Provision on standard assets*

Provision on standard assets has been made @ 0.25%, 0.30%, 0.35% & 0.40% for the financial year ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 respectively, which is in accordance with the RBI guidelines.

### *Investments*

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Noncurrent investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### *Revenue recognition*

Revenue is recognized on accrual basis, when no significant uncertainty as to determination or realization exists.

Interest income is recognized on time proportionate basis. In case of non-performing assets, interest income is recognized on receipt basis as per NBFC prudential norms. Penal interest is recognized on receipt basis.

Fee income is recognized on an accrual basis on completion of services as enumerated in the milestones specified in the relevant mandate letters.

Upfront/ Processing fees is recognized as income as per terms mentioned in the loan agreements.

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized on receipt basis in accordance with the NBFC Regulation.

### *Retirement and other employee benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits include salary, bonus, allowances and compensated absences. The undiscounted amount of short term employee benefits expected to be paid in exchange for the service rendered by the employees is recognized as an expense as the service is rendered by the employees.

The Company operates defined benefit plans for its employees pertaining to gratuity liability. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for this defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the

actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### ***Borrowing costs***

Borrowing costs consists of interest and other cost that an entity incurs in connection with borrowing of funds. Borrowing costs are recognized as an expense in the period in which these are incurred.

### ***Share issue expenses***

Share issue expenses related to issuance of equity are debited against securities premium account in accordance with the provisions of Section 52 of the Companies Act, 2013.

### ***Foreign currency transactions***

Foreign exchange transactions are recorded the spot rate on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the period.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the statement of profit and loss.

Non-monetary assets and liabilities are carried at historical cost using exchange rates as on the date of the respective transactions.

### ***Taxation***

Income tax expense comprises current tax including minimum alternate tax ('MAT') (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized to the extent there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

MAT paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years and is recognized as tax credit in statement of profit and loss.

### ***Provisions and contingencies***

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### ***Earnings per share***

The basic earnings per share is computed by dividing the net profit / loss after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### ***Cash and cash equivalents***

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## **PRINCIPAL COMPONENTS OF INCOME AND EXPENSES**

The following is a brief description of the principal line items that are included in our restated summary statement of profit and losses:

### ***Revenue***

Total revenue consists of revenue from operations and other income.

### ***Revenue from operations***

Revenue from operations comprises primarily interest on loans that we provide to our Customers and also fee income. In addition, we also recognize other operating revenue, comprising primarily loan processing fees and advisory fee, which are paid by our Customers at the time of disbursement of loans. The following table sets forth our revenue from operations from each of these sources for the periods indicated:

<b>Revenue from operations</b>	<i>(Amounts in ₹ million)</i>		
	<b>For the Fiscal Year ended March 31,</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Interest income	75.37	83.32	141.09
Fee income	0.00	4.00	116.00
Total revenue from operations	75.37	87.32	257.09

### ***Other income***

Revenue from other income comprises of interest on income tax refunds and sundry balances written-off.

### ***Expenses***

Our expenses comprise employee benefits expense, finance costs, depreciation and amortization expenses and other expenses.

### ***Employee benefits expense***

Employee benefits expenses comprise primarily the salaries, wages and bonuses of our employees and also contributions to provident fund and other funds and staff welfare expenses.

### ***Finance costs***

Finance costs comprise interest expense on inter-corporate deposits and bank charges.

### ***Other expenses***

Other expenses comprise various other expenses incurred in our business operations, primarily, rent, travelling, conveyance expenses, rates and taxes, advertisement, marketing and business promotion expenses, legal and professional charges, memberships and subscriptions, printing and stationery, director sitting fee etc.

#### *Depreciation and amortization expenses*

Depreciation and amortization expense includes depreciation of property, equipment and amortization of intangible assets.

#### *Tax expense*

Our tax expense comprises current tax, deferred tax and income tax provision pertaining to earlier assessment year.

### **RESULTS OF OPERATIONS**

The following table sets forth a summary of our standalone statement of profits and losses, as restated, for the Fiscal Years ended March 31, 2016, 2017 and 2018.

*(Amounts in ₹ million)*

Particulars	Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018	
	Amount	% of total	Amount	% of total	Amount	% of total
		revenue (%)		revenue (%)		revenue (%)
<b>Revenue:</b>						
Revenue from Operations	75.37	100%	87.32	99%	257.09	100%
Other Income	0.06	0%	0.51	1%	0.00	0%
<b>Total Revenue</b>	<b>75.43</b>	<b>100%</b>	<b>87.83</b>	<b>100%</b>	<b>257.09</b>	<b>100%</b>
<b>Expenses:</b>						
Employee benefits expense	1.14	2%	1.36	2%	31.62	12%
Finance Costs	70.60	94%	79.78	91%	103.65	40%
Depreciation and amortization expense	-	0%	-	0%	4.29	2%
Other expense	0.84	1%	2.24	3%	71.07	28%
<b>Total Expenses</b>	<b>72.58</b>	<b>96%</b>	<b>83.38</b>	<b>95%</b>	<b>210.63</b>	<b>82%</b>
<b>Restated Profit before exceptional and extraordinary items and tax</b>	<b>2.85</b>	<b>4%</b>	<b>4.45</b>	<b>5%</b>	<b>46.46</b>	<b>18%</b>
Exceptional Items	-	0%	-	0%	-	0%
Extraordinary items	0	0%	0	0%	0	0%
<b>Tax expense:</b>						
(1) Income Tax provision pertaining to earlier Assessment year	(0.01)	0%	0.27	0%	-	0%
(2) Current Tax	0.64	1%	1.83	2%	19.77	8%
(3) Deferred Tax	0	0%	-	0%	(2.80)	-1%
<b>Total Tax Expenses</b>	<b>0.63</b>	<b>1%</b>	<b>2.10</b>	<b>2%</b>	<b>16.97</b>	<b>7%</b>
<b>Restated Profit/(Loss) for the year</b>	<b>2.22</b>	<b>3%</b>	<b>2.35</b>	<b>3%</b>	<b>29.49</b>	<b>11%</b>



## **Fiscal Year 2018 compared to Fiscal Year 2017**

### ***Revenues***

Our Revenue from operations increased by ₹ 169.77 million, or 194.44 %, to ₹ 257.09 million in Fiscal Year 2018 from ₹ 87.32 million in Fiscal Year 2017 due to increase in interest income by ₹ 57.77 million which is on account of increase in average loan book and increase in fee income by ₹ 112 million in Fiscal Year 2018. The fee income mainly represents strategic advisory services.

### ***Other income***

In Fiscal Year 2017, we had other income of ₹ 0.51 million mainly on account of interest received on income tax refund. The Company has nil other income in Fiscal Year 2018.

### ***Expenses***

#### ***Employee benefits expense***

Employee benefits expense increased by ₹ 30.26 million, or 2,225%, to ₹ 31.62 million in Fiscal Year 2018 from ₹ 1.36 million in Fiscal Year 2017. This increase was due to increase in number of employees during this period. With new management on board the number of employees increased from six in Fiscal Year 2017 to 33 during the Fiscal Year 2018.

#### ***Finance Costs***

Finance costs increased by 29.92% from ₹ 79.78 million in Fiscal Year 2017 to ₹ 103.65 million in Fiscal Year 2018, due to the increased cost of our indebtedness and the growth in business.

#### ***Depreciation and amortization***

We incurred an expense of ₹ 4.29 million towards depreciation and amortization in Fiscal Year 2018 due to increase in capex expenditure incurred by our Company, primarily on account of the fit-outs of our Corporate Office and Registered Office. We had nil depreciation and amortisation expense in Fiscal Year 2017.

#### ***Other expenses***

Other expenses increased by ₹ 68.83 million, or 3,072.77 %, to ₹ 71.07 million in Fiscal Year 2018 from ₹ 2.24 million in Fiscal Year 2017 mainly because of the rent expenditure incurred on account of relocating to new premises for our Corporate Office and Registered Office, during Fiscal Year 2018.

#### ***Tax expense***

Our total tax expenses for Fiscal Year 2018 was ₹ 16.97 million as compared to ₹ 2.10 million in Fiscal Year 2017 due to increase in profit before tax from 4.45 million in Fiscal Year 2017 to 46.46 million in Fiscal Year 2018.

#### ***Restated profit for the year***

As a result of the foregoing, our net profit after tax increased to ₹ 29.49 million in Fiscal Year 2018 from ₹ 2.35 million in Fiscal Year 2017.

## **Fiscal Year 2017 compared to Fiscal Year 2016**

### ***Revenue from operations***

Our revenue from operations increased by ₹ 11.94 million, or 15.85%, to ₹ 87.32 million in Fiscal Year 2017 from ₹ 75.37 million in Fiscal Year 2016, primarily on account of increase in the interest income of ₹ 7.95 million and fee income of ₹ 4 million, during the Fiscal Year 2017

### ***Other income***

Our other income increased by ₹ 0.45 million, or 747.04%, to ₹ 0.51 million in Fiscal Year 2017 from ₹ 0.05 million in Fiscal Year 2016, primarily due to an increase in the interest on income tax refund.

### ***Expenses***

#### ***Employee benefits expense***

Employee benefits expense increased by ₹ 0.22 million, or 19.41 %, to ₹ 1.36 million in Fiscal Year 2017 from ₹ 1.14 million in Fiscal Year 2016. This increase was primarily due to annual increments in the salaries and wages of our employees.

#### ***Finance Costs***

Finance costs increased by 13.00% from ₹ 70.60 million in Fiscal Year 2016 to ₹ 79.78 million in Fiscal Year 2017, on account of our increased indebtedness and the growth of business.

#### ***Other expenses***

Other expenses increased by ₹ 1.40 million, or 168.06%, to ₹ 2.24 million in Fiscal Year 2017 from ₹ 0.84 million in Fiscal Year 2016, due to the increase in provisions for standard assets.

#### ***Tax expense***

Our total tax expenses for Fiscal Year 2017 was ₹ 2.10 million as compared to ₹ 0.63 million in Fiscal Year 2016 due to increase in profit before tax from 2.85 million in Fiscal Year 2016 to 4.45 million in Fiscal Year 2017.

#### ***Restated profit for the year***

As a result of the foregoing, our net profit after tax increased to ₹ 2.35 million in Fiscal Year 2017 from ₹ 2.22 million in Fiscal Year 2016.

## **Liquidity and Capital Resources**

The purpose of the liquidity management function is to ensure that we have adequate liquidity to extend loans to our customers across our various financing products, to repay principal, interest on our borrowings and to fund our working capital requirements and other expenses. We are in the process of establishing relationships with various banks and lenders which would us provide ease of access and help in arranging sufficient term loans and working capital lines. We typically invest our surplus cash in fixed deposits with banks and financial institutions and units of liquid mutual funds.

We actively manage our liquidity and capital position by raising funds on a continuous basis on terms that, we believe, are favorable to us. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements.

## Cash flows

The table below sets forth our cash flows for the periods indicated:

(₹ in million)

Particulars	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net Cash Generated from / (used in) Operating Activities	42.50	(388.09)	(39.06)
Net Cash from / (used in) Investing Activity	0.00	28.72	(270.95)
Net Cash from / (used in) Financing Activities	(42.97)	893.48	(56.80)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(0.47)</b>	<b>534.11</b>	<b>(366.81)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>0.73</b>	<b>0.27</b>	<b>534.38</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>0.27</b>	<b>534.38</b>	<b>167.57</b>

### *Operating Activities*

Net cash used in operating activities was ₹ 39.06 million in Fiscal Year 2018. While our net profit before tax was ₹ 46.46 million for the Fiscal Year 2018, we had an operating profit before working capital changes of ₹ 53.05 million primarily on account of provision for standard asset, balance written-off for ₹ 1.04 million, depreciation of ₹ 4.29 million and provision for employee benefit of ₹ 1.26 million. Our changes in the working capital for the Fiscal Year 2018 primarily consisted of increase in loans and advances of ₹ 200.77 million and increase in current liabilities of ₹ 125.84 million. Taxes paid were ₹ 25.47 million in Fiscal Year 2018.

Net cash used in operating activities was ₹ 388.09 million in Fiscal Year 2017. While our net profit before tax was ₹ 4.45 million for the Fiscal Year 2017, we had an operating profit before working capital changes of ₹ 5.40 million primarily on account of provision for standard asset, balance written-off of ₹ 1.46 million and we had received interest on income tax refund of ₹ 0.51 million. Our changes in the working capital for the Fiscal Year 2017 primarily consisted of an increase in loans and advances of ₹ 377.44 million, decrease in current liabilities of ₹ 53.67 million. Taxes paid (net of income tax refund received) were ₹ 1.65 million in Fiscal Year 2017.

Net cash generated in operating activities was ₹ 42.50 million in Fiscal Year 2016. While our net profit before tax was ₹ 2.85 million for the Fiscal Year 2016, we had an operating profit before working capital changes of ₹ 3.06 million primarily on account of decrease in loans and advances ₹ 5.83 million and increase in current liabilities ₹ 40.41 million. Taxes paid (net of income tax refund received) were (₹ 6.79) million in Fiscal Year 2016.

### *Investing Activities*

In Fiscal Year 2018, our net cash used in investing activities was ₹ 270.95 million, this was primarily on account of purchase of property, plant and equipment of ₹ 111.05 million, capital advances of ₹ 9.50 million and investment in our Subsidiaries aggregating to ₹ 150.40 million.

In Fiscal Year 2017, our net cash from investing activities was ₹ 28.72 million.

In Fiscal Year 2016, our net cash used in investing activities was nil.

### *Financing Activities*

In Fiscal Year 2018, our net cash used in financing activities was ₹ 56.80 million, primarily on account of proceeds from share application money pending allotment of ₹ 1,250 million and repayment of long term borrowings of ₹ 1306.80 million during this period.

In Fiscal Year 2017, our net cash generated from financing activities was ₹ 893.48 million, primarily on account of net proceeds from long term borrowings of ₹ 893.48 million during this period.

In Fiscal Year 2016, our net cash used in financing activities ₹ 42.97 million, primarily on account of repayment of short term borrowings of ₹ 42.97 million during this period.

## **Borrowings**

As on June 30, 2018, we had total borrowing of ₹ 70 million, comprising of inter-corporate deposits availed. For details of our borrowings, see “*Financial Indebtedness*” on page 199.

## **Related Party Transactions**

We have engaged in the past, and may engage in the future, in transactions with related parties. For further details of such related parties under AS 18, see “*Related Party Transactions*” on page 127.

## **Contingent liabilities and other off-balance sheet arrangements**

As of March 31, 2018, our Company does not have any contingent liabilities

Except as disclosed in our Restated Standalone Financial Information or this prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

## **Capital Expenditures**

Our capital expenditures were, and we expect our future capital expenditures to be, primarily for processing operations and infrastructure.

## **Changes in Accounting Policies**

There has been no change in our accounting policies in the last five Fiscal Years.

## **Quantitative and Qualitative Disclosure about Market Risk**

We are exposed to various types of market risks during the normal course of business such as operational risk, credit risk, interest rate risk, liquidity risk, cash management risk, asset risk and inflation risk. For details of our credit risk governance framework, see “*Our Business - Risk Management Architecture*” on page 91.

## **Operational Risk**

Operational risks arise from inadequate or failed internal processes, people and systems or from external events. In order to control our operational risks, we have adopted well-defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed Aneja Associates to conduct our internal audits to assess adequacy of and compliance with internal controls, procedures and processes. Reports of internal auditors as well as measures proposed on matters reported are discussed and reviewed at the meetings of our Audit Committee.

## **Asset Risk**

Asset risks arise from decrease in the value of collateral over time. Sale price of a repossessed asset may be less than the amount of loan and interest outstanding and we may not be able to realize the full amount lent to our customers due to such a decrease in the value of collateral. Our employees are required to follow legal procedures and take appropriate care in dealing with customers while repossessing assets. We may also face certain practical and execution challenges while seizing collateral.

## **Credit Risk**

We have instituted prudent and comprehensive risk management controls, policies, and procedures that are critical for the long-term sustainable development of our organization. Our risk management committee which is a Board level committee oversees and monitors the overall credit risk management framework. Our credit risk governance framework comprises of primarily three-units, spanning across the (i) our business teams, that generates lead; (ii) the credit risk unit, that independently manages the risk, provides policy guidance, performs credit analysis, risk reporting and credit monitoring, and our credit risk unit comprises of various sub-units, such as credit underwriting and policy unit and portfolio monitoring unit, which are responsible for management of credit risks; and (iii) the internal audit unit, which independently assesses the design and operational effectiveness of the entire credit risk management framework. Our credit risk governance framework incorporates the requirement of senior management and credit committee approval, with built-in escalation matrices at pre-defined credit thresholds, which enables us to ensure that high-ticket advances are sanctioned by our senior management.

## **Regulatory Risk**

Our lending business, is subject to various regulations relating to NBFCs. We are subject to various regulations and policies, including, but not limited to the regulations and directives framed by RBI. The RBI also regulates the credit outflow by banks to NBFCs and has issued guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs, which makes to susceptible to these changes.

## **Interest Rate Risk**

We are subject to interest rate risk, principally because we generally lend to customers at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and/or floating interest rates. Interest rates are susceptible to a number of factors beyond our control, including monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage interest rate risk on our balance sheet by managing our assets and liabilities in line with our asset and liability management policy.

## **Liquidity risk**

Liquidity risk arises due to unavailability of adequate funds at appropriate prices or tenure. We attempt to minimize this risk through a mix of strategies, including assignment of receivables and short-term funding. We are in the process of establishing relationships with various banks and lenders which would provide us ease of access and help in arranging sufficient term loans and working capital lines. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through our asset and liability management policy, we cap maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

## **Inflation risk**

Inflation rates in India have been volatile in recent years, and such volatility may continue in future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High inflation rate may also adversely affect the growth in the Indian economy and our operating expenses.

## **Unusual or infrequent events or transactions**

Except as described in this Draft Letter of Offer, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

### **Significant economic changes that materially affected or are likely to affect income from continuing operations**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in “- *Principal Factors affecting our results of operations*” and the “*Risk Factors*” on pages 185 and 13, respectively.

### **Known trends or uncertainties**

Other than as described in this section and “*Risk Factors*” on page 13, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income from continuing operations.

### **Future relationship between costs and revenues**

Other than as described in this section and “*Risk Factors*” on page 13, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

### **Significant Dependence on Single or Few Customers**

Our business is dependent on limited number of customers. As on March 31, 2018, we had six customers and 53.0% of our aggregate loans and advances relating to the financing activity, i.e., ₹ 549.23 million was made to one customer.

### **New product or business segment**

In the last three Fiscal Years, we have not entered into any new products or business segments that have or are expected to have a material impact on our business prospectus, results of operations or financial condition.

### **Seasonality of business**

Our business is not subject to seasonality.

### **Competition**

We operate in a competitive environment. For further information, see “*Our Business*”, “*Industry Overview*” and “*Risk Factors*” on pages 85, 68 and 13 respectively.

### **Significant developments after March 31, 2018 that may affect our future results of operations**

- (i) On June 8, 2018, our Company allotted 27,383,000 Equity Shares to Capital India Corp LLP, 1,950,000 Equity Shares to Samrat Banerjee, 4,500,000 Equity Shares to Dharampal Satyapal Limited, 1,950,000 Equity Shares to Sudhir Power Limited, 1,950,000 Equity Shares to RJ Corp Limited and 1,950,000 Equity Shares to Vasudevan Sathyamoorthy, at a price of ₹ 63 per equity share on preferential basis. For details see, “*Capital Structure*” on page 51.
- (ii) Our Board of Directors and our Shareholders at their meetings held on May 3, 2018 and June 2, 2018, respectively, approved dividend of ₹ 1 per Equity Share. Also see “*Dividend Policy*” on page 128.
- (iii) On June 2, 2018, our Company refunded the share application money aggregating to ₹ 1,250 million, from our Promoter on March 26, 2018 with respect to an earlier proposed allotment of Equity Shares.
- (iv) Our Board of Directors at its meeting held on August 7, 2018 approved the Unaudited Standalone Interim Financial Information as at and for the three month period ended on June 30, 2018. Also see, “*Unaudited Standalone Interim Financial Information*” on page 179.

- (v) Our Board has pursuant to its resolution dated August 7, 2018 approved the ESOP 2018, which provides for granting options to employees of our Company and its Subsidiaries who meet the eligibility criteria under ESOP 2018. The implementation of ESOP 2018 is currently pending Shareholders' approval. For details see, "*Capital Structure*" on page 51.

Other than the foregoing, there are no significant developments after March 31, 2018 that may affect our future result of operations.

## FINANCIAL INDEBTEDNESS

Our Company avails of credit facilities in the ordinary course of business for the purposes of refinancing of existing loans and working capital requirements. Pursuant to a Shareholders' resolution dated January 27, 2018, the Board has been authorised to make borrowing from time to time as they may think fit, any sum or sums of money, together with the money already borrowed by the Company, in Indian rupees or equivalent thereof in any foreign currency(ies), on such terms and conditions as the Board may deem fit, (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed or raised shall not at any time exceed ₹ 20,000,000,000, whether domestic or international, whether the same may be secured or unsecured and if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any manner whatsoever, on, over in any respect of all, or any of the Company's assets and effects or properties, movable and / or immovable, (both present and future) and/or any other assets or properties, either tangible or intangible), including stock in trade.

Set forth below is a brief summary of the Company's aggregate borrowings, on a consolidated basis, as of June 30, 2018:

Category of borrowing	Sanctioned Amount	Outstanding amount as on June 30, 2018
Inter-corporate Deposit	120	70

*(Amounts in ₹ million)*

### Principal terms of the borrowings availed by us:

The details provided below are indicative and there may be additional terms, conditions and requirements under the borrowing arrangement entered into by us:

1. **Interest:** In terms of the loan availed by us, the interest rate is 8% p.a. plus all other incidental charges, if any.
2. **Re-payment:** The facility availed by our Company is repayable in 5 years from the date of remittance.
3. **Pre-payment:** The facility allows prepayment of loan amount availed, subject to notice of 15 days, without any prepayment charges.
4. **Penalty:** The facility availed by our Company contains a provision prescribing penalty for delayed payment as per the standard process of the lender.
5. **Events of Default:** The facility availed by us contains standard events of default, including:
  - a) Default in payment of dues; and
  - b) Non-payment of cheque

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us from time to time. Additionally, we are required to ensure the aforementioned events of default and other events of default as specified in the respective facility agreements are not triggered.



## SECTION VI - LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding (i) criminal proceedings involving our Company, Subsidiaries, Directors, Promoter or Group Company; (ii) actions taken by statutory or regulatory authorities involving our Company, Subsidiaries, Directors, Promoter or Group Company; (iii) claims related to direct or indirect tax involving our Company, Subsidiaries, Directors, Promoter or Group Company (disclosed in a consolidated manner giving the total number of claims and total amounts involved); or (iv) other pending litigations involving our Company, Subsidiaries, Directors, Promoter or Group Company, as determined to be material by our Board of Directors, in accordance with the SEBI ICDR Regulations.*

*Further, except as stated in this section, there are no (i) outstanding proceedings initiated against our Company for economic offences; (ii) pending defaults or non-payment of statutory dues by our Company; (iii) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy, in accordance with the SEBI ICDR Regulations; and (viii) outstanding dues to small scale undertaking and other creditors; (iv) overdues or defaults to banks or financial institutions by our Company.*

*Our Board, in its meeting held on July 25, 2018 has adopted the Materiality Policy for the purposes of disclosure in this Draft Letter of Offer and the Letter of Offer in accordance with the SEBI ICDR Regulations. In terms of the Materiality Policy, all pending litigation involving our Company, Subsidiaries, Directors, Promoter and Group Company, other than criminal proceedings (which are to be disclosed individually), statutory or regulatory actions and taxation matters (which would be disclosed in consolidated manner in accordance with the SEBI ICDR Regulations), would be considered 'material' for the purposes of disclosure in this Draft Letter of Offer if: (i) the aggregate monetary amount of claim involved, whether by or against the Company, its Directors, Promoter, Group Company and Subsidiaries, in any such pending litigation is in excess of 5% of consolidated revenue of the Company, as per the last annual restated audited consolidated financial information of the Company or (ii) such pending litigation is material from the perspective of Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.*

*Further, in terms of the Materiality Policy, our Company considers creditors to whom the amount due exceeds 10% of the trade payables of our Company as per the last annual restated audited standalone financial information of the Company or ₹ 5,000,000 (whichever is higher), as 'material' creditors for the purpose of disclosures in this Draft Letter of Offer.*

*It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by governmental, statutory or regulatory authorities) received by our Company, Subsidiaries, Directors, Promoter or Group Company shall not be considered as litigation until such time that our Company or any of its Subsidiaries, Directors, Promoter or Group Company, as the case may be, is made a party to proceedings initiated before any court, tribunal or government authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.*

#### **I. Litigation involving our Company**

##### **A. Outstanding criminal proceedings involving our Company**

*Criminal proceedings initiated against our Company*

*As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings against our Company.*

*Criminal proceedings initiated by our Company*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings initiated by our Company.

**B. *Pending action by statutory or regulatory authorities against our Company***

As on the date of this Draft Letter of Offer, there are no pending actions by statutory or regulatory authorities against our Company.

**C. *Tax proceedings against our Company***

Except as disclosed below, there are no pending tax proceedings against our Company:

<b>Nature of Case</b>	<b>Number of Cases</b>	<b>Amount involved (in ₹)</b>
Direct Tax	4	3,070
Total	4	3,070

**D. *Material outstanding litigation involving our Company***

*Material civil litigation initiated against our Company*

As on the date of this Draft Letter of Offer, there is no material outstanding civil litigation against our Company.

*Material civil litigation initiated by our Company*

As on the date of this Draft Letter of Offer, there are no material outstanding civil litigation initiated by our Company.

**E. *Proceedings initiated against our Company for economic offences***

As on the date of this Draft Letter of Offer, there are no outstanding proceedings initiated against our Company for any economic offences. Further, our Company has not been found guilty of economic offences in the past.

**F. *Default and non – payment of statutory dues***

There have been no instances of default or non-payment of statutory dues for a period of more than six months from the date they became payable by our Company.

**G. *Outstanding dues to small scale undertakings or any other creditors***

In terms of the Materiality Policy, as of March 31, 2018, our Company has no material creditors.

Further, based on available information regarding status of the creditors as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as of March 31, 2018, our Company did not owe any dues to any small scale undertakings. With respect to other creditors, as of March 31, 2018, our Company owed outstanding dues of ₹ 2.86 million to a total of 25 creditors.

The details pertaining to amounts due towards such creditors are available on the website of our Company at the following link:

<https://capitalindia.com/uploads/CorporateAnnouncements/Material%20Creditors%20as%20on%2031%20March%202018.PDF>

## **II. Litigation involving our Subsidiaries**

### ***Outstanding criminal proceedings involving our Subsidiaries***

#### *Criminal proceedings initiated against our Subsidiaries*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings against our Subsidiaries.

#### *Criminal proceedings initiated by our Subsidiaries*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings initiated by our Subsidiaries.

### **B. Pending action by statutory or regulatory authorities against our Subsidiaries**

As on the date of this Draft Letter of Offer, there are no pending actions by statutory or regulatory authorities against our Subsidiaries.

### **C. Tax proceedings against our Subsidiaries**

As on the date of this Draft Letter of Offer, there are no tax proceedings pending against our Subsidiaries.

### **D. Material outstanding litigation involving our Subsidiaries**

#### *Material civil litigations initiated against our Subsidiaries*

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated against our Subsidiaries.

#### *Material civil litigations initiated by our Subsidiaries*

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated by our Subsidiaries.

## **III. Litigation involving our Directors**

### **A. Outstanding criminal proceedings involving our Directors**

#### *Criminal proceedings against our Directors*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings against our Directors.

#### *Criminal proceedings initiated by our Directors*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings initiated by our Directors.

### **B. Pending action by statutory or regulatory authorities against our Directors**

As on the date of this Draft Letter of Offer, there are no pending actions by statutory or regulatory authorities against our Directors.

**C. *Tax proceedings against our Directors***

As on the date of this Draft Letter of Offer, there are no tax proceedings pending against our Directors.

**D. *Material outstanding litigation involving our Directors***

*Material civil litigations initiated against our Directors*

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated against our Directors.

*Material civil litigations initiated by our Directors*

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated by our Directors.

**IV. *Litigation involving our Promoter***

**A. *Outstanding criminal proceedings involving our Promoter***

*Criminal proceedings against our Promoter*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings against our Promoter.

*Criminal proceedings initiated by our Promoter*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings initiated by our Promoter.

**B. *Pending action by statutory or regulatory authorities against our Promoter***

As on the date of this Draft Letter of Offer, there are no pending actions by statutory or regulatory authorities against our Promoter.

**C. *Tax proceedings against our Promoter***

As on date of this Draft Letter of Offer, there are no tax proceedings pending against our Promoter.

**D. *Material outstanding litigation involving our Promoter***

*Material civil litigations against our Promoter*

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations against our Promoter.

*Material civil litigations initiated by our Promoter*

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated by our Promoter.

**V. Litigation involving our Group Company**

**A. Outstanding criminal proceedings involving our Group Company**

*Criminal proceedings initiated against our Group Company*

Except as disclosed below, there are no outstanding criminal proceedings against our Group Company as on the date of this Draft Letter of Offer:

Trevor Dsouza filed a criminal complaint before the Metropolitan Magistrate, Andheri, Mumbai against Yogesh Jadhav and Sahyog Homes Limited, under sections 420, 465, 467, 468, 470 and 471 of the Indian Penal Code, read with section 34 of the Indian Penal Code. This matter is currently pending.

*Criminal proceedings initiated by our Group Company*

As on the date of this Draft Letter of Offer, there are no outstanding criminal proceedings initiated by our Group Company.

**B. Pending action by statutory or regulatory authorities against our Group Company**

Except as disclosed below, there are no pending actions by statutory or regulatory authorities against our Group Company as on the date of this Draft Letter of Offer:

With respect to a deed of conveyance dated May 21, 2004 executed by Sahyog Homes Limited, the Chief Controlling Revenue Authority, Maharashtra State, Pune passed an order dated March 3, 2015 holding that the stamp-duty paid with respect to the subject property was deficit, and ordering Sahyog Homes Limited to pay an amount of ₹ 23.16 million within thirty days of the receipt of the order. Sahyog Homes Limited has filed a writ petition challenging the above-mentioned order. This matter is currently pending.

**C. Tax proceedings against our Group Company**

Except as disclosed below, there are no pending tax proceedings against our Group Company:

*(Amount in ₹ millions)*

<b>Nature of Case</b>	<b>Number of Cases</b>	<b>Amount involved</b>
Direct Tax	13	103.53
Total	13	103.53

**D. Material outstanding litigation involving our Group Company**

*Material civil litigations initiated against our Group Company*

There are no outstanding material civil litigations against our Group Company as on the date of this Draft Letter of Offer.

*Material civil litigations initiated by our Group Company*

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated by our Group Company.

**VI. Material developments since the last balance sheet date**

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation – Significant developments after March 31, 2018 that may affect our future results of operations*” on page 197, there have been no developments subsequent to March 31, 2018 that we believe

are expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

## GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our Company and our Subsidiaries can undertake their current business activities. Except as mentioned below, no further material approvals from any governmental or regulatory authority are required to undertake this Issue or continue such business activities. Unless otherwise stated, these approvals are all valid as of date of this Draft Letter of Offer. For further details in connection with the regulatory and legal framework within which we operate, see “*Regulations and Policies*” on page 95.

### A. Approvals relating to the Issue

1. Our Board pursuant to its resolution dated July 25, 2018 has authorised the Issue.
2. In-principle approval from the BSE dated [●];

### B. Approvals relating to our Company’s business and operations

#### I. Corporate approvals

1. Initial certificate of incorporation dated November 16, 1994 issued by the RoC, Rajasthan at Jaipur to our Company in the name of ‘Bhilwara Tex-Fin Limited’ and fresh certificate of incorporation dated August 16, 2017, issued by the RoC, Delhi, pursuant to change of name of our Company to ‘Capital India Finance Limited’.
2. Certificate of commencement of business dated November 22, 1994, issued by the RoC, Rajasthan at Jaipur.
3. Corporate Identity Number: L74899DL1994PLC128577

#### II. Taxation related approvals

1. Permanent Account Number of our Company: AADCB0657N
2. Tax Deduction Account Number of our Company: JDHB02511F
3. GST Registration of our Corporate Office: 27AADCB0657N1ZG (State of Maharashtra)
4. GST Registration of our Registered Office: 07AADCB0657N2ZH (National Capital Territory of Delhi)
5. Code number 22001241220001099 issued under the Employee State Insurance Act, 1948.
6. Code number DLCPM1672242000 issued under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952

#### III. Business Approvals

1. Certificate of registration bearing registration number 10.00047 dated March 24, 1998 as non-public deposit taking NBFC, issued by the RBI under Section 45IA of the RBI Act.
2. Certificate of registration bearing registration number B14.03278 dated June 6, 2013 issued by the RBI pursuant to change in registered office of our Company from Jaipur, Rajasthan to New Delhi.
3. Certificate of registration bearing registration number B14.03278 dated August 30, 2017 issued by the RBI pursuant to change of name of our Company, from ‘Bhilwara Tex-Fin Limited’ to ‘Capital India Finance Limited’.

#### **IV. Branch Related Approvals**

As on June 30, 2018, our Company has two offices in India: our Corporate Office is located in Mumbai and our Registered Office is located in New Delhi. Following are the material approvals applicable for such offices:

1. Certificate of registration bearing registration number 2017099215 under the Delhi Shops & Establishment Act, 1954, dated December 25, 2017 for our registered office in New Delhi as a ‘Commercial Establishment’.
2. Certificate of registration bearing registration number 762281137 under the Maharashtra Shops and Establishment Act, 1948 dated December 19, 2017 for our corporate office in Mumbai, Maharashtra as a ‘Commercial II’ establishment.

#### **C. Approvals relating to our Subsidiaries’ business and operations**

##### **I. Corporate Approvals**


For details on the corporate approvals obtained in relation to our Subsidiaries, see “*History and Certain Corporate Matters – Our Subsidiaries*” on page 104.

##### **II. Business Approvals**

1. Certificate of registration in favor of CIHL bearing registration number 762322548 under the Maharashtra Shops and Establishment Act, 1948 dated April 8, 2018 in Mumbai, Maharashtra ‘Commercial II’ establishment.
2. Certificate of registration in favor of CIHL bearing registration number 2018018717 under the Delhi Shops & Establishment Act, 1954, dated March 28, 2018 in New Delhi as a ‘Commercial Establishment’.

##### **D. Intellectual Property related approvals**

###### *Trademarks*

Our Company does not own any trademarks. The trademark over  **CAPITALINDIA** is registered in the name of our Promoter, Capital India Corp LLP (formerly known as Trident Holding LLP) and is valid up to July 19, 2027. We have received a no-objection Certificate, dated July 25, 2017 from the Promoter for

usage of the said mark. The trademark over  **CAPITALINDIA** Home Loans is also registered in the name of our Promoter, Capital India Corp LLP (formerly known as Trident Holding LLP) and is valid up to July 20, 2027. We have received a no-objection Certificate, dated July 25, 2017 from the Promoter for usage of the said trademark.

##### **E. Pending Approvals**

1. Our subsidiary, CIHL, has made an application dated March 22, 2018 for certificate of registration to commence the business of a housing finance institution, under section 29A of the National Housing Bank Act, 1987. The application is still pending as on the date of filing of this Draft Letter of Offer.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on July 25, 2018 pursuant to Section 62 of the Companies Act, 2013. The Issue Price of ₹ [●] per Rights Equity Share has been determined by the Board and the Rights Entitlement is [●] Rights Equity Share for every [●] fully paid-up Equity Shares held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

This Draft Letter of Offer has been approved by our Board pursuant to its resolution dated August 7, 2018. Our Company has received in-principle approvals from the BSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to its letter dated [●].

For details of the regulatory approvals relating to the Issue, see “*Government and other Approvals*” on page 206.

### Prohibition by SEBI or other Authorities

Our Company, Promoter, Directors, Group Company and natural persons in control of our Promoter have not been prohibited from accessing the capital markets by SEBI or any other authority. Further, the companies with which our Promoter, our Directors or the persons in control of our Company are or were associated as promoters, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except for Achal Kumar Gupta who is director on the board of Canara Robeco Asset Management Company Limited, none of our Directors are associated with the securities market. SEBI has not initiated any action against Canara Robeco Asset Management Company Limited during the term of his directorship.

There are no violations of securities laws committed by any of our Directors in the past or are pending against them.

### Eligibility for the Issue

The Equity Shares of our Company are presently listed on the BSE. We are eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Due to the provisions of clause 3(a) of Part E of Schedule VIII of the SEBI ICDR Regulations, our Company is required to make disclosures as per Part A of Schedule VIII of the SEBI ICDR Regulations.

Our Company is in compliance with the following conditions specified under Regulations 4(2) of the SEBI ICDR Regulations:

- (i) Our Company, our Promoter (including the persons in control of our Company) and our Directors are not debarred from accessing the capital markets;
- (ii) The companies with which our Promoter (including the persons in control of our Company), and our Directors are or were involved as promoter, or director or as persons in control are not debarred from accessing capital markets under any order or direction passed by SEBI;
- (iii) Our Company has applied to the BSE for obtaining its in-principle approval for listing of the Equity Shares under this Issue and has received in-principle approvals from the BSE pursuant to its letter dated [●]. For the purposes of this Issue, pursuant to a resolution of our Board/ Securities Issuance Committee dated [●], the [●] shall be the Designated Stock Exchange;
- (iv) Our Company, along with the Registrar and Share Transfer Agent, has entered into tripartite agreements dated March 29, 2006 and January 30, 2006 with the NSDL and CDSL, respectively, for dematerialisation of the Equity Shares; and

- (v) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer.

Further, the entire requirement of funds towards objects of the Issue will be met from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

#### **Prohibition with respect to Wilful Defaulter**

None of our Company, our Promoter, our Directors, and Group Company has been identified as a Wilful Defaulter (as defined under the SEBI ICDR Regulations).

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, BEING AXIS CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER 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 IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER, BEING AXIS CAPITAL LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, BEING AXIS CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 9, 2018, WHICH READS AS FOLLOWS:**

**WE, THE LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT LETTER OF OFFER DATED AUGUST 9, 2018 (“DRAFT LETTER OF OFFER”) PERTAINING TO THE ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - (a) THE DRAFT LETTER OF OFFER FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

- (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013, AS APPLICABLE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “SEBI ICDR REGULATIONS”), AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE. THE ISSUE IS NOT UNDERWRITTEN.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER’S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER’S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITOR’S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER’S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE

FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009;
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE RIGHTS EQUITY SHARES IN DEMAT OR PHYSICAL MODE – COMPLIED WITH.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION – COMPLIED WITH.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
  - (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
  - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. – REFER TO THE DUE DILIGENCE PROCESS NOTE ENCLOSED AS SCHEDULE A.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS CONTAINING DETAILS

**SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY – REFER TO THE CHECKLIST ENCLOSED AS SCHEDULE B.**

- 16. WE ENCLOSE A STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)’, AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR – NOT APPLICABLE FOR A RIGHTS ISSUE.**
- 17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE RESTATED FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT LETTER OF OFFER, AS CERTIFIED BY LAXMIKANT KABRA & CO., CHARTERED ACCOUNTANTS, BY WAY OF ITS CERTIFICATE DATED AUGUST 7, 2018.**
- 18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI ICDR REGULATIONS (IF APPLICABLE) – NOT APPLICABLE.**

**THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE ANY PERSON WHO HAS AUTHORISED THE ISSUE OF THIS DRAFT LETTER OF OFFER FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVE THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.**

#### **Disclaimer from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

#### **Caution**

Our Company and the Lead Manager shall make all information available to the Eligible Shareholders and no selective or additional information would be available for a section of the Eligible Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorised information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

#### **Disclaimer in respect of Jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Delhi, India only.

#### **Disclaimer Clause of RBI**

Our Company holds a valid certificate of registration dated August 30, 2017 issued by the RBI under Section 45IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representation made or opinions expressed by our Company and for repayment of deposits/ discharge of liabilities by our Company.

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Letter of Offer shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer.

#### **Filing**

A copy of this Draft Letter of Offer is being filed with SEBI at 5<sup>th</sup> Floor, Bank of Baroda Building, 16 Sansad Marg, New Delhi 110 001. In terms of Regulation 6(5) of the SEBI ICDR Regulations, a copy of this Draft Letter of Offer will also be filed with the BSE, being the stock exchange where the Rights Equity Shares are proposed to be listed.

#### **Listing**

The Equity Shares issued through the Letter of Offer are proposed to be listed on the BSE. Applications will be made to the BSE for permission to deal in and for an official quotation of the Equity Shares to be issued and sold in the Issue. The [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by the BSE, our Company will forthwith repay, all monies received from the applicants in pursuance of the Letter of Offer, in accordance with applicable law.

The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within seven Working Days of finalization of Basis of Allotment.

#### **Consents**

Consents of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Lead Manager, Legal Advisors to the Issue and the Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities have been obtained, and have not been withdrawn as of the date of this Draft Letter of Offer.

#### **Expert to the Issue**

Except as stated herein, our Company has not obtained any expert opinions.

Our Company has received written consent from the Auditors namely, Deloitte Haskins & Sells LLP, Chartered Accountants to include their name as an "expert", as defined under Section 2(38) of the Companies Act, 2013 in relation to the (i) Restated Standalone Financial Information, Restated Consolidated Financial Information and Unaudited Standalone Interim Financial Information and their reports thereon, each dated August 7, 2018 included in this Draft Letter of Offer. Such consent has not been withdrawn as of the date of this Draft Letter of Offer.

However, such consent is not a consent issued within the context of the requirements of the United States Securities Act of 1933, as amended or any other securities act in any other country other than the Republic of India.

#### **Issue related expenses**

The expenses of the Issue include, among others, management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees which shall be met out of the Issue Proceeds. For details of the Issue expenses, see “*Objects of the Issue*” on page 59.

The total expenses of the Issue are estimated to be ₹ [●]. For details, see “*Objects of the Issue*” on page 59.

#### **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 immediately preceding the date of this Draft Letter of Offer.

However, our Company previously filed a draft letter of offer dated January 11, 2018 with the SEBI, in relation to a then proposed rights issue of Equity Shares, which was subsequently withdrawn pursuant to a resolution dated April 25, 2018 of the Rights Issue Committee.

#### **Previous issues of securities otherwise than for cash**

Our Company has not issued any specified securities for consideration otherwise than for cash.

#### **Commission and brokerage paid on previous issues**

No sum has been paid or is payable as commission or brokerage for any of our previous issue(s) of Equity Shares in the past ten years.

#### **Capital issue during the previous three years by listed group companies or subsidiaries of our Company**

None of our Subsidiaries or Group Company have made any public, rights or composite issue during the three years preceding the date of this Draft Letter of Offer.

#### **Performance vis-à-vis objects**

Our Company has not made any public or rights issues made during the period of ten years immediately preceding the date of filing of this Draft Letter of Offer.

#### **Performance vis-à-vis objects – Last issue of Group Company or Subsidiaries**

Neither our Subsidiaries nor our Group Company have undertaken any public or rights issue in the ten years preceding the date of this Draft Letter of Offer. Accordingly, the requirement to disclose performance vis-à-vis objects in respect of earlier offerings does not apply to our Subsidiaries or our Group Company.

#### **Outstanding debentures, bonds, or other instruments**

Our Company does not have any outstanding debentures, bonds, or other instruments as on the date of this Draft Letter of Offer.

### **Outstanding preference shares**

Our Company does not have any outstanding preference shares as on date of this Draft Letter of Offer.

### **Partly Paid-up Shares**

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Letter of Offer.

### **Stock Market Data of Equity Shares**

For stock market data, please see “*Stock Market Data for Equity Shares of our Company*” on page 183.

### **Investor Grievances and Redressal System**

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations.

Our Company has a Stakeholders Relationship Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within five days of the receipt of the complaint.

Indus Portfolio Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer. Further, Karvy Computershare Private Limited has been appointed as the Registrar to the Issue. The Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters.

Our Board has constituted the Stakeholders Relationship Committee. This committee currently comprises of 3 members, namely Promila Bhardwaj, Achal Kumar Gupta and Vineet Kumar Saxena. Our Stakeholders Relationship Committee oversees the reports received from the registrar and transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of share certificates, transfer of Equity Shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc. and
- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by our Company.

During the three years prior to the filing of this Draft Letter of Offer, our Company received three investor complaints, all of which were successfully disposed off during such period. As on date of filing of this Draft Letter of Offer, no investor complaints are pending against the Company.

### **Disposal of investor grievances by listed companies under the same management**

As on the date of this Draft Letter of Offer, there are no listed companies under the same management as our Company. None of the Subsidiaries or the Group Company are listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances by listed companies under the same management as our Company does not apply.

### **Changes in Auditors during the last three years**

<b>Name of Auditor</b>	<b>Date of Change</b>	<b>Particulars</b>
Deloitte Haskins & Sells LLP	May 3, 2018*	Appointment*
Divyank Khullar & Associates	May 3, 2018	Resignation
Divyank Khullar & Associates	September 28, 2017	Appointment



Nagar, Goel & Chawla	September 28, 2017	Retirement
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<sup>18</sup>Subsequently appointed as the statutory auditors of the Company till the conclusion of the 29<sup>th</sup> AGM of the Company, subject to ratification at every AGM, pursuant to a Shareholders' resolution dated June 2, 2018.

### **Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years preceding the date of this Draft Letter of Offer.

### **Revaluation of Assets**

Our Company has not revalued its assets at any time during the five years preceding the date of this Draft Letter of Offer.

## SECTION VII – ISSUE INFORMATION

*This section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. Our Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer.*

### OVERVIEW

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Composite Application Form, the Split Application Form, the Memorandum of Association, the Articles of Association, and the provisions of the Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and any other regulations, guidelines and notifications issued by SEBI, RBI, GoI and/ or other statutory and regulatory authorities from time to time, as may be applicable, approvals, if any from the SEBI, RBI or other regulatory authorities, the terms of the Listing Agreement and the terms and conditions as stipulated in the Allotment Advice or letters of Allotment or share certificate, and rules as may be applicable from time to time.

Please note that, in accordance with SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 (“**ASBA Circular 2011**”), all QIB Applicants and Non-Institutional Investors complying with the eligibility conditions prescribed under SEBI circular no. SEBI/CFD/DIL/ASBA/1/ 2009/30/12 dated December 30, 2009 (“**ASBA Circular 2009**”), can participate in the Issue only through the ASBA process. **Applicants that are QIBs and Non-Institutional Investors can participate in the Issue only through the ASBA Process, provided they fulfil the eligibility conditions laid down in the ASBA Circular 2009.**

All Retail Individual Investors may optionally apply through the ASBA process, provided they are eligible ASBA investors complying with the conditions prescribed under the ASBA Circular 2009. Subject to the exceptions listed in this section, Retail Individual Investors can participate in the Issue either through the ASBA process or the non ASBA process. Renounees and physical shareholders are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process, irrespective of the application amount. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. See “– *Procedure for Application*” on page 222.

Subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 (“**ASBA Circular 2012**”) within the periods stipulated therein, ASBA applications may be submitted at all branches of the SCSBs.

**In terms of the ASBA Circular 2009, for being eligible to apply in the Issue through the ASBA process, an Eligible Shareholder:**

- should hold the Equity Shares in dematerialised form as on the Record Date and applies for his/ her Rights Entitlement and/ or additional Equity Shares in dematerialised form;
- should not have renounced his/ her Rights Entitlement in full or in part;
- should not be a Renounee; and
- must apply through blocking of funds in an account maintained with an SCSB.

Further, in terms of the SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013 (“**ASBA Circular 2013**”), it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the public /or rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for

ensuring that they have a separate account in their own name with any other SEBI registered SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable law.

### **Renounees**

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall, unless otherwise stated, apply to the Renounee(s) as well.

### **Authority for the Issue**

This Issue is being made pursuant to a resolution passed by the Board on July 25, 2018.

### **Basis for the Issue**

The Rights Equity Shares are being offered for subscription for cash to the Eligible Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange.

### **Rights Entitlement**

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form as on the Record Date or appears in the register of members as an Eligible Shareholder in respect of the Equity Shares held in physical form as on the Record Date, you are entitled to such number of Equity Shares as set out in Part A of the CAF.

**The distribution of the Letter of Offer / Abridged Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making the issue of Rights Equity Shares on a rights basis to the Eligible Shareholders and the Letter of Offer/Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be in any restricted jurisdiction.**

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute under and including any court proceedings and/or currently under transmission or are held in a demat suspense account pursuant to the Regulation 39 of the SEBI Listing Regulations and for which our Company has withheld the dividend, shall be held in abeyance and the CAFs in relation to these Rights Entitlement shall not be dispatched pending resolution of the dispute / completion of the transmission. On submission of documents / records, confirming the legal and beneficial ownership of the Equity Shares with regard to these cases, to the satisfaction of the Issuer, before the Issue Closing Date, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Shareholder. The identified Eligible Shareholder shall be entitled to subscribe to the Rights Equity Shares with respect to these Rights Entitlement before the Issue Closing Date at the Issue Price of ₹ [●] per Rights Equity Share as adjusted for any bonus shares, consolidation or spilt of shares (as may be applicable) in accordance with the provisions of the Companies Act, 2013 and all other applicable laws.

## **PRINCIPAL TERMS OF THE ISSUE**

### **Face Value**

Each Rights Equity Share will have the face value of ₹ 10.

### **Issue Price**

Each Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share).

### **Rights Entitlement Ratio**

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held by such Eligible Shareholders on the Record Date.

### **Terms of Payment**

Full amount of ₹ [●] per Rights Equity Share is payable on application.

The payment towards each Equity Share offered will be applied as under:

- (a) ₹ 10 towards share capital; and
- (b) ₹ [●] towards share premium account.

Where an applicant has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. In the event that there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

### **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of [●] Rights Equity Share for every [●] fully paid-up Equity Shares held as on the Record Date. For Rights Equity Shares being offered in this Issue, if the shareholding of any of the Eligible Shareholders is less than [●] Equity Shares or not in the multiple of [●] fully paid-up Equity Shares, the fractional entitlement of such Eligible Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Shareholders whose fractional entitlements are being ignored as above would be given preference in the Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlement, if any. However, they cannot renounce the same in favour of any third parties.

### **Ranking**

The Rights Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividends.

### **Mode of payment of dividend**

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

### **Listing and trading of Equity Shares proposed to be issued**

The existing Equity Shares of our Company are currently listed and traded on the BSE under the ISIN INE345H01016. The Equity Shares proposed to be issued in this Issue shall be listed and admitted for trading on the BSE subject to necessary approvals. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the SEBI Master Circular for Depositories dated December 15, 2016, be Allotted under a temporary ISIN to be kept frozen till the time final listing/ trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading.

All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares allotted pursuant to the Issue shall be taken within seven working days of the finalization of the Basis of Allotment. Our Company has received 'in-principle' approval for the listing of the Equity Shares proposed to be issued pursuant to the Issue from BSE through its letter no. [●] dated [●]. Our Company will also apply to the BSE for final approval for the listing and trading of the Equity Shares.

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

### **Subscription to the Issue by the Promoter**

Our Promoter has confirmed that it intends to subscribe to the full extent of its Rights Entitlement in the Issue. In addition to subscription to its Rights Entitlements, the Promoter has further confirmed that it intends to subscribe to additional Rights Equity Shares forming part of any unsubscribed portion in the Issue, subject to aggregate shareholding of the Promoter not exceeding 75% of the post Issue capital of our Company.

Such subscription of Equity Shares over and above the Rights Entitlement of our Promoter may result in an increase in its shareholding. However, the acquisition of additional Rights Equity Shares by our Promoter shall not result in a change of control of the management of our Company and shall not result in breach of minimum public shareholding requirement in accordance with Regulation 38 of the SEBI Listing Regulations read with Rule 19 (2) and Rule 19A of SCRR.

For further details of under subscription and Allotment to the Promoter, see "*Issue Information – Basis of Allotment*" on page 240.

### **Rights of the Equity Shareholder**

Subject to applicable laws, the Equity Shareholders shall have the following rights:

1. Right to receive dividend, if declared;
2. Right to attend general meetings and exercise voting powers, unless prohibited by law;
3. Right to vote on a poll either in person or by proxy;
4. Right to receive offers for rights issue and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation;
6. Right of free transferability of shares; and
7. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 2013, the SEBI Listing Regulations, the Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see “*Main Provisions of the Articles of Association*” on page 254.

## **General Terms and Conditions of the Issue**

### ***Market Lot***

The Equity Shares are tradable only in dematerialised form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share. In case an Eligible Shareholder holds Rights Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio (“**Consolidated Certificate**”). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Eligible Shareholder.

### ***Joint Holders***

Where two or more persons are registered as the holders of any Rights Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of Equity Shares offered in the Issue. In case such Eligible Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Eligible Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

### ***Nomination***

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013. An Eligible Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Shareholders who are individuals, a sole Eligible Shareholder or the first named Eligible Shareholder, along with other joint Eligible Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Shareholder or all the joint Eligible Shareholders, as the case may be, shall become entitled to the Rights Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original Eligible Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Shareholder. Where the nominee is a minor, the Eligible Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Shares, in the event of the death of the nominee during his or her minority. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Rights Equity Shares are held by more than one person jointly, the nominee shall become entitled to all the rights in the Rights Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person or such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the Rights Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder.

Further, the Board may at any time give notice requiring any nominee to elect to either be registered himself or herself or to transfer the Rights Equity Shares, and if the notice is not complied with within a period of 90 days, the

Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Rights Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio. However, new nominations, if any, by the Eligible Shareholder(s) shall operate in supersession of the previous nomination, if any.

**In case the Allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.**

#### *Arrangements for Disposal of Odd Lots*

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

#### *Notices*

All notices to the Eligible Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, and one Hindi national daily newspaper with wide circulation and / or will be sent by post to the registered address of the Eligible Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

#### **Offer to Non Resident Eligible Shareholders/Investors**

As per Regulation 6 of Notification No. FEMA 20(R)/2017-RB dated November 7, 2017, the RBI has given general permission to Indian companies to issue equity shares on rights basis to non-resident shareholders including additional securities, subject to certain conditions laid down therein. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Shareholders at their Indian address only.** If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Equity Shares are issued on rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities.

#### *Procedure for Application*

The CAF for the Rights Equity Shares offered as part of the Issue would be printed for all Eligible Shareholders. In case the original CAF is not received by the Eligible Shareholder or is misplaced by the Eligible Shareholder, the Eligible Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Shareholders does not match with the specimen registered with our Company or the depository participant, the application is liable to be rejected.

Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

**Please note that QIB Applicants and Non-Institutional Investors can participate in the Issue only through the ASBA process. Retail Investors can participate in the Issue either through the ASBA process or the non - ASBA process.**

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation;

Part C: Form for Application by Renouncee(s); and

Part D: Form for request for Split Application Forms.

***Option available to the Eligible Shareholder***

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Shareholder is entitled to.

The Eligible Shareholder can:

1. apply for his Rights Entitlement of Equity Shares in full;
2. apply for his Rights Entitlement of Equity Shares in part (without renouncing the other part);
3. apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Rights Equity Shares;
4. apply for his Rights Entitlement in full and apply for additional Rights Equity Shares; and
5. renounce his Rights Entitlement in full.

***Acceptance of the offer to participate in the Issue***

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the Application Money payable to the Banker to the Issue or any of the collection centres as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Non-ASBA Applicants located at centres not covered by the collection branches of the Banker to the Issue can send their CAFs together with the cheque payable at par or a demand draft payable at New Delhi to the Registrar to the Issue by registered post, speed post or courier so as to reach the Registrar to the Issue prior to the Issue Closing



Date. Please note that neither our Company nor the Lead Manager or the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see the sections titled “*Issue Information – Mode of Payment for Resident Investors*” and “*Issue Information – Mode of Payment for Non-Resident Investors*” on pages 229 and 229, respectively.

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the ‘*Issue Information – Application on Plain Paper*’ on pages 227 and 234.

### ***Additional Rights Equity Shares***

You may apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for your entire Rights Entitlement without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in the manner prescribed under “*Issue Information – Basis of Allotment*” on page 240.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Rights Equity Shares applied for in the place provided for additional Equity Shares in Part C of CAF.

Non Resident investors who are not existing Eligible Shareholders may not apply for Equity Shares in addition to their Rights Entitlement, i.e., Non Resident Renouncees cannot apply for additional shares.

Where the number of additional Rights Equity Shares applied for exceeds the number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### ***Renunciation***

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Rights Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors); (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, the Eligible Shareholders may not renounce in favour of “U.S. Persons” (as defined in Regulation S) or persons or entities in the United States, or persons or entities which would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws in the United States or any other jurisdiction or as otherwise contemplated in this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (OCBs) have been derecognised as an eligible class of Investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the Eligible Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of erstwhile OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that erstwhile OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route

on case by case basis. Accordingly, Shareholders renouncing their rights in favour of erstwhile OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the erstwhile OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renounees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renounees without assigning any reason thereof.

### ***Procedure for renunciation***

#### **To renounce the entire Rights Entitlement in favour of one Renounee**

If you wish to renounce your Rights Entitlement indicated in Part 'A' of the CAF, in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renounees, all joint Renounees must sign Part 'C' of the CAF.

#### **To renounce in part/or renounce the whole to more than one person(s)**

If you wish to either: (i) accept this offer in part and renounce the balance; or (ii) renounce your entire Rights Entitlement in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar to the Issue, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/ Depositories, the application is liable to be rejected.

### ***Renounee(s)***

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the Application Money in full.

### **Change and/or introduction of additional holders**

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

<b>Sr. No.</b>	<b>Option Available</b>	<b>Action Required</b>
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A ( <i>All joint holders must sign in the same sequence</i> )
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A, including Block III relating to the acceptance of entitlement and Block IV relating to additional

Sr. No.	Option Available	Action Required
		Rights Equity Shares ( <i>All joint holders must sign in the same sequence</i> )
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)  OR  Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D ( <i>all joint holders must sign in the same sequence</i> ) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.  On receipt of the SAF, take action as indicated below.  (i) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A.  (ii) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncees.  (iii) Each Renouncee should fill in and sign Part C for the Rights Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person ( <i>Joint Renouncees are considered as one</i> ).	Fill in and sign Part B ( <i>all joint holders must sign in the same sequence</i> ) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>all joint Renouncees must sign</i> )
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

**All applicants applying for shares in physical form have to provide Original Cancelled Cheque with name printed on it OR copy of passbook or bank statement attested by banker, along with the right equity share application. In case it is not provided, your application will be liable to be rejected.**

**All applicants applying for shares in physical form are requested to note that pursuant to the SEBI Listing (Fourth Amendment) Regulations, 2018, with effect from the one hundred and eightieth day from June 8, 2018, transfer of securities shall not be processed unless securities are held in dematerialized form with a depository, except in case of transmission or transposition of securities.**

**Please note that:**

1. Options (3), (4) and (5) will not be available for Equity Shareholders applying through ASBA process.
2. Part 'A' of the CAF must not be used by any person(s) other than the Eligible Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
3. Request for each SAF should be made for a minimum of one Rights Equity Share or, in each case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
4. Request by the Investor for the SAFs should reach the Registrar to the Issue on or before [●], 2018.
5. Only the Eligible Shareholders to whom the Letter of Offer and/ or Abridged Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Please note that renunciations by Eligible Shareholders may be subject to additional legal requirements and Applicants must obtain their own independent legal advice in relation to such requirements, including the number of persons in whose favour the Equity Shares offered through this Issue may be renounced. CAF once split cannot be split further.
6. SAFs will be sent to the Eligible Shareholders by post at the Applicant's risk.

7. Eligible Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
8. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.
9. While applying for or renouncing their Rights Entitlement, all joint Eligible Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company and/ or Depositories.
10. *Non-Resident Eligible Shareholders:* Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of Share Certificates, etc. In case a Non-Resident or NRI Eligible Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
11. Applicants must write their CAF number at the back of the cheque / demand draft.
12. The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only once a week.

In order to enable to ensure listing of Equity Shares issued and allotted pursuant to this Issue in a timely manner, Applicants are advised to use CTS cheques or use ASBA facility to make payment.

Applicants using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond six working days from the date of the closure of the Issue.

#### ***Availability of duplicate CAF***

In case the original CAF is not received, or is misplaced by the Eligible Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

#### **Application on Plain Paper (Non-ASBA)**

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque drawn on a bank payable at par, pay order/demand draft, net of bank and postal charges and the Investor should send the same by registered post directly to the Registrar to the Issue. See "*Issue Information – Modes of Payment*" on page 229. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "***CAPITAL INDIA FINANCE LIMITED - RIGHTS ISSUE***" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholder including joint holders,

in the same order and as per specimen recorded with our Company /Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being CAPITAL INDIA FINANCE LIMITED;
2. Name and Indian address of the Eligible Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
6. Allotment option preferred - physical or demat form, if held in physical form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for;
9. Number of additional Rights Equity Shares applied for, if any;
10. Total number of Equity Shares applied for;
11. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
12. Particulars of cheque/ demand draft;
13. Savings/ current account number and name and address of the bank where the Eligible Shareholder will be depositing the refund order (in case of Equity Shares held by such Eligible Equity Shareholders in physical form). In case of Equity Shares held in dematerialised form, the Registrar to the Issue shall obtain the bank account details from the information available with the Depositories;
14. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, details of the PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
15. If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account; and
16. Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company/Depositories).

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Shareholder without any interest thereon. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar to the Issue not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue at [www.masserv.com](http://www.masserv.com).

***Last date for Application***

The last date for submission of the duly filled in CAF or the plain paper application is [●], 2018. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF or the plain paper application together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose of the Equity Shares hereby offered, as provided under “*Issue Information – Basis of Allotment*” on page 240.

### ***Modes of Payment***

Investors are advised to use CTS cheques to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected.

### ***Mode of payment for Resident Investors***

1. All cheques / demand drafts accompanying the CAF should be drawn in favour of “***CIFL - RIGHTS ISSUE – R***” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue;
2. Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque drawn on a bank payable at par, pay order/demand draft for the full application amount, net of bank and postal charges drawn in favour of “***CIFL - RIGHTS ISSUE – R***”, crossed ‘A/c Payee only’ and payable at par, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed “***CAPITAL INDIA FINANCE LIMITED – RIGHTS ISSUE***”. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

### ***Mode of payment for Non-Resident Investors***

As regards the application by Non-Resident Investor, the following conditions shall apply:

1. Individual Non-Resident Indian Applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

#### **Registrar to the Issue**

#### **Karvy Computershare Private Limited**

Karvy Selenium Tower B

Plot 31-32, Gachibowli,

Financial District, Nanakramguda

Hyderabad 500 032,

India

**Telephone:** +91 40 6716 2222

**Facsimile:** +91 40 2343 1551

**E-mail:** einward.ris@karvy.com

**Investor Grievance E-mail:** cifl.rights@karvy.com

**Website:** <https://karisma.karvy.com>

**Contact Person:** Mr. M Murali Krishna

**SEBI Registration No.:** INR000000221

*Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.*

2. Applications will not be accepted from Non-Resident Indian in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
4. Non-Resident Investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of “[●]”, crossed ‘A/c Payee only’ payable at par, in case of non-resident shareholder applying on non-repatriable basis and in favour of “[●]”, crossed ‘A/c Payee only’ payable at par, in case of non-resident shareholder applying on repatriable basis, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed “**CAPITAL INDIA FINANCE LIMITED - RIGHTS ISSUE**”. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
5. Payment by Non-Residents must be made by demand draft, pay order/cheque or funds remitted from abroad in any of the following ways:

#### **Application with repatriation benefits**

1. By Indian Rupee drafts purchased from abroad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
2. By cheque/draft drawn on an NRE or FCNR Account; or
3. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at par;
4. FIIs/ FPIs registered with SEBI must utilise funds from special non-resident rupee account;
5. Non-Resident Investors with repatriation benefits should draw the cheques/ demand drafts in favour of “[●]”, crossed ‘A/c Payee only’ for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue;
6. Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

## **Application without repatriation benefits**

1. As far as Non-Residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account or Rupee draft purchased out of NRO Account maintained elsewhere in India. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
2. Non-Resident Investors without repatriation benefits should draw the cheques/demand drafts in favour of “[●]”, crossed ‘A/c Payee only’ for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue;
3. Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
4. An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

### **Notes:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act.
- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Banker to the Issue indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from Non-Residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

## **Application by ASBA Investors**

### **Process**

*This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.*

*The Lead Manager, our Company, its Directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.*



**Please note that pursuant to the ASBA Circular 2011, all Applicants who are QIBs or Non-Institutional Investors can participate in the Issue only through the ASBA process, subject to them complying with the eligibility conditions prescribed in the ASBA Circular 2009. Retail Individual Investors can participate in the Issue either through the ASBA process or the non ASBA process, provided that they are eligible ASBA Investors (as per the conditions of the ASBA Circular 2009). Please note that subject to SCSBs complying with the requirements of ASBA Circular 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.**

Further, in terms of the ASBA Circular 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SEBI-registered SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

**ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA ACCOUNT ON THE RECORD DATE.**

#### **Self-Certified Syndicate Banks**

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above-mentioned link.

#### **Eligible Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to the Eligible Shareholders of our Company on the Record Date who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards their Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced their Rights Entitlements in full or in part;
- are not Renouncees;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

**Please note that in accordance with the provisions of the ASBA Circular 2011, all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the ASBA Circular 2009 must mandatorily invest through the ASBA process. ASBA Applicants should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Applicants should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.**

A Retail Individual Investor can participate in the Issue through either the ASBA process or the non – ASBA process, provided her/ he is an eligible ASBA Investor (as per the conditions of the ASBA Circular 2009).

## **CAF**

The Registrar to the Issue will dispatch the CAF to all Eligible Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA Process will have to select this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per ASBA Account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

### **Acceptance of the Issue under the ASBA process**

ASBA Investors may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar to the Issue, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

### **Renunciation under the ASBA Process**

ASBA Investors can neither be Renounees, nor can renounce their Rights Entitlement.

### **Mode of payment under the ASBA process**

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of the ASBA Circular 2011, all QIBs and Non-Institutional Investors complying with eligibility conditions prescribed under the ASBA Circular 2009 must mandatorily invest through the ASBA process.

A Retail Individual Investor can participate in the Issue either through the ASBA process or non-ASBA process, provided that they are eligible ASBA Investors (as per the conditions of the ASBA Circular 2009).

### Options available to the Eligible Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar to the Issue:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF ( <i>All joint holders must sign in the same sequence</i> )
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares ( <i>All joint holders must sign in the same sequence</i> )

**The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.**

### Additional Equity Shares

An Eligible Shareholder is eligible to apply for additional Rights Equity Shares over and above the number of Equity Shares that it is entitled to, provided that it is eligible to apply for the Equity Shares under applicable law and has applied for all the Rights Equity Shares (as the case may be) offered to him/ her without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Issue Information – Basis of Allotment*” on page 240. If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

### Application on Plain Paper under the ASBA process

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed “*Capital India Finance Limited - RIGHTS ISSUE*” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholders including joint holders, in the same order and as per the specimen recorded with our Company /Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, being Capital India Finance Limited;
2. Name and Indian address of the Eligible Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID No.;
4. Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;

5. Number of Equity Shares held as on Record Date;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of Non-Resident Investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; and
14. Signature of the Eligible Shareholders to appear in the same sequence and order as they appear in our records.

In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

#### **Option to receive Equity Shares in Dematerialised Form**

**ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.**

#### **General instructions for Investors applying under the ASBA Process**

1. Please read the instructions printed on the respective CAF carefully.
2. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer or Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
3. The CAF/ plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue (assuming that such Banker to the Issue is not an SCSB), to our Company or Registrar to the Issue or Lead Manager to the Issue.
4. All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the Income Tax Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.**

5. All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
6. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company /or Depositories.
7. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company / Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
8. All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.
9. Only the person or persons to whom the Rights Equity Shares have been offered and not Renouncee(s) shall be eligible to participate under the ASBA process.
10. Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
11. Only the Eligible Shareholders holding shares in demat are eligible to participate through ASBA process.
12. Eligible Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
13. Please note that pursuant to the ASBA Circular 2011, all Applicants who are QIBs or Non-Institutional Investors, meeting the eligibility requirements laid down in ASBA Circular 2009, can participate in the Issue only through the ASBA process. Retail Individual Investors can participate in the Issue either through the ASBA process or the non ASBA process provided, that they are eligible ASBA Investors (as per the conditions of the ASBA Circular 2009).
14. Please note that subject to SCSBs complying with the requirements of the ASBA Circular 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.
15. Further, in terms of the ASBA Circular 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SEBI-registered SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.
16. Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the investment limits prescribed under applicable law.
17. In case of non – receipt of CAF or duplicate CAF, application can be made on plain paper mentioning all necessary details as mentioned under “*Issue Information – Application on Plain Paper (non - ASBA)*” and “*Issue Information – Application on Plain Paper under the ASBA process*” on page 227 and 234, respectively.

**Do's:**

1. Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under "*Issue Information – Application on Plain Paper under the ASBA process*" on page 234.
2. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.
3. Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
4. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} multiplied by the {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
5. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
6. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
7. Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income Tax Act.
8. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
9. Ensure that the Demographic Details are updated, true and correct, in all respects.
10. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

**Don'ts:**

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
2. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
3. Do not pay the amount payable on application in cash, by money order, pay order or by postal order.
4. Do not send your physical CAFs to the Lead Manager / Registrar to the Issue / Banker to the Issue (assuming that such Banker to the Issue is not an SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
5. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
6. Do not apply if the ASBA Account has been used for five Applicants.

7. Do not apply through the ASBA Process if you are not an ASBA Investor.
8. Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

### **Grounds for Technical Rejection under the ASBA Process**

In addition to the grounds listed under “*Issue Information - Grounds for Technical Rejections for non-ASBA Investors*” on page 247, applications under the ASBA Process are liable to be rejected on the following grounds:

1. Application on a SAF.
2. Application for Allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.
3. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar to the Issue.
4. Sending an ASBA application on plain paper to a person other than a SCSB.
5. Sending CAF to Lead Manager / Registrar to the Issue / Banker to the Issue (assuming that such Banker to the Issue is not an SCSB) / to a branch of an SCSB which is not a Designated Branch of the SCSB / Company.
6. Renounee applying under the ASBA Process.
7. Submission of more than five CAFs per ASBA Account.
8. Insufficient funds are available with the SCSB for blocking the amount.
9. Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
10. Account holder not signing the CAF or declaration mentioned therein.
11. CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” as defined in Regulation S and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the rights and the Rights Entitlements and/or Rights Equity Shares in compliance with all applicable laws and regulations, unless such the relevant person has previously delivered to our Company (and our Company has accepted) a duly executed Investor Representation Letter; or appears to our Company or its agents to have been executed in or despatched from the United States, unless such the relevant person has previously delivered to our Company (and our Company has accepted) a duly executed Investor Representation Letter; or where a registered Indian address is not provided; or in the case of all investors, where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
12. QIBs and Non-Institutional Investors (i) applying for the Rights Entitlement and additional Rights Equity Shares, if any, in dematerialised form, (ii) who hold Equity Shares in dematerialised form and (iii) are not renounee or Renounee not applying through the ASBA process.
13. The application by an Eligible Shareholder, meeting the eligibility conditions prescribed under the ASBA Circular 2009, whose cumulative value of Rights Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.
14. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

15. Submitting the GIR instead of the PAN.
16. An Eligible Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
17. Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
18. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
19. If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
20. Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

#### **Depository account and bank details for Investors applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF OR PLAIN PAPER APPLICATION. SUCH ELIGIBLE SHAREHOLDERS IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

**Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation (Demographic Details). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating Allotment and unblocking or refund (if any) would be mailed at the Indian address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds 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 Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.**

**Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

### **Underwriting**

This Issue shall not be underwritten.

### **Issue Schedule**

<b>Issue Opening Date</b>	:	[●]
<b>Last date for receiving requests for SAFs</b>	:	[●]
<b>Issue Closing Date</b>	:	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

### **Basis of Allotment**

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

1. Full Allotment to those Eligible Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part. Allotment to non-resident Renouncees shall be subject to the permissible foreign investment limits applicable to our Company under FEMA, from time to time.
2. Investors whose fractional entitlements are being ignored and Eligible Shareholders with Zero entitlement would be given preference in Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (1) above. If number of Rights Equity Shares required for Allotment under this head is more than the number of Rights Equity Shares available after Allotment under (1) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
3. Allotment to the Eligible Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to their Rights Entitlement, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (1) and (2) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
4. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (1), (2) and (3) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

5. Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (1), (2), (3) and (4) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (1) to (4) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

### **Subscription to the Issue by the Promoter**

Our Promoter has confirmed that it intends to subscribe to the full extent of its Rights Entitlement in the Issue. In addition to subscription to its Rights Entitlements, the Promoter has further confirmed that it intends to subscribe to additional Rights Equity Shares for any unsubscribed portion in the Issue, subject to aggregate shareholding of the Promoter not exceeding 75% of the post Issue capital of our Company.

Such subscription of Equity Shares over and above the Rights Entitlement of our Promoter, if allotted, may result in an increase in its shareholding. However, the acquisition of additional Rights Equity Shares by our Promoter shall not result in a change of control of the management of our Company and shall not result in breach of minimum public shareholding requirement in accordance with Regulation 38 of the SEBI Listing Regulations read with Rule 19 (2) and Rule 19A of SCRR.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investors;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

### **Allotment Advices / Refund Orders**

Our Company will issue and dispatch Allotment advice/ Share Certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") (except where Investors have not provided the details required to send electronic refunds), or such other mode as may be mutually agreed upon between our Company, the Registrar to the Issue and the Lead Manager.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding Rights Equity Share certificates will be kept ready within two months from the date of Allotment thereof under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the Rights Equity Share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Eligible Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of Non-Resident Shareholders or Investors who remit their application money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-Resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank and postal charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

### **Payment of Refund to Non-ASBA Investors**

#### **Mode of making refunds**

Our Company will issue and dispatch refund orders within a period of 15 days from the Issue Closing Date. If such money is not repaid within the stipulated time period or such other period as may be prescribed under applicable laws, our Company shall pay that money with interest at the rates prescribed by applicable laws for the delayed period in this regard.

The payment of refund to Non-ASBA Investors, if any, would be done through any of the following modes:

1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
2. National Electronic Fund Transfer (“NEFT”) - Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to the Issue to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit - Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS - If the refund amount exceeds ₹ 200,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required

to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

### **Refund payment to Non- residents**

Where applications are accompanied by Indian rupee drafts purchased abroad, refunds will be made in the Indian rupees based on the U.S. Dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. Dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Allotment advice / Share Certificates/ Demat Credit**

Allotment advice/ Share Certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within the timeline prescribed under applicable law. In case our Company issues Allotment advice, the respective Share Certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share Certificates.

### **Option to receive Rights Equity Shares in Dematerialised Form**

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form or in physical form at the option of the Investor. Our Company, along with the Registrar and Share Transfer Agent, has signed a tripartite agreement with NSDL on March 29, 2006 which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. Our Company, along with the Registrar and Share Transfer Agent, has also signed a tripartite agreement with CDSL on January 30, 2006 which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Rights Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a Depository Participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or

dematerialised form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialised form.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any Depository Participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company*). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*
2. For Eligible Shareholders already holding Equity Shares of our Company in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company / Depositories.
3. The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-a-vis such information with the Investor's Depository Participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's Depository Participant.
4. If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.
5. The Rights Equity Shares allotted to Applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar to the Issue but the Applicant's Depository Participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
7. Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar to the Issue.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

**General instructions for non-ASBA Investors**

1. Please read the instructions printed on the CAF carefully.
2. Retail Individual Investors may participate in the Issue either through ASBA or the non-ASBA process, provided that they are eligible ASBA Investors (as per the conditions of the ASBA Circular 2009). Eligible Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
3. Application should be made on the printed CAF, provided by our Company except as mentioned under “*Issue Information – Application on Plain Paper (non - ASBA)*” and “*Issue Information – Application on Plain Paper under the ASBA process*” on pages 227 and 234, respectively, and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer/ Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
4. The CAF together with the cheque/demand draft should be sent to the Banker to the Issue or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

**Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.**

5. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the Income Tax Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
6. Investors holding Equity Shares in physical form are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details is liable to be rejected.
7. All payment should be made by cheque/demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
8. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF or the plain paper application as per the specimen signature recorded with our Company.
9. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity, besides the Registrar to the Issue, or are sent after the Issue Closing

Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.

10. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company /Depositories. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
11. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to FPIs, in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of Share Certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States (as defined in Regulation S), or in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws, unless they are able to provide the representations, warranties and agreements specified for such persons under "*Notice to Overseas Investors*" on page 8.
12. All communication in connection with application for the Rights Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and Share Transfer Agent of our Company, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.
13. SAFs cannot be re-split.
14. Only the person or persons to whom Rights Equity Shares have been offered and not Renounee(s) shall be entitled to obtain SAFs.
15. Investors must write their CAF number at the back of the cheque /demand draft.
16. Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
17. A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be liable to be rejected. The Registrar to the Issue will not accept payment against application if made in cash.
18. No receipt will be issued for application money received. The Banker to the Issue / Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
19. The distribution of the Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Equity Shares.
20. Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

#### **Do's for non-ASBA Investors**

1. Check if you are eligible to apply, that is, you are an Eligible Shareholder on the Record Date.
2. Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in.
3. In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialised form only.
4. Ensure that your Indian address is available to our Company and the Registrar and Share Transfer Agent, in case you hold Equity Shares in physical form or the Depository Participant, in case you hold Equity Shares in dematerialised form.
5. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.
6. Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.
7. Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.
8. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
9. Ensure that the demographic details are updated, true and correct, in all respects.

#### **Don'ts for non-ASBA Investors**

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
2. Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.
3. Do not pay the amount payable on application in cash, by money order or by postal order.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not submit Application accompanied with stockinvest.

#### **Grounds for Technical Rejections for non-ASBA Investors**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the Application Money payable.
2. Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or the Registrar and Share Transfer Agent (in the case of physical holdings).
3. Age of Investor(s) not given (in case of Renouncees).



4. Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.
5. In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.
6. If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.
7. CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer/ Letter of Offer.
8. CAFs not duly signed by the sole/joint Investors.
9. CAFs/ SAFs by erstwhile OCBs not accompanied by a copy of an RBI approval to apply in this Issue.
10. CAFs accompanied by stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand drafts.
11. In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.
12. CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the rights and the Rights Entitlements and/or Rights Equity Shares in compliance with all applicable laws and regulations. unless such the relevant person has previously delivered to our Company (and our Company has accepted) a duly executed Investor Representation Letter; or appears to our Company or its agents to have been executed in or despatched from the United States, unless such the relevant person has previously delivered to our Company (and our Company has accepted) a duly executed Investor Representation Letter; or where a registered Indian address is not provided; or in the case of all investors, where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
13. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided.
14. CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
15. In case the GIR number is submitted instead of the PAN.
16. Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
17. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
18. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
19. If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
20. Non-ASBA applications made by QIBs and Non – Institutional Investors, meeting the eligibility requirements prescribed under the ASBA Circular 2009.

Please read this Draft Letter of Offer/ Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer, Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

### **Procedure for Application by Mutual Funds**

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. Applications made by asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

### **Procedure for Application by FPIs**

In terms of the FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions, which may be specified by the Government from time to time. An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three (3) years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or subaccount has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the FPI Regulations. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The VCF Regulations and the FVCI Regulations prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the AIF Regulations prescribe, amongst other things, the investment restrictions on AIFs.

As per the VCF Regulations and FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

**Please note that pursuant to the terms of the ASBA Circular 2011, all Applicants who are QIBs or Non-Institutional Investors shall mandatorily make use of ASBA facility, provided that they are eligible ASBA Investors (as per the conditions of the ASBA Circular 2009).**

## **Impersonation**

**Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:**

*“Any person who:*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under section 447”.*

**Section 447 of the Companies Act provides for punishment for fraud which *inter alia* states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.**

## **Dematerialised dealing**

Our Company, along with the Registrar and Share Transfer Agent, has entered into agreements dated March 29, 2006 and January 30, 2006 with NSDL and CDSL, respectively, and its Equity Shares bear ISIN INE345H01016. Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.001/2003- 04 dated November 5, 2003, the stockinvest Scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue / Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within the timelines prescribed under applicable law. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the CAF carefully.

## **Utilisation of Issue Proceeds**

The Board of Directors declares that:

1. All monies received in respect of this Issue shall be transferred to a separate bank account;

2. Details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
3. Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and
4. Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalised.

#### Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Rights Equity Shares are to be listed will be taken within seven Working Days of finalisation of Basis of Allotment.
3. The 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 our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
6. No further issue of securities affecting our Company's Equity Share Capital shall be made till the securities issued/ offered through this Draft Letter of Offer/ Letter of Offer are listed or till the application money are refunded on account of non-listing, under-subscription etc.
7. Our Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
8. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the Basis of Allotment.
9. At any given time, there shall be only one denomination for the Equity Shares of our Company.
10. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
11. Our Company shall utilise the funds collected in the Issue only after finalisation of the Basis of Allotment.

#### Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

## Important

1. Please read this Draft Letter of Offer/ Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 13.
2. All enquiries in connection with the Letter of Offer or CAF and requests for SAFs must be addressed quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Shareholder as mentioned on the CAF and superscribed “**CAPITAL INDIA FINANCE LIMITED - RIGHTS ISSUE – R**” or “**CAPITAL INDIA FINANCE LIMITED - RIGHTS ISSUE – NR**”, as applicable, on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

### **Karvy Computershare Private Limited**

Karvy Selenium Tower B  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda  
Hyderabad 500 032,  
India

**Telephone:** +91 40 6716 2222

**Facsimile:** +91 40 2343 1551

**E-mail:** einward.ris@karvy.com

**Investor Grievance E-mail:** cifl.rights@karvy.com

**Website:** <https://karisma.karvy.com>

**Contact Person:** Mr. M Murali Krishna

**SEBI Registration No.:** INR000000221

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries / departments of the Government of India and the RBI. The Union Cabinet has recently approved phasing out the FIPB, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments.

Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the “**SOP**”). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the “**Competent Authority**”) for the grant of *post facto* approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority.

The GoI has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

## SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### TERMS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI ICDR Regulations the main provisions of our Articles of Association relating to, among others, 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 capitalised/defined terms herein have the same meaning given to them in our Articles. Subject to our Articles, any words or expression defined in the Companies Act, 2013 shall, except so where the subject or context forbids; bear the same meaning in these Articles.

Article	Particulars
<b>PRELIMINARY</b>	
1.	The regulations contained in Table F of the First Schedule to the Companies Act, 2013 shall apply to the Company, except to which provision is made in these articles.
2.	The provisions of the Companies Act 2013, and / or any statutory modifications thereof at any time shall apply to the company. Where in the construction or interpretation of any of the following regulations it is found that the same are inconsistent or repugnant to the provisions of the aforesaid Act, the provisions of the Companies Act, 2013, with statutory modifications thereof shall apply.
	Words and expressions contained in these regulations shall bear the same meaning as in the Companies Act, or any statutory modification thereof.
<b>INTERPRETATION</b>	
3.	<p>In the interpretation of these Articles, unless repugnant to the subject or context :-</p> <p>"The Company" or "this Company" means CAPITAL INDIA FINANCE LIMITED.</p> <p>"The Act" means the Companies Act, 1956 and the Companies Act, 2013, or any statutory modification or re-enactment thereof, for the time being, in force.</p> <p>"Alter and Alteration" shall include the making of additions and omissions.</p> <p>"Annual General Meeting" means a general meeting of the members held as such, in accordance with the provisions of the Act.</p> <p>"Auditors" means those Auditors appointed under the said Act.</p> <p>"Beneficial Owner" means a person as defined by section 2(1)(a) of the Depositories Act, 1996. "Board" shall mean the collective body of the directors of the Company.</p> <p>"Capital" means the Share capital, for the time being, raised or authorised to be raised, for purposes of the Company.</p> <p>"Debenture" includes debenture stock, bonds or any other instrument of the Company evidencing the debts whether constituting the charge on the assets of the Company or not.</p> <p>"Depositories Act 1996" means The Depositories Act, 1996 and includes any statutory modification or re-enactment thereof the time being in force.</p>

Article	Particulars
	<p>"Depository" means and includes a Company as defined in section 2(1)(e) of "The Depositories Act, 1996.</p> <p>"Directors" means a director appointed to the Board of Company.</p> <p>"Dividend" includes interim dividend.</p> <p>"Extra-ordinary General Meeting" means an extraordinary general meeting of the members, duly called and constituted, and any adjourned holding thereof.</p> <p>"In Writing" or "Written" shall include e- mail, and any other form of electronic transmission. "Independent Director" shall have the meaning ascribed to it in the Act.</p> <p>"Key Managerial Personnel" means the Chief executive officer or the managing director, the company secretary ;wholetime director; chief financial officer; and such other officer as may be notified from time to time in the Rules.</p> <p>"Member" means member as defined under section 2(55) of the Companies Act, 2013 "Meeting" or "General meeting" means a meeting of members.</p> <p>"Month" means a period of 30 (Thirty) days and a "Calendar Month" means an english calendar month.</p> <p>"Office" means the registered office, for the time being, of the Company.</p> <p>"Paid-up" means paid up capital as defined under section 2(64) of the Companies Act, 2013.</p> <p>"Participant" means individual/institutions as defined under Section 2(1)(g) of the Depositories Act, 1996.</p> <p>"Persons" include corporations and firms as well as individuals.</p> <p>"Register of Members" means the Register of Members to be kept pursuant to the Act, and includes index of beneficial owners mentioned by a Depository.</p> <p>"The Registrar" means, Registrar as defined under section 2(75) of the Companies Act, 2013.</p> <p>"Rules" means any rule made pursuant to section 469 of the Act or such other provisions pursuant to which the central Government is empowered to make rules, and shall include such rules as may be amended from time to time.</p> <p>"Secretary" means a Company Secretary, within the meaning of clause (c) of sub section (I) of section 2 of Company Secretaries Act, 1980, who is appointed by the Company to perform the functions of the Company Secretary under this Act.</p> <p>"Seal" means the common seal, for the time being, of the Company.</p>



Article	Particulars
	<p>"Share" means a Share in the capital of the Company, and includes stock, except where a distinction between Stock and Shares is express or implied.</p> <p>Words importing the singular number include, where the context admits or requires, the plural number and vice versa.</p> <p>"Ordinary resolution" and "special resolution" shall have the same meaning assigned thereto by the Act.</p> <p>"Year" means a calendar year and "financial year" shall have the same meaning as assigned thereto by or under the Companies Act, 2013.</p> <p>Words importing the masculine gender also include the feminine gender.</p> <p>The margin notes, if used or incorporated, or, after being used, removed, at any time thereafter, in these Articles shall not affect the construction hereof:</p> <p>Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning so far as these Articles are concerned.</p> <p>The Section number, with relation to the Act, referred to anywhere in these presents, may be deemed to have been replaced by such other number or numbers, as may, after the amendments or modifications effected in the Act or repeal of the Act and introduction of the new Act as such in its place, contain the relevant provisions, in the context or circumstances of that respective Article, as may be proper and justifiable and shall be interpreted in its true intention.</p>
<b>CAPITAL AND INCREASE AND REDUCTION THEREOF</b>	
4.	<p>The Authorised Share Capital of the Company is such amount, as stated, for the time being, or may be varied, from time to time, under the provisions of the Act, in the Clause V of the Memorandum of Association of the Company, divided into such number, classes and descriptions of Shares and into such denominations, as stated therein, and further with such powers to increase the same or otherwise as stated therein. The paid-up Share Capital of the Company shall be, at any time, an amount of not less than Rs.500,000/- (Rupees Five Lakhs) or such other amount, as may, from time to time, be prescribed under the Act.</p>
5.	<p>The Company, in general meeting, may, from time to time, increase the capital by the creation of new shares. Such increase in the capital shall be of such aggregate amount and to be divided into such number of Shares of such respective amounts, as the resolution, so passed in that respect, 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, restricted or qualified right to dividends, and in the distribution of assets of the Company, on winding up, and with or without a right of voting at general meetings of the Company, in conformity with and only in the manner prescribed by the provisions of the Act. Whenever capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the applicable provisions of the Act.</p>

Article	Particulars
6.	<p>(a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares and other securities; rematerialize its shares and other securities held with Depositories and/or offer its fresh shares and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under and on the same being done, the Company shall further be entitled to maintain a register of Members with the details of members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media, either in respect of existing shares or any future issue and transfer or transmission of any shares or other securities held in material or dematerialized form.</p> <p>(b) The shares and other Securities of the Company which are held in dematerialised form shall not be progressively numbered and the provisions relating to the progressive numbering shall not apply to the shares or other Securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form and no share certificates shall be issued in respect of the shares issued/held in rematerialised form with any Depository and the provisions of regulations II.2 and II.3 of Table F of Schedule I of the Act shall not apply in this regard.</p> <p>(c) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the shares/ Securities in the records of the Depository as the absolute owner thereof as regards the receipt of dividends or bonus or service of notice and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claims to or interest in such shares/Securities on the part of any other person whether or not it shall have express or implied notice thereof.</p> <p>(d) In the case of transfer or transmission of Securities held by Beneficial Owners with the Depository the provisions relating to the normal transfer or transmission of Securities in respect of the Securities held in the physical mode shall not apply to the transfer of Securities effected by the transferor and the transferee both of whom is entered as Beneficial Owners in the records of the Depository. In case of transfer or transmission of shares or other Securities where the Company has not issued any certificates in respect thereof and where such shares or Securities are being held in an electronic and fungible form with a Depository, the provision of the Depository Act, 1996 shall apply.</p>
6 (1)	<p>Where at any time it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then such further shares shall be offered:</p> <p>(a) To the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.</p> <p>i. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days and not exceeding thirty days from the date of the offer and the offer if not</p>

Article	Particulars
	<p>accepted, will be deemed to have been declined.</p> <p>ii. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favor any member may, renounce the shares offered to him.</p> <p>iii. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that the declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.</p> <p>(b) To employees under a scheme of employees' stock option, subject to special resolution passed by Company and subject to such conditions as may be prescribed under the Act;</p>
6(2)	Notwithstanding anything, contained in sub-clause (1) thereof, 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) either for cash or consideration other than cash if a special resolution to that effect is passed by the Company in General Meeting, and subject to such other conditions as may be prescribed under the Act.
6(3)	<p>Nothing in sub-clause (c) of (1) hereof shall be deemed:</p> <p>(a) to extend the time within which the offer should be accepted; or</p> <p>(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.</p>
6(4)	<p>Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised 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 (whether such option is conferred in these Articles or otherwise)</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>In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.</p>
7.	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 contained herein with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise.
8.	Subject to the provisions of Section 55 of the Act and the rules made

Article	Particulars
	thereunder, the Company shall have the power to issue preference shares, which are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
9.	<p>On the issue of Redeemable Preference Shares under the provisions of the preceding Article, the following provisions shall take effect :-</p> <p>(a) No such Shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of the redemption.</p> <p>(b) No such shares shall be redeemed unless they are fully paid;</p> <p>(c) The premium, if any, payable on redemption, must have been provided for, out of the profits of the Company or the Share Premium Account of the Company before, the Shares are redeemed; and</p> <p>(d) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called "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 "Capital Redemption Reserve Account" were paid up Share capital of the Company.</p>
10.	Subject to Section 100 of the Companies Act, 1956 and Section 66 of the Companies Act, 2013 as and when notified the Company may by special resolution, reduce its capital and any Capital Redemption Reserve Account or Other Premium Account, for the time being, in any manner, authorised by law, and, in particular, without prejudice to the generality of the foregoing powers, the capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power, the Company would have, if it were omitted.
11.	Subject to the applicable provisions of the Act, the Company, in general meeting, may, from time to time, sub-divide, reclassify or consolidate its Shares or any of them, and the resolution whereby any Share is sub-divided, may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. 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.
12.	Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the applicable provisions of the Act, be modified, commuted, affected or abrogated, or dealt with by an agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified, in writing, by holders of at least three-fourths in nominal value of the issued Shares of the class or is confirmed by a special resolution passed at a separate general meeting of the holders of Shares of that class and all

Article	Particulars
	the provisions hereinafter contained as to general meetings, shall, mutatis mutandis, apply to every such meeting.
<b>SHARES AND CERTIFICATES</b>	
13.	The Company shall keep or cause to be kept a Register and Index of Members, in accordance with the applicable Sections of the Act. The Company shall be entitled to keep, in any State or Country outside India, a Branch Register of Members, in respect of those residents in that State or Country.
14.	The Shares, in the capital, shall be numbered progressively according to their several classes and denominations, and, except in the manner hereinabove mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share may continue to bear the number by which the same was originally distinguished with, or as may be otherwise, as may be decided by the Board of Directors or required by any other authority, as may be, for the time being, in force.
15.	<p>1. Where at the time, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the unissued or out of the increased Share capital then:</p> <p>(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 near as circumstances admit, to the capital paid up on those Shares at that date.</p> <p>(b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than fifteen days and not exceeding thirty days from the date of the offer within which the offer if not accepted, will be deemed to have been declined.</p> <p>(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right provided that the Directors may decline, without assigning any reason to allot any Shares to any person in whose favour any member may, renounce the Shares offered to him.</p> <p>(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.</p> <p>2. Notwithstanding anything contained in sub-clause (I) thereof, 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 (I) hereof) in any manner either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a Registered Valuer subject to such conditions prescribed in the rules made thereunder.</p> <p>3. Nothing in sub-clause (c) of (I) hereof shall be deemed:</p> <p>(a) To extend the time within the offer should be accepted; or</p>

Article	Particulars
	<p>(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 remuneration was first made has declined to take the Shares comprised in the renunciation.</p> <p>4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debenture issued or loans raised by the Company to convert such Debenture or loans into Shares in the Company.</p> <p>PROVIDED THAT the terms of issue of such Debentures or the terms of such loans loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in general meeting.</p>
16.	<p>Subject to the provisions of Section 62 of the Companies Act, 2013 and the rules made thereunder and these Articles of the Company for the time being shares 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 part 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 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 opinion 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. The Board shall cause to be filed the returns as to allotment as may be prescribed from time to time.</p>
17.	<p>In addition to and without derogating from the powers for that purpose conferred on the Board under the preceding two Articles, the Company, in general meeting, may determine that any Shares, whether forming part of the original capital or of any increased capital of the Company, shall be offered to such persons, whether or not the members of the Company, in such proportion and on such terms and conditions and, subject to compliance with the provisions of applicable provisions of the Act, either at a premium or at par, as such general meeting shall determine and with full power to give any person, whether a member or not, the option to call for or be allotted Shares of any class of the Company either, subject to compliance with the applicable provision of the Act, at a premium or at par, such option being exercisable at such times and for such consideration as may be directed by such general meeting, or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.</p>
18.	<p>Any application signed by or on behalf of an applicant for subscription for Shares in the Company, followed by an allotment of any Shares 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 entered on the Registered shall, for the purpose of these Articles, be a member.</p>
19.	<p>The money, if any, which the Board shall, on the allotment of any shares</p>

Article	Particulars
	being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly, in the manner prescribed by the Board.
20.	Every member or his heirs, executors or administrators, 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 Regulations of the Company, require or fix for the payment thereof.
21.	<p>(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 may from time to 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 two (2) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one (1) month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or 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 Share holders. 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 power of attorney and the Secretary or some other person appointed by the Board for the purpose, and such two Directors or their attorneys, and the Secretary or other person shall sign the Share Certificates, provided that, if the composition of the Board permits, provided that, of it, at least one of the aforesaid two Directors shall be a person other than Managing Director or a Wholetime Director. Particulars of every Share certificates 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 the issue.</p> <p>(b) Any two or more joint allottees, in respect of a Share, shall, for the purpose of this Article, be treated as a single member, and the certificate of any Share, which may be subject of joint ownership, may be delivered to the person named first in the order or otherwise even to any one 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 50(fifty) per such certificate. In this respect, the Company shall comply with the applicable provisions, for the time being, in force, 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</p>

Article	Particulars
22.	<p>stamp provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p> <p>(a) The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to receive from any member willing to advance the same, all or any part of the amount of his Shares beyond the sums actually called up and upon the monies so paid in advance or upon so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advances 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>The member 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> <p>(b) When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of Share Certificate No.....sub-divided/replaced on consolidation of Shares".</p> <p>(c) If any certificate be worn out, defaced, mutilated, or tom 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, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees 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 in this behalf.</p> <p>(d) When a new share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "DUPLICATE. Issued in lieu of Share Certificate No.... The word "DUPLICATE" shall be stamped or punched in bold letters across the face of the Share certificate.</p>



Article	Particulars
	<p>(e) Where a new Share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Share Certificates, indicating against the names of the person or persons to whom the certificate is issued, the number and date of issue of the Share certificate, in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.</p> <p>(f) All blank forms to be issued for issue of Share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively numbered, whether by machine, hand or otherwise, and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary, where there is no Secretary, the Managing Director or Whole time Director, and where there is no such director, the Chairman of the Board, for the time being, or otherwise of such other person, as the Board may appoint for the purpose, and the Secretary, such director, Chairman or such other person shall be responsible for rendering an account of these forms to the Board.</p> <p>(g) The Managing Director of the Company, for the time being, or, if the Company has no Managing Director, every director of the Company shall be severally responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates except the blank forms of Share certificates referred to in Clause (f) of this Article.</p> <p>(h) All books referred to in clause (g) of this Article shall be preserved in good order permanently, or for such period as may be prescribed by the Act or the Rules made thereunder.</p>
23.	<p>If any Share stands in the names of two or more persons, the person first named, in the Register, shall, as regards receipt of dividends or bonus or service of notices and all or any matter connected with the Company, except voting at meetings and the transfer of the Shares, be deemed the sole holder thereof but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments of calls due in respect of such Share and for all incidents otherwise.</p>
24.	<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 presents, 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 their sole discretion, to register any Share in the joint names of any two or more persons or the survivor or survivors of them.</p>
25.	<p>Subject to the provisions of Sections 68 to 70 of the Act 2013 and the rules thereunder, the Company may purchase its own Shares or other specified securities out of free reserves, the securities premium account or the proceeds of issue of any Share or specified securities.</p>
26.	<p>Subject to the provisions contained in sections 68 to 70 and all applicable provisions of the Act and subject to such approvals, permissions, consents</p>

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	and sanctions from the concerned authorities and departments, including the Securities and Exchange Board of India and the Reserve Bank of India, if any, the Company may, by passing a special resolution at a general meeting, purchase its own Shares or other specified securities (hereinafter referred to as 'buy-back') from its existing Shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), and/or the securities issued to the employees of the Company pursuant to a scheme of stock options or sweat Equity, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed such number as may be prescribed under the Act or Rules made from time to time.
<b>COMMISSION AND BROKERAGE</b>	
27.	Subject to the provisions of Section 40 of the Act 2013 and the rules thereof, the Company may, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares in or Debentures of the Company or procuring or agreeing to procure the subscribers, whether absolutely or conditional, for any Shares in or Debentures of the Company, but so that the commission shall not exceed, in the case of Shares, five per cent of the price at which the Shares are issued and, in the case of Debentures two and half per cent of the price at which the Debentures are issued, and such commission may be satisfied in any such manner, including the allotment of the Shares or Debentures, as the case may be, as the Board thinks fit and proper.
28.	Subject to the provisions of the Act, the Company may pay a reasonable sum for brokerage.
<b>CALLS</b>	
29.	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 only at a duly constituted meeting of the Board, make such call, as it thinks fit, upon the members in respect of all 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 person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
30.	At least 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 be paid.
31.	A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.
32.	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 whom owing to their residence at a distance or other cause, 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.
33.	A call may be revoked or postponed at the discretion of Board.
34.	The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
35.	If any members 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

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	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.
36.	Any sum, which, by the terms of issue of a Share, becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and, in the case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply, as if such sum had become payable by virtue of a call duly made and notified.
37.	On the trial or hearing of any action or suit brought by the Company against any member or his representative 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 or is 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 Shares in respect of which money is sought to be recovered, and that the resolution making the call is duly recorded in the minute book, and that notice, of which call, was duly given to the member or his representatives and used in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call, and not that a quorum of Directors was present at the meeting of the Board at which any call was made, and nor that the meeting, at which any call was made, has duly been convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.
38.	Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his Shares, either by way of principal or interest, 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 a forfeiture of such Shares as hereinafter provided.
39.	<p>(a) The Board may, if it thinks fit, agree to and receive from any member willing to advance the same all or any part of the amounts of his respective Shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and, at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the Shares on account of which such advances are made, the Board may pay or allow interest at such rate, as the member paying the sum in advance and the Board agrees upon, subject to the provisions of the Act. The Board may agree to repay, at any time, any amount so advanced or may, at any time, repay the same upon giving to the member 3 (Three) months' notice, in writing, provided that moneys paid, in advance of calls, on any Shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable.</p>
<b>LIEN</b>	
40.	The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered

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	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 Shares 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 all 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.
41.	For the purpose of enforcing such lien, the Board may sell the Shares, subject thereto, in such manner, as it shall think fit, and, for that purpose, may cause to be issued a duplicate certificate in respect of such Shares, and may authorise one of their members to execute a transfer thereof, on behalf of and in the name of such manner. 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 his representatives and the default, whether express or implied, shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements, for such further days allowed, after the service of such notice, and stated therein.
42.	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 a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the persons entitled to the Shares at the date of the sale.
<b>FORFEITURE OF SHARES</b>	
43.	If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
44.	The notice shall name a day, not being less than 14 (Fourteen) days from the date of the notice, and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state, that, in the event of the non-payment at or before the time and at the place appointed, the Shares, in respect of which the call was made or instalment is payable, will be liable to be forfeited.
45.	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, before payment of all calls or instalments, interest and expenses, as may be due in respect thereof, be forfeited by a resolution of the Board to that effect. Subject to the provisions of the Act, such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
46.	When any Share shall have been so forfeited, notice of the forfeiture shall be given to the member, in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall, forthwith, be made in the Register of Members. But no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to

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	make any such entry as aforesaid.
47.	Any Share, so forfeited, shall be deemed to be the property of the Company, and may be sold, reallocated or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
48.	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, instalments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereof, until payment, at such rate, as the Board may determine, and the Board may enforce the payment thereof, if it thinks fit.
49.	The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interests in and all claims and demands against the Company, in respect of such Share and all other rights, incidental to the Share, except only such of those rights as by these presents are expressly saved.
50.	A declaration, in writing, that the declarant is a director or Secretary of the Company and that a Share in the Company has duly been 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.
51.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold, and cause the purchaser's name to be entered in the Register, in respect of the Shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and, after his name has been entered in the Register, in respect of such Shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and exclusively against the Company and no one else.
52.	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.
<b>TRANSFER AND TRANSMISSION OF SHARES</b>	
53.	The Company shall keep the "Register of Transfers" and therein shall fairly and distinctly enter particulars of every transfer or transmission of any Share.
54.	No transfer shall be registered, unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer shall be duly stamped, under the relevant provisions of the Law, for the time being, in force, and shall be signed by or on behalf of the transferor and the transferee, and in the case of a Share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint holders or by all such joint transferees, as the case may be, and the transferor or the transferors, as the case may be, shall be deemed to remain the holder or holders of such Share, until the name or names of the transferee or the transferees, as the case may be, is or are entered in the Register of Members in respect thereof. Several executors or administrators of a deceased member, proposing to transfer the Share registered in the

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	name of such deceased member, or the nominee or nominees earlier appointed by the said deceased holder of Shares, in pursuance of the Article 75, shall also sign the instrument of transfer in respect of the Share, as if they were the joint holders of the Share.
55.	<p>Shares in the Company may be transferred by an instrument, in writing, in the form, as shall, from time to time, be approved by the Directors provided that, if so required by the provisions of the Act, such instrument of Transfer shall be in the form prescribed thereunder, and shall be duly stamped and delivered to the Company within the prescribed period. All the provisions of Section 56 of the Act 2013 shall be duly complied with in respect of all transfers of Shares and registration thereof:</p> <p>(a) No fees shall be charged for registration of transfer, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.</p> <p>(b) Subject to the Stock Exchange Regulations as may be altered from time to time, transfer of shares shall take place in marketable lots</p>
56.	The Board shall have power, on giving 7 (Seven) days' previous notice, by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is, for the time being, situated, to close the transfer books, the Register of Members of Register of Debenture holders, at such time or times and for such periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may seem expedient.
57.	Subject to the provisions of Section 58 and 59 of the Companies Act 2013, these Articles, Section 22A of the Securities Contract (Regulation) Act, 1956 and any 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 Board 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 the Company, send to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal to register such transfer, giving reasons for such refusal provided that registration of 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 when the Company has a lien on the Shares. Transfer of Shares/Debentures in whatever lot shall not be refused.
58.	An application for the registration of a transfer of Shares in the Company may be made either by the transferor or the transferee, where such application is made by a transferor and relates to partly paid Shares, the Company shall give notice of the application to the transferee. The transferee may, within two weeks from the date of the receipt of the notice and not later, object to the proposed transfer. The notice to the transferee shall be deemed to have been duly given, if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time when it would have been delivered in the ordinary course of post.
59.	In the case of the death of anyone or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or

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	survivors shall be the only persons recognised by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other person.
60.	Subject to the provisions of Article 74 hereunder, the executors or administrators or holders of a such Succession Certificate or the legal representative of a deceased member, not being one of two or more joint holders, shall be the only persons recognised by the Company as having any title to the Shares registered in the name of such member, and the Company shall not be bound to recognisesuch executors or administrators or holders of a Succession Certificate or the legal representatives, unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that, in cases, the Board may dispense with production of probate or letters of Administration or Succession Certificate upon such terms as to indemnify or otherwise, as the Board, in its absolute discretion, may think necessary, in the circumstances thereof, and, in pursuance of the Article 63 hereunder, register the name of any person, who claims to be absolutely entitled to the Shares standing in the name of a deceased member, as a member.
61.	No Share shall, in any circumstances, be transferred to any infant, insolvent or person of unsound mind, and that no Share, partly paid up, be issued, allotted or transferred to any minor, whether alone or along with other transferees or allottees, as the case may be.
62.	So long as the director having unlimited liability has not discharged all liabilities, whether present or future, in respect of the period for which he is and continues to be, so long, liable, he shall not be entitled to transfer the Shares held by him or cease to be a member of the Stock Exchange(s) to the end and intent that he shall continue to hold such minimum number of Shares as were held by him prior to his becoming a director with unlimited liability.
63.	Subject to the provisions of Articles 59, 60 and 74 hereof, any person becoming entitled to Shares in consequences of the death, lunacy, bankruptcy or insolvency or any member, or the marriage of any female member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board, which it shall not be under any obligation to give, upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person, nominated by him and approved by the Board, registered as such person, provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein to in these Articles as "The Transmission Article".
64.	Subject to the provisions of the Act, a person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividend or money as hereinafter provided, be entitled to receive and may be given a discharge for, any dividends or other moneys payable in respect of the Share.
65.	No fees 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 document.
66.	The Company shall incur no liability or responsibility whatever in

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	<p>consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof, as shown or appearing in the Register of Members, to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting of such transfer, and may have entered such notice, referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever 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 Board shall so think fit.</p>
<b>CONVERSION OF SHARES INTO STOCK AND RECONVERSION</b>	
67.	<p>The Company, by resolution in general meeting, may convert any paid up Shares into stock, or may, at any time, reconvert any stock into paid up Shares of any denomination. When any Shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein, or any part of such interest, in the same manner and, subject to the same regulations as to which Shares in the Company may be transferred or as near thereto as circumstances will admit. But the Directors may, from time to time, if they think fit, fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, but with full power nevertheless, at their discretion, to waive such rules in any particular case. The notice of such conversion of Shares into stock or reconversion of stock into Shares shall be filed with the Registrar of Companies as provided in the Act.</p>
68.	<p>The Stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and, for other purposes, as would have been conferred by Shares of equal amount in the capital of the Company of the same class as the Shares from which such stock was converted but no such privilege or advantage, except the participation in profits of the Company, or in the assets of the Company on a winding up, shall be conferred by any such aliquot part or, consolidated stock as would not, if existing in Shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privilege attached to the Shares so converted. Save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to Shares and the words "Share" and "Shareholder" in these presents shall include "stock" and "stockholder".</p>
69.	<p>The Board may at its discretion, issue warrants with an option to convert into equity shares of the Company, to such persons as may be decided by the Board, including the Promoter/s and Director/s of the Company, subject to such consents and approvals as may be required from the shareholders of the Company and/or any statutory and/or regulatory authorities. Such issue of warrants shall be in compliance with Act and applicable laws.</p>
70.	<p>A Share warrant shall entitle the bearer to the Shares or stock included in it, and, notwithstanding anything contained in these articles, the Shares or stock shall be transferred by the delivery of the Share-warrant, and the provisions of the regulations of the Company with respect to transfer and transmission of Shares shall not apply thereto.</p>
71.	<p>The bearer of a Share-warrant shall, on surrender of the warrant to the</p>



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	Company for cancellation, and on payment of such fees, as the Directors may, from time to time, prescribe, be entitled, subject to the discretion of the Directors, to have his name entered as a member in the Register of Members in respect of the Shares or stock included in the warrant.
72.	The bearer of a Share-warrant shall not be considered to be a member of the Company and accordingly save as herein otherwise expressly provided, no person shall, as the bearer of Share warrant, sign a requisition for calling a meeting of the Company, or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company of meetings or otherwise, or qualified in respect of the Shares or stock specified in the warrant for being a director of the Company, or have or exercise any other rights of a member of the Company.
73.	The Directors may, from time to time, make rules as to the terms on which, if they shall think fit, a new Share warrant or coupon may be issued by way of renewal in case of defacement, loss, or destruction.
<b>NOMINATION BY SECURITY HOLDER</b>	
74.	<p>(1) Every holder of Securities in the Company may, at any time, nominate, in the prescribed manner, a person to whom his Securities in the Company, shall vest in the event of his death.</p> <p>(2) Where the Securities in the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Securities in the Company shall vest in the event of death of all joint holders.</p> <p>(3) Notwithstanding anything contained in these Articles or any other law, for the time being, in force, or in any disposition, whether testamentary or otherwise, in respect of such Securities in the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Securities in the Company, the nominee shall, on the death of the Shareholders of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Securities of the Company or, as the case may be, all the joint holders, in relation to such securities in the Company, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.</p> <p>(4) In the case of fully paid up Securities in the Company, where the nominee is a minor, it shall be lawful for the holder of the Securities, to make the nomination to appoint in the prescribed manner any person, being a guardian, to become entitled to Securities in the Company, in the event of his death, during the minority.</p>
75.	<p>(1) Any person who becomes a nominee by virtue of the provisions of the preceding Article, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -</p> <p style="padding-left: 40px;">(a) to be registered himself as holder of the Share(s); or</p> <p style="padding-left: 40px;">(b) to make such transfer of the Share(s) as the deceased Shareholder could have made.</p> <p>(2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Share(s), himself, he shall deliver or send to</p>

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	<p>the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder.</p> <p>(3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of Securities shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer has been signed by that Shareholder.</p> <p>(4) A person, being a nominee, becoming entitled to a Share by reason of the death of the holder, shall be entitled to the same dividends and other advantages which he would be entitled if he were the registered holder of the Share except that he shall not, before being registered a member in respect of his Share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:</p> <p>Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share(s) or until the requirements of the notice have been complied with.</p>

**MEETING OF MEMBERS**

76.	<p>The Company shall, in each year, hold a general meeting as its Annual General Meeting. Any meeting, other than Annual General Meeting, shall be called Extra-ordinary General Meeting.</p> <p>Not more than 15 (Fifteen) months or such other period, as may be prescribed, from time to time, under the Act, shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of the Act to extend time within which any Annual General Meeting may be held.</p> <p>Every Annual General Meeting shall be called for a time during business hours i.e., between 9 a.m, and 6 p.m., on a day that is not a National Holiday, and shall be held at the Office of the Company or at some other place within the city, in which the Office of the Company is situated, as the Board may think fit and determine and the notices calling the Meeting shall specify it as the Annual General Meeting.</p> <p>Every member of the Company shall be entitled to attend, either in person or by proxy, and by way of a postal ballot whenever and in the manner as may permitted or prescribed under the provisions of the Act, and the Auditors to the Company, who shall have a right to attend and to be heard, at any general meeting which he attends, on any part of the business, which concerns him as the Auditors to the Company, further, the Directors, for the time being, of the Company shall have a right to attend and to be heard, at any general meeting, on any part of the business, which concerns them as the Directors of the Company or generally the management of the Company.</p> <p>At every Annual General Meeting of the Company, there shall be laid, on</p>
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	the table, the Directors' Report and Audited Statements of Account, Auditors' Report, the proxy Register with forms of proxies, as received by the Company, and the Register of Directors' Share holdings, which Register shall remain open and accessible during the continuance of the meeting, and therefore in terms of the provisions of Section 96 of the Act, the Annual General Meeting shall be held within six months after the expiry of such financial year. The Board of Directors shall prepare the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the applicable provisions of the Act.
77.	The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting and it shall do so upon a requisition, in writing, by any member or members holding, in aggregate not less than one-tenth or such other proportion or value, as may be prescribed, from time to time, under the Act, of such of the paid-up capital as at that date carries the right of voting in regard to the matter, in respect of which the requisition has been made.
78.	Any valid requisition so made by the members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office, provided that such requisition may consist of several documents, in like form, each of which has been signed by one or more requisitionists.
79.	Upon receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within 21 (Twenty-one) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of the requisition, being deposited at the office, to cause a meeting to be called on a day not later than 45 (Forty-five) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid up Share capital held by all of them or not less than one-tenth of such of the paid up Share Capital of the Company as is referred to in Section 100(4) of the Act, whichever is less, may themselves call the meeting, but, in either case, any meeting so called shall be held within 3 (Three) months or such other period, as may be prescribed, from time to time, under the Act, from the date of the delivery of the requisition as aforesaid.
80.	Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible as that in which such meetings are to be called by the Board.
81.	At least 21 (Twenty-one) days' notice, of every general meeting, Annual or Extra-ordinary, and by whomsoever called, specifying the day, date, place and hour of meeting, and the general nature of the business to be transacted there at, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company, provided that in the case of an General Meeting, with the consent of members holding not less than 95 per cent of such part of the paid up Share Capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting of the Shareholders of the Company, if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board and the Auditors thereon, (ii) the declaration of dividend, (iii) appointment of directors in place of those retiring, (iv) the appointment of and fixing the remuneration of, the Auditors, is to be transacted, and in the case of any other meeting, in respect of any item of business, a statement setting out all

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	<p>material facts concerning each such item of business, including, in particular, the nature and extent of the interest, if any, therein of every director and manager, if any, where any such item of special business relates to, or affects any other company, the extent of shareholding interest in that other company or every director and manager, if any, of the Company shall also be set out in the statement if the extent of such Share-holding interest is not less than such percent, as may be prescribed, from time to time, under the Act, of the paid-up Share Capital of that other Company.</p> <p>Where any item of business consists of the according of approval of the members to any document at the meeting, the time and place, where such document can be inspected, shall be specified in the statement aforesaid.</p>
82.	The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof shall not invalidate any resolution passed at any such meeting.
83.	No general meeting, whether Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
84.	Subject to the provisions of the Act and these Articles, five(5) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is not more than One Thousand; Fifteen (15) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is more than One Thousand but not more than Five Thousand; Thirty (30) shareholders shall constitute quorum in Shareholders' Meetings of the Company if number of shareholders as on date of meeting exceeds five thousand.
85.	A body corporate, being a member, shall be deemed to be personally present, if it is represented in accordance with and in the manner as may be prescribed by, the applicable provisions of the Act.
86.	If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, then the meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case, it shall stand adjourned to such time on the following day or such other day and to such place, as the Board may determine, and, if no such time and place be determined, to the same day in the next week, at the same time and place in the city or town in which the office of the Company is, for the time being, situate, as the Board may determine, and, if at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.
87.	The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, whether Annual or Extra-ordinary. If there be no such Chairman, or, if, at any meeting, he shall not be present within 15 (Fifteen) minutes of the time appointed for holding such meeting, then the members present shall elect another director as the Chairman of that meeting, and, if no director be present, or if all the Directors present decline to take the Chair, then the members present shall elect one among them to be the Chairman.
88.	No business shall be discussed at any general meeting, except the election of a Chairman, whilst the Chair is vacant.
89.	The Chairman, with the consent of the meeting, may adjourn any meeting,

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	from time to time, and from place to place, in the city or town, in which the office of the Company is, for the time being, situate, but no business shall be transacted at any adjourned meeting, other than the business left unfinished, at the meeting, from which the adjournment took place.
90.	At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is demanded, before or on the declaration of the result of the show of hands, by any member or members present in person or by proxy and holding Shares in the Company, which confer a power to vote on the resolution not being less than one-tenth or such other proportion as may statutorily be prescribed, from time to time, under the Act, of the total voting power, in respect of the resolution or on which an aggregate sum of not less than Rs. 500,000/- or such other sum as may statutorily be prescribed, from time to time, under the Act, has been paid up, and unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority, or has been lost and an entry to that effect in the minutes book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
91.	In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, if any, have a casting vote in addition to the vote of votes, if any, to which he may be entitled as a member, if he is.
92.	If a poll is demanded as aforesaid, the same shall, subject to Article 94 hereinafter, be taken at Hyderabad or, if not desired, then at such other place as may be decided by the Board, at such time not later than 48 (Forty-eight) hours from the time when the demand was made and place in the city or town in which the office of the Company is, for the time being, situate, and, either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons, who made the demand.
93.	Where a poll is to be taken, the Chairman of the meeting shall appoint one or, at his discretion, two scrutinizers, who may or may not be members of the Company to scrutinize the votes given on the poll and to report thereon to him, subject to that one of the scrutinizers so appointed shall always be a member, not being an officer or employee of the Company, present at the meeting, provided that such a member is available and willing to be appointed. The Chairman shall have power, at any time, before the result of the poll is declared, to remove a scrutinizer from office and fill the vacancy so caused in the office of a scrutinizer arising from such removal or from any other cause.
94.	Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment of the meeting shall be taken forthwith at the same meeting.
95.	The demand for a poll, except on questions of the election of the Chairman and of an adjournment thereof, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
<b>VOTES OF MEMBERS</b>	
96.	No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid

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97.	<p>or in regard to which the Company has, or has exercised, any right of lien.</p> <p>Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions so to voting, for the time being, attached to any class of Shares, for the time being, forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present, speak and vote at such meeting, and, on a show of hands, every member, present in person, shall have one vote and, upon a poll, the voting right of every member present in person or by proxy shall be in proportion to his Share of the paid-up Equity Share Capital of the Company. Provided, however, if any preference Shareholder be present at any meeting of the Company, subject to the provision of section 47, he shall have a right to vote only on resolutions, placed before the meeting, which directly affect the rights attached to his Preference Shares.</p>
98.	<p>On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes, he uses.</p>
99.	<p>A member of unsound mind or in respect of whom an order has been made by a court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian; and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote, in respect of his Share or Shares, be used by his guardian, or anyone of his guardians, if more than one, to be selected, in the case of dispute, by the Chairman of the meeting.</p>
100.	<p>If there be joint registered holders of any Shares, anyone of such persons may vote at any meeting or may appoint another person, whether a member or not, as his proxy, in respect of such Shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting, then one of the said persons so present, whose name stands higher on the Register, shall alone be entitled to speak and to vote in respect of such Shares, but the other of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name Shares stand shall, for the purpose of these Articles, be deemed joint holders thereof.</p>
101.	<p>Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate, being a member, may vote either by a proxy or by a representative, duly authorised, in accordance with the applicable provisions, if any, of the Act, and such representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy, on behalf of the body corporate, which he represents, as that body corporate could exercise, if it were an individual member.</p>
102.	<p>Any person entitled, under the Article 63 hereinabove, to transfer any Share, may vote, at any general meeting, in respect thereof, in the same manner, as if he were the registered holder of such Shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such Shares and give such indemnity, if any, as the Directors may require or the Directors shall have provisionally admitted his right to vote at such meeting in respect thereof.</p>
103.	<p>Every proxy, whether a member or not, shall be appointed, in writing, under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporate, or be signed by an officer or officers or any attorney duly authorised by it or them, and, for a</p>

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	member of unsound mind or in respect of whom an order has been made by a court having jurisdiction in lunacy, any committee or guardian may appoint such proxy. The proxy so appointed shall not have a right to speak on any matter at the meeting.
104.	An instrument of Proxy may state the appointment of a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
105.	A member, present by proxy, shall be entitled to vote only on a poll.
106.	The instrument appointing a proxy and a Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Office not later than 48 (Forty-eight) hours before the time for holding the meeting at which the person named in the Instrument proposes to vote, and, in default, the Instrument of Proxy shall not be treated as valid. No instrument appointing a proxy shall be a valid after the expiration of 12 (Twelve) months or such other period as may be prescribed under the Laws, for the time being, in force, or if there shall be no law, then as may be decided by the Directors, from the date of its execution.
107.	Every Instrument of proxy, whether for a specified meeting or otherwise, shall, as nearly as circumstances thereto will admit, be in any of the forms as may be prescribed from time to time.
108.	A vote, given in accordance with the terms of an Instrument of Proxy, shall be valid notwithstanding the previous death of insanity of the principal, or revocation of the proxy or of any power of Attorney under which such proxy was signed or the transfer of the Share in respect of which the vote is given, provided that no intimation, in writing, of the death or insanity, revocation or transfer shall have been received at the Office before the meeting.
109.	No objections shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, or not disallowed at such meeting or on a poll, shall be deemed as valid for all purposes of such meeting or a poll whatsoever.
110.	The Chairman, present at the time of taking of a poll, shall be the sole judge of the validity of every vote tendered at such poll.
111.	<p>(i) The Company shall cause minutes of all proceeding of every general meeting to be kept by making, within 30 (Thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.</p> <p>(ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a director duly authorised by the Board for that purpose.</p> <p>(iii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p>

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	<p>(iv) The minutes of each meeting shall contain a fair and correct summary of the proceedings there at.</p> <p>(v) All appointments made at any meeting aforesaid shall be included in the minutes of the meeting.</p> <p>(vi) Nothing herein contained shall require or to be deemed to require the inclusion, in any such minutes, of any matter, which, in the opinion of the Chairman of the meeting, (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.</p> <p>(vii) Any such minutes shall be conclusive evidence of the proceedings recorded therein.</p> <p>(viii) The book containing the minutes of proceedings of general meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than 2 (Two) hours, in each day, as the Directors determine, to the inspection of any member without charge.</p>
<b>DIRECTORS</b>	
112.	<p>Until otherwise determined by a general meeting of the Company and, subject to the applicable provisions of the Act, the number of Directors shall not be less than three nor more than fifteen.</p> <p>The First Directors of the Company are:</p> <ol style="list-style-type: none"> <li>1. Mr. Rajendra Prasad Baldwa</li> <li>2. Mr. Satish Chandra Baldwa</li> <li>3. Mr. Arun Kumar Baldwa</li> </ol>
113.	<p>(a) Whenever, Directors enter into a contract with any Government, whether central, state or local, bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever or in case of Promoters of the Company (hereinafter referred as "Promoters"), the Directors shall have, subject to the provisions of Section 152 and other applicable provisions, if any, of the Act, the power to agree that such appointer or Promoters shall have the right to appoint or nominate by a notice, in writing, addressed to the Company, one or more Directors on the Board (hereinafter referred to as "Special Director/Nominee Director") for such period and upon such terms and conditions, as may be mentioned in the agreement if any, and that such Director or Directors may or may not be liable to retire by rotation, nor be required to hold any qualification Shares. The Directors may also agree that any such Director or Directors may be removed, from time to time, by the appointer or Promoter, entitled to appoint or nominate them and the appointer or Promoter may appoint another or others in his or their place and also fill in vacancy, which may occur as a result of any such director or directors ceasing to hold that office for any reasons whatsoever. The directors, appointed or nominated under this Article,</p>



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	<p>shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the directors of the Company including payment of remuneration, sitting fees and travelling expenses to such director or directors, as may be agreed by the Company with the appointer.</p> <p>(b) The Special Directors / Nominee Director, appointed under the preceding Article, shall be entitled to hold Office until required by the Government, person, firm, body corporate promoters or financial institution/s who may have appointed them, and will not be bound to retire by rotation or be subject to the Articles hereof. A Special Director/ Nominee Director shall not require to hold any qualification Share(s) in the Company. As and when a Special Director/ Nominee Director vacates Office, whether upon request as aforesaid or by death, resignation or otherwise, the Government, person, firm or body corporate promoters or financial institution, who appointed such Special Director/ Nominee Director, may appoint another director in his place. Every nomination, appointment or removal of a Special Director/Nominee Director or other notification, under this Article, shall be in writing and shall, in the case of the Government, be under the hand of a Secretary or some other responsible and authorised official to such Government, and in the case of a company or financial institution, under the hand of director of such company or institution duly authorised in that behalf by a resolution of the Board of Directors. Subject as aforesaid, a Special Director/ Nominee Director shall be entitled to the same rights and privileges and be subject to the same of obligations as any other director of the Company.</p>
114.	<p>If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any person or persons shall have power to nominate a director of the Company, then in the case of any and every such issue of Debentures, the person or persons having such power may exercise such power, from time to time, and appoint a director accordingly. Any director so appointed is hereinafter referred to as "the Debenture Director". A Debenture Director may be removed from Office, at any time, by the person or persons in whom, for the time being, is vested the power, under which he was appointed, and another director may be appointed in his place. A Debenture Director shall not be required to hold any qualification Share(s) in the Company.</p>
115.	<p>Subject to the provisions of section 161(2) of the Act, 2013, The Board may appoint an alternate director to act for a director (hereinafter called "the Original Director") during his absence for a period of not less than 3 (Three) months or such other period as may be, from time to time, prescribed under the Act, from the India, in which the meetings of Board are ordinarily held. An alternate director appointed, under this Article, shall not hold Office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate Office, if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic re-appointment of a retiring director, in default of another appointment, shall apply to the original director and not to the alternate director.</p>
116.	<p>Subject to the provisions of section 161(1) of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of</p>

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	Directors shall not, at any time, exceed the maximum fixed under these Articles. Any such Additional Director shall hold Office only up to the date of the next Annual General Meeting.
117.	Subject to the provisions of section 152 and 162 of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a director to fill a casual vacancy. Any person so appointed shall hold Office only up to the date, up to which the director in whose place he is appointed would have held Office if it had not been vacated by him.
118.	<p>A director shall not be required to hold any qualification Share(s) in the Company.</p> <p>(i) Subject to the provisions of section 196, 197 and read with schedule V of the Companies Act, 2013, a Managing Director or Director who is in the Whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, or in any other manner, as may be, from time to time, permitted under the Act or as may be thought fit and proper by the Board or, if prescribed under the Act, by the Company in general meeting.</p> <p>(ii) Subject generally to the provisions of the Act, and, in the case of the Managing Director, subject to the provisions of the Articles herein below, as may be applicable, the Board shall have power to pay such remuneration to a director for his services, Whole-time or otherwise, rendered to the Company or for services of professional or other nature rendered by him, as may be determined by the Board. If any director, being willing, shall be called upon to perform extra services or make any special exception in going to or residing at a place other than the place where the director usually resides, or otherwise in or for the Company's business or for any of the purpose of the Company, then, subject to the provisions of the Act, the Board shall have power to pay to such director such remuneration, as may be determined by the Board.</p> <p>(iii) Subject to the provisions of the Act, a director, who is neither in the Whole-time employment nor a Managing Director, may be paid remuneration either;</p> <p>(a) by way of monthly, quarterly or annual payment with the approval of the Central Government; or</p> <p>(b) by way of commission, if the Company, by a special resolution, authorises such payment.</p> <p>(iv) The fee payable to a director, excluding a Managing or Whole time Director, if any, for attending a meeting of the Board or Committee thereof shall be such sum, as the Board may, from time to time, determine, but within and subject to the limit prescribed by the Central Government pursuant to the provisions, for the time being, under the Act.</p>
119.	The Board may allow and pay to any director such sum, as the Board may consider fair compensation, tor travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any director be called upon to go or reside out of the

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	ordinary place of his residence for the Company's business, he shall be entitled to be repaid and reimbursed of any travelling or other expenses incurred in connection with business of the Company. The Board may also permit the use of the Company's car or other vehicle, telephone(s) or any such other facility, by the director, only for the business of the Company.
120.	The continuing Directors may act, notwithstanding, any vacancy in their body but if, and so long as their number is not reduced below the minimum number fixed by Article 112 hereof, the continuing Directors, not being less than two, may only act, for the purpose of increasing the number of Directors to that prescribed minimum number or of summoning a general meeting but for no other purpose.
121.	<p>The office of director shall be vacated, pursuant to the provisions of section 164 and section 167 of the Companies Act, 2013. Further, the Director may resign his office by giving notice to the Company pursuant to section 168 of the Companies Act, 2013.</p> <p>(a) The company, may by ordinary resolution, remove any ordinary Director other than a Director appointed by the Central Government / Tribunal in pursuance of the Section 242 before the expiry of his period of office and fill up the vacancy thus created in the manner and subject to the provision of Section 169 of the Companies Act, 2013.</p> <p>(b) The office of a Director shall be vacated:</p> <ol style="list-style-type: none"> <li>1. On the happening of any of the conditions provided for in Section 164 and 167 of the Act or any statutory modification thereof.</li> <li>2. On the contravention of the provision of Section 188 of the Act or any statutory modification thereon.</li> <li>3. If a person is a Director of more than twenty Companies at a time</li> <li>4. If he is disqualified under section 164 of the Act or any statutory modification thereof.</li> <li>5. In case of alternate Directors, on return of the original Director, to the State, under the provisions of Section 161 of the Act or any statutory modification thereof.</li> <li>6. On resignation of his office by notice in writing</li> </ol>
122.	The Company shall keep a Register, in accordance with Section 189(1) of the Act, and within the time as may be prescribed, enter therein such of the particulars, as may be relevant having regard to the application thereto of Section 184 or Section 188 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each director of the Company, names of the bodies corporate and firms of which notice has been given by him, as per the applicable provisions. The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and the extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 189(3) of the Act shall apply accordingly.
123.	A director may be or become a director of any other Company promoted by the Company or in which it may be interested as a vendor, Shareholder or otherwise, and no such director shall be accountable for any benefits received as director or Shareholder of such Company except in so far as the provisions of the Act may be applicable.
124.	(i) At every Annual General Meeting of the Company, one-third of such of

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	<p>the Directors, for the time being, as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from Office. The Independent, Nominee, Special and Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of directors to retire, subject to Section 152 and other applicable provisions, if any, of the Act.</p> <p>(ii) Subject to Section 152 of the Act, the directors, liable to retire by rotation, at every annual general meeting, shall be those, who have been longest in Office since their last appointment, but as between the persons, who became Directors on the same day, and those who are liable to retire by rotation, shall, in default of and subject to any agreement among themselves, be determined by lot.</p>
125.	A retiring director shall be eligible for re-election and shall act as a director throughout the meeting at which he retires.
126.	Subject to Section 152 of the Act, the Company, at the general meeting at which a director retires in manner aforesaid, may fill up the vacated Office by electing a person thereto.
127.	<p>(a) If the place of retiring director is not so filled up and further the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day, which is not a public holiday, at the same time and place.</p> <p>(b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meetings, unless:-</p> <p>(i) at that meeting or at the previous meeting, resolution for the re-appointment of such director has been put to the meeting and lost;</p> <p>(ii) the retiring director has, by a notice, in writing, addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;</p> <p>(iii) he is not qualified, or is disqualified, for appointment</p> <p>(iv) a resolution, whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or.</p> <p>(v) Section 162 of the Act is applicable to the case.</p>
128.	Subject to the provisions of Section 149 of the Act, the Company may, by special resolution, from time to time, increase or reduce the number of directors, and may alter their qualifications and the Company may, subject to the provisions of Section 169 of the Act, remove any director before the expiration of his period of Office and appoint another qualified person in his stead. The person so appointed shall hold Office during such time as the director, in whose place he is appointed, would have held, had he not been removed.
129.	(a) No person, not being a retiring director, shall be eligible for appointment to the office of director at any general meeting unless he or some member, intending to propose him, has, not less than 14 (Fourteen) days or such other period, as may be prescribed, from time to time, under the Act, before the meeting, left at the Office of the Company, a notice, in writing, under his hand, signifying his

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	<p>candidature for the Office of director or an intention of such member to propose him as a candidate for that office, along with a deposit of Rupees One lakh or such other amount as may be prescribed, from time to time, under the Act" which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution.</p> <p>(b) Every person, other than a director retiring by rotation or otherwise or a person who has left at the Office of the Company a notice under Section 160 of the Act signifying his candidature for the Office of a director, proposed as a candidate for the Office of a director shall sign and file with the Company, the consent, in writing, to act as a director, if appointed.</p> <p>(c) A person, other than a director re-appointed after retirement by rotation immediately on the expiry of his term of Office, or an Additional or Alternate Director, or a person filling a casual vacancy in the Office of a director under Section 161 of the Act, appointed as a director or reappointed as a director immediately on the expiry of his term of Office, shall not act as a director of the Company, unless he has, within thirty days of his appointment, signed and filed with the Registrar his consent, in writing, to act as such director</p>
130.	<p>The Company shall keep at its Office a Register containing the particulars of its directors and key managerial personnel and their shareholding as mentioned in Section 170 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.</p>
131.	<p>Every director and Key Managerial Personnel within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars specified in sub-section (1) of section 184 relating to his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association which are required to be included in the register under that section 189 of the Companies Act, 2013.</p>
<b>BORROWING POWERS</b>	
132.	<p>(a) Subject to the provisions of the Act, and without prejudice to the power conferred by any other article or articles, the Directors may, from time to time, at their discretion, borrow or secure the payment of any sum or sums of money for the purpose of the company either from any Director or elsewhere on security or otherwise and may secure the repayment or payment of any sum or sums in such manner, and upon such terms and conditions in all respects as they think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property present or future, or the uncalled Capital of the Company, or by the issue of debenture stock of the company perpetual or redeemable, charged upon the undertaking or all or any part of the property of the company, both present and future including its uncalled capital for the time being and the Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of</p>

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	<p>a mortgage or charge on the undertaking of the company or upon any of its property or assets or otherwise.</p> <p>(b) The Directors may at any time by a resolution passed at a Board Meeting delegate to any category of managerial, personnel or any Committee of Directors or any other principal officer of the branch office of the company, the powers specified in sub-clause (a) above provided the resolution delegating powers to such managerial personnel or committee to borrow moneys shall specify the total amount upto which the moneys may be borrowed by him or them.</p> <p>Provided that the right to conversion of loan or debentures in shares shall not be given with out the sanction of the company in General Meeting.</p> <p>(c) The Directors shall cause a proper register to be kept in accordance with the provisions of the Act or changes specifically affecting the property of the Company and shall duly comply with the requirements of the Act with regard to the registration of mortgages and charges. The register of charges kept in pursuance of the Act shall be open during business hours, subject to reasonable restrictions as the Company in General Meeting may impose so that not less than two hours in each day are allowed for such inspection to any creditor or member of the Company without fee and to any other person on payment of Re 1/- for each inspection at the Registered Office of the Company.</p> <p>(d) Subject to the provisions of the Act and Companies (Acceptance of Deposit) Rules, 2014 the Directors may receive deposits on such terms and bearing interest at such rate as the Directors may decide from time to time. The deposits may be received from any person or person including the Directors and the Shareholders of the Company</p>
133.	<p>The Directors may, subject to the provisions of Section 180 of the Act borrow any sum of money and where the moneys to be borrowed together with the money(s) already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the company and its reserves that is to say, reserves not set apart for any specific purpose, the sanction of the General Meeting should be obtained and every resolution passed by the company in relation to the exercise of the power referred to in the Article shall specify the total amount upto which moneys may be borrowed by the Board of Directors</p>
134.	<p>The Directors shall be entitled to receive interest on loans made by them to the company as may be agreed between the Company and the Directors. The Directors, including the Managing Director may guarantee any loan made to the Company and shall be entitled to receive such payment on account of his having given any such guarantee as may be determined by the Board, and such payment shall not be remuneration in respect of his services as Director.</p>
135.	<p>If any uncalled capital of the company be included in or charged by any mortgage or security is executed, or any other person in trust for him to make calls on the members in respect of such uncalled capital, and the provisions herein before contained in regard to calls shall mutates mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally made either to the exclusion of the Directors power or otherwise and shall be assignable if</p>

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	expressed so to be.
<b>MANAGING DIRECTOR</b>	
136.	<p>(1) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint, from time to time, any of its member as a Managing Director or Managing Directors of the Company for a fixed term, not exceeding 5 (Five) years at a time, and upon such terms and conditions as the Board thinks fit, and subject to the provisions of the succeeding Article hereof: the Board may, by resolution, vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally, as it thinks fit, and such powers may be made exercisable for such period or periods; and upon such conditions and subject to such restrictions, as it may determine. The remuneration of a Managing Director may be by way of salary and/or allowances, commission or participation in profits or perquisites of any kind, nature or description, or by any or all of these modes, or by any other mode(s) not expressly prohibited by the Act or the Rules made thereunder, or any notification or circular issued under the Act.</p> <p>(2) The Board shall have power to appoint an individual as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time.</p>
137.	Subject to the superintendance, directions and control of the Board, the Managing Director or Managing Directors shall exercise the powers, except to the extent mentioned in the matters, in respect of which resolutions are required to be passed only at the meeting of the Board, under Section 179 of the Act and the rules made thereunder.
138.	<p>Subject also to the other applicable provisions, if any, of the Act, the Company shall not appoint or employ, or continue the appointment or employment of, a person as its Managing or Whole-time Director who:-</p> <p>(a) is below the age of twenty-one years or has attained the age of seventy years</p> <p>(b) is an undischarged insolvent, or has any time been adjudged an insolvent;</p> <p>(c) suspends, or has at any time suspended, payment to his creditors, or makes or has, at any time, made, a composition with them; or</p> <p>(d) is or has, at any time, been convicted by a Court and sentenced for a period of more than six months.</p>
<b>PROCEEDINGS OF THE BOARD OF DIRECTORS</b>	
139.	Unless decided by the Board to the contrary, depending upon the circumstances of the case, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, in accordance with the Article 124 hereof. If he ceases to hold the office of director, he shall ipso-facto and forthwith ceases to hold the office of Managing Director.
140.	The Directors may meet together as a Board for the dispatch of business, from time to time, and shall so meet at least once in every 3 (Three) months and at least 4 (Four) such meetings shall be held in every year in such a manner that not more than one hundred and twenty days (120) days shall intervene between two consecutive meetings of the Board. The Directors may adjourn and otherwise regulate their meetings as they think fit, subject to the provisions of the Act. The Board of directors may participate in a meeting of the Board either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the directors and of recording

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	and storing the proceedings of such meetings along with date and time subject to the rules as may be prescribed.
141.	Subject to the provisions of section 173(3) meeting may be called at shorter notice not less than seven (7) days Notice of every meeting of the Board may be given, in writing, in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means.
142.	Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength, excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two directors, whichever is higher, provided that where, at any time, the number of interested directors exceeds or is equal to two-thirds of the total strength the number of the remaining directors, that is to say, the number of directors who are not interested, present at the meeting, being not less than two, shall be the quorum, during such time.
143.	If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned for 30 minutes in the same day and at same place.
144.	A director may, at any time, or Secretary shall, as and when directed by the any of the Directors to do so, convene a meeting of the Board, by giving a notice, in writing, to every other director.
145.	The Board may, from time to time, elect one of their member to be the Chairman of the Board and determine the period for which he is to hold the office. If at any meeting of the Board, the Chairman is not present at a time appointed for holding the same, the directors present shall choose one of them, being present, to be the Chairman of such meeting.
146.	Subject to the restrictive provisions of any agreement or understanding as entered into by the Company with any other person(s) such as the collaborators, financial institutions, etc., the questions arising at any meeting of the Board shall be decided by a majority of the votes of the directors present there at and, also subject to the foregoing, in the case of an equality of votes, the Chairman shall have a second or casting vote.
147.	A meeting of the Board, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions, which, by or under the Act or the Articles of the Company, are, for the time being, vested in or exercisable by the Board generally.
148.	Subject to the restrictions contained in Section 179 of the Act 2013 and the rules made thereunder, the Board may delegate any of their powers to the committee of the Board, consisting of such number of its body, as it thinks fit, and it may, from time to time, revoke and discharge any such committee of the Board, either wholly or in part and either as to persons or purposes, but every committee of the Board, so formed, shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such committee of the Board, in conformity with such regulations, and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if were done by the Board.
149.	The meetings and proceedings of any meeting of such Committee of the Board, consisting of two or more members, shall be governed by the provisions contained herein for regulating the meetings and proceedings of the meetings of the directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.



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150.	No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the Committee, then in India, not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be, and to all the directors or to all the members of the Committee, at their usual addresses in India and has been approved, in writing, by such of the directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.
151.	All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a director shall notwithstanding that it shall, afterwards, be discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were or was, as the case may be, disqualified or had vacated office or that the appointment of any of them was disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had duly been appointed and was qualified to be a director and had not vacated his office or his appointed had not been terminated, provided that nothing in this Article shall be deemed to give validity to any act or acts done by a director or directors after his or their appointment(s) has or have been shown to the Company to be invalid or to have terminated.
152.	<p>(a) The Company shall cause minutes of all proceedings of every meeting of the Board and the Committee thereof to be kept by making, within 30 (Thirty) days of the conclusion of each such meeting, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.</p> <p>(b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>(c) In no case, the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>(e) All appointment made at any of the meetings aforesaid shall be included in the minutes of the meeting.</p> <p>(f) The minutes shall also contain :-</p> <ol style="list-style-type: none"> <li>(i) the names of the Directors present at the meeting; and</li> <li>(ii) in the case of each resolution passed at the meeting, the names of the directors, if any dissenting from or not concurring in the resolution.</li> </ol> <p>(g) Nothing contained in sub-clauses (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting -</p> <ol style="list-style-type: none"> <li>(i) is, or could reasonably be regarded as, defamatory of any person;</li> <li>(ii) is irrelevant or immaterial to the proceedings; or</li> <li>(iii) is detrimental to the interests of the Company; and that the</li> </ol>

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	<p>Chairman shall exercise an absolute discretion with regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.</p> <p>(h) Minutes of the meetings kept in accordance with the aforesaid provisions shall be an evidence of the proceedings recorded therein.</p>
153.	<p>Without prejudice to the general powers as well as those under the Act, and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles or otherwise, it is hereby declared that the Directors shall have, inter alia, the following powers, that is to say, power –</p> <p>(a) to pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company;</p> <p>(b) to pay and charge, to the account of the Company, any commission or interest lawfully payable thereon under the provision of the Act;</p> <p>(c) subject to the provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and being in the interests of the Company, and in any such purchase or other acquisition to accept such title or to obtain such right as the directors may believe or may be advised to be reasonably satisfactory;</p> <p>(d) at their discretion and subject to the provisions of the Act, to pay for any property, right or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in Shares, Bonds, Debentures, mortgages, or other securities of the Company, and any such Shares may be issued either as fully paid up, with such amount credited as paid up thereon, as may be agreed upon, and any such bonds, Debentures, mortgages or other securities may either be specifically charged upon all or any part of the properties of the Company and its uncalled capital or not so charged;</p> <p>(e) to secure the fulfillment of any contracts or engagement entered into by the Company or, in the interests or for the purposes of this Company, by, with or against any other Company, firm or person, by mortgage or charge of all or any of the properties of the Company and its uncalled capital, for the time being, or in such manner and to such extent as they may think fit;</p> <p>(f) to accept from any member, as far as may be permissible by law, a surrender of his Shares or any part thereof, whether under buy-back or otherwise, on such terms and conditions as shall be agreed mutually, and as may be permitted, from time to time, under the Act or any other Law or the Regulations, for the time being, in force,</p> <p>(g) to appoint any person to accept and hold in trust, for the Company, any property belonging to the Company, in which it is interested, or for any other purposes, and execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;</p>

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	<p>(h) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts, due and of any differences to arbitration and observe and perform any awards made thereon;</p> <p>(i) to act on behalf of the Company in all matters relating to bankruptcy and insolvents;</p> <p>(j) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;</p> <p>(k) subject to the applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security, not being Shares of this Company, or without security and in such manner, as they may think fit, and from time to time, to vary or realise such investments, save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;</p> <p>(l) to execute, in the name and on behalf of the Company, in favour of any director or other person, who may incur or be about to incur any personal liability whether as principal or surety, for the benefit or purposes of the Company, such mortgages of the Company's property, present and future, as they may think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;</p> <p>(m) to determine from time to time, who shall be entitled to sign, on behalf of the Company, bills, invoices, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and or any other document or documents and to give the necessary authority for such purpose, and further to operate the banking or any other kinds of accounts, maintained in the name of and for the business of the Company;</p> <p>(n) to distribute, by way of bonus, incentive or otherwise, amongst the employees of the Company, a Share 01' Shares in the profits of the Company, and to give to any staff, officer or others employed by the Company a commission on the profits of any particular business 01' transaction, and to charge any such bonus, incentive or commission paid by the Company as a part of the operational expenditure of the Company;</p> <p>(o) to provide for the welfare of directors or ex-directors, Shareholders, for the time being, or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses or dwellings, or grants of moneys, whether as a gift or otherwise, pension, gratuities, allowances, bonus, loyalty bonuses or other payments, also whether by way of monetary payments or otherwise, or by creating and from time to time, subscribing or</p>

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	<p>contributing to provident and other association, institutions, funds or trusts and by providing or subscribing or contributing towards places of worship, instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects, which shall have any moral or other claim to support or aid by the Company, either by reason of locality or place of operations, or of public and general utility or otherwise;</p> <p>(p) before recommending any dividend, to set aside out of the profits of the Company such sums, as the Board may think proper, for depreciation or to a Depreciation Fund, or to an Insurance Fund, a Reserve Fund, Capital Redemption Fund, Dividend Equalisation Fund, Sinking Fund or any Special Fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes, including the purposes referred to in the preceding clause, as the Board may, in their absolute discretion, think conducive to the interests of the Company and, subject to the provisions of the Act, to invest the several sums so set aside or so much thereof, as required to be invested, upon such investments, other than shares of the Company, as they may think fit, and from time to time, to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes, as the Board, in their absolute discretion, think conducive to the interests of the Company, notwithstanding, that the matter, to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds, as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or divisions of a Reserve Fund and with full powers to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase of or repayment of debentures or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, subject to the provisions of the applicable laws, for the time being, in force.</p> <p>(q) to appoint and at their discretion, remove or suspend such general managers, secretaries, assistants, supervisors, clerks, agents and servants or other employees, in or for permanent, temporary or special services, as they may, from time to time, think fit, and to determine their powers and duties and to fix their salaries, emoluments or remuneration of such amount, as they may think fit.</p> <p>(r) to comply with the requirements of any local laws, Rules or Regulations, which, in their opinion, it shall, in the interests of the Company, be necessary or expedient to comply with.</p>

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	<p>(s) at any time, and from time to time, by power of attorney, under the Seal of the Company, to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions, not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys, and for such period and subject to such conditions as the Board may, from time to time, think fit, and any such appointment may, if the Board thinks fit, be made in favour of the members or in favour of any Company, or the Share-holders, directors, nominees, or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection of convenience of person dealing with such Attorneys, as the Board may think fit, and may contain powers enabling any such delegates all or any of the powers, authorities and discretions, for the time being, vested in them;</p> <p>(t) Subject to the provisions of the Act, for or in relation to any of the matters, aforesaid or otherwise, for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company, as they may consider expedient;</p> <p>(u) from time to time, make, vary and repeal bylaws for the regulation of the business of the Company, its Officers and Servants.</p>
<b>MANAGEMENT</b>	
154.	<p>The Company shall not appoint or employ, at the same time, more than one of the following categories of managerial personnel, namely</p> <p>(a) Managing Director, and</p> <p>(b) Manager</p>
<b>CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER</b>	
155.	<p>Subject to the provisions of the Act,-</p> <p>(i) A chief executive officer, manager, company secretary, chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary, chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>(ii) A director may be appointed as chief executive officer, manager, company secretary, chief financial officer.</p>
156.	<p>A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary, chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary, chief financial officer.</p>
<b>COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS</b>	
157.	Copies of the Memorandum and Articles of Association of the Company

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	<p>and other documents, referred to in Section 17 of the Act, shall be sent by the Company to every member, at his request, within 7 (Seven) days of the request, on payment, if required by the Board, of the sum of Re.1/(Rupee One Only) or such other higher sum, as may be prescribed, from time to time, under the Act and further decided, from time to time, by the Board, for each such copy.</p>
<b>SEAL</b>	
158.	<p>(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal, for the time being, and that the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. The Common Seal of the Company shall be kept at its office or at such other place, in India, as the Board thinks fit.</p> <p>(b) The Common Seal of the Company shall be used by or under the authority of the Directors or by a Committee of the Board of Directors authorised by it in that behalf in the presence of at least one director, or Secretary or any other responsible officer of the Company as may be expressly authorised by the Board by way of a resolution passed at their duly constituted meeting, who shall sign every instrument to which the seal is affixed. Such instruments may also be counter-signed by other officer or officers, if any, appointed for the purpose.</p> <p>However, the certificates, relating to Shares or Debentures in or of the Company, shall be signed in such manner as may be prescribed in the Act and/or any Rules thereunder,</p>
<b>DIVIDEND</b>	
159.	<p>The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles, and further subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up to the Shares held by them respectively.</p>
160.	<p>The Company, in general meeting, may declare that dividends be paid to the members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company may, in general meeting, declare a smaller dividend than was recommended by the Board.</p>
161.	<p>Subject to the applicable provisions of the Act, no dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that :-</p> <p>(a) if the Company has not provided for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;</p> <p>(b) if the Company has incurred any loss in any previous financial year or years the amount of loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for</p>

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	which the dividend is proposed to be declared or paid as against the profits of the Company for any financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of schedule II of the Act.
162.	The Board may, from time to time, pay to the members such interim dividend, as in their judgment, the position of the Company justifies.
163.	Where capital is paid in advance of calls, such capital may carry interest as may be decided, from time to time, by the Board, but shall not, in respect thereof, confer a right to dividend or to participate in profits.
164.	All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during which any portion or portions of the period in respect of which the dividend is paid up; but if any Share is issued on the terms providing that it shall rank for dividend as from a particular date or on such preferred rights, such Share shall rank for dividend accordingly.
165.	The Board may retain the dividends payable upon Shares in respect of which any person is, under the Article 63 hereinabove, entitled to become a member, or which any person under that article is entitled to transfer until such person shall become a member in respect of such Shares, or shall duly transfer the same and until such transfer of Shares has been registered by the Company, notwithstanding anything contained in any other provision of the Act or these Articles, the provisions of Section 206A of the Act or the corresponding section of Act, 2013 as and when notified shall apply.
166.	Anyone of several persons, who are registered as joint holders of any Share, may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such Shares.
167.	No member shall be entitled to receive payment of any interest or dividend in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct, from the interest or dividend payable to any member, all sums of money so due from him to the Company.
168.	Subject to the applicable provisions, if any, of the Act, a transfer of Shares shall not pass the right to any dividend declared thereon and made effective from the date prior to the registration of the transfer.
169.	Unless otherwise directed, any dividend may be paid up by cheque or warrant or by a pay-slip sent through the post to the registered address of the member or person entitled, or, in the case of joint holders, to that one of them first named in the Register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip lost in transmission or for any dividend lost to the member or person entitled thereto due to or by the forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.
170.	(a) If the Company has declared a dividend but which has not been paid or claimed within 30 (Thirty) days from the date of declaration the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 (Thirty) days a special account to be opened by the Company in that behalf in any scheduled Bank called "the Unpaid Dividend Account of Limited". The Company shall within a period of ninety days of making any transfer of an amount to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the

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	<p>unpaid dividend to be paid to each person and place it on the website of the Company and also on any other website approved by the Central Government, for this purpose. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.</p> <p>(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (Seven) years, from the date of such transfer shall be transferred by the Company to the Fund know as the Investor Education and Protection Fund established under Section 205C of the Act 1956 or the corresponding section of Act, 2013 as and when notified shall apply.</p>
171.	Subject to the provisions of the Act, no unpaid dividend shall bear interest as against the Company.
172.	Any general meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting decides, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.
<b>CAPITALISATION</b>	
173.	<p>(a) The Company, in general meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend, or representing premium received on the issue of Shares and standing to the credit of the Share Premium Account, be capitalised and distributed amongst such of the Shareholders as would be entitled to receive the same, if distributed by way of dividend, and in the same proportion on the footing that they become entitled thereto as capital, and that all or any part of such capitalised fund be applied, on behalf of such Shareholders, in paying up in full either at par or at such premium, as the resolution may provide, any unissued Shares or Debentures or Debenture stock of the Company which shall be distributed accordingly on in or towards payment of the uncalled liability on any issued Shares or Debentures, stock and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied for the paying of any unissued Shares to be issued to members of the Company as, fully paid up, bonus Shares.</p> <p>(b) A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company, not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.</p> <p>(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty, which may arise, in regard to the distribution, as it thinks expedient, and, in</p>



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	<p>particular, may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of value less than Rs.10/- (Rupees Ten Only) may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised funds, as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act and the Board may appoint any person to sign such contract, on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.</p>
<b>ACCOUNTS</b>	
174.	<p>The Company shall keep at the Office or at such other place in India, as the Board thinks fit and proper, books of account, in accordance with the provisions of the Act with respect to :-</p> <ul style="list-style-type: none"> <li>(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;</li> <li>(b) all sales and purchases of goods by the Company;</li> <li>(c) the assets and liabilities of the Company;</li> <li>(d) such particulars, if applicable to this Company, relating to utilisation of material and/or labour or to other items of cost, as may be prescribed by the Central Government.</li> </ul> <p>Where the Board decides to keep all or any of the books of account at any place, other than the Office of the Company, the Company shall, within 7 (Seven) days, or such other period, as may be fixed, from time to time, by the Act, of the decision, file with the Registrar, a notice, in writing, giving the full address of that other place.</p> <p>The Company shall preserve, in good order, the books of account, relating to the period of not less than 8 (Eight) years or such other period, as may be prescribed, from time to time, under the Act, preceding the current year, together with the vouchers relevant to any entry in such books.</p> <p>Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article, if proper books of account, relating to the transaction effected at the branch office, are kept at the branch office, and the proper summarised returns, made up to day at intervals of not more than 3 (Three) months or such other period, as may be prescribed, from time to time, by the Act, are sent by the branch office to the Company at its Office or other place in India, at which the books of account of the Company are kept as aforesaid.</p> <p>The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain the transactions represented by it. The books of account and other books and papers shall be open to inspection by any director, during business hours, on a working day, after a prior notice, in writing, is given to the Accounts or Finance department of the Company.</p>
175.	<p>The Board shall, from time to time, determine, whether, and to what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to the inspection of members, not being the directors, and no member, not being a</p>

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	director, shall have any right of inspecting any account or books or document of the Company, except as conferred by law or authorised by the Board.
176.	The Directors shall, from time to time, in accordance with sections 129 and 134 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting of the Shareholders of the Company, such Balance Sheets, Profit and Loss Accounts, if any, and the Reports as are required by those Sections of the Act.
177.	A copy of every such Profit & Loss Accounts and Balance Sheets, including the Directors' Report, the Auditors' Report and every other document(s) required by law to be annexed or attached to the Balance Sheet, shall at least 21 (Twenty-one) days, before the meeting, at which the same are to be laid before the members, be sent to the members of the Company, to every trustee for the holders of any Debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such member or trustees being persons so entitled.
178.	The Auditors, whether statutory, branch or internal, shall be appointed and their rights and duties shall be regulated in accordance with the provisions of the Act and the Rules made thereunder.
<b>DOCUMENTS AND NOTICES</b>	
179.	<p>(a) A document or notice may be served or given by the Company on any member either personally or by sending it, by post or by such other means such as fax, e-mail, if permitted under the Act, to him at his registered address or, if he has no registered address in India, to the address, if any, in India, supplied by him to the Company for serving documents or notices on him.</p> <p>(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying, wherever required, and posting a letter containing the document or notice, provided that where a member has intimated to the Company, in advance, that documents or notices should be sent to him under a certificate of posting or by registered post, with or without the acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner and, such service shall be deemed to have been effected, in the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post.</p>
180.	A document or notice, whether in brief or otherwise, advertised, if thought fit by the Board, in a newspaper circulating in the neighborhood of the Office shall be deemed to be duly served or sent on the day, on which the advertisement appears, on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
181.	A document or notice may be served or given by the Company on or to the joint holders of a Share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the Share.
182.	A document or notice may be served or given by the Company on or to the person entitled to a Share, including the person nominated in the manner

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	prescribed hereinabove, in consequence of the death or insolvency of a member by sending it through the post as a prepaid letter addressed to them by name or by the title or representatives of the deceased, or assigned of the insolvent or by any like description, at the address, if any, in India, supplied for the purpose by the persons claiming to be entitled, or, until such an address has been so supplied, by serving the document or notice, in any manner in which the same might have been given, if the death or insolvency had not occurred.
183.	Documents or notices of every general meeting shall be served or given in some manner hereinafter authorised on or to (a) every member, (b) every person entitled to a Share in consequence of the death or insolvency of member, (c) the Auditor or Auditors of the Company, and (d) the directors of the Company.
184.	Every person who, by operation of law, transfer or by other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which, previously to his name and address being entered on the Register of Members, shall have duly served on or given to the person from whom he derives his title to such Shares.
185.	Any document or notice to be served or given by the Company may be signed by a director or some person duly authorised by the Board for such purpose and the signature thereto may be written, printed or lithographed.
186.	All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post, under a certificate of posting or by registered post, or by leaving it at the Office, or by such other means such as fax, e-mail, if permitted under the Act.
<b>WINDING UP</b>	
187.	The Liquidator, on any winding up, whether voluntary or under supervision or compulsory, may, with the sanction of a special resolution, but subject to the rights attached to any Preference Share Capital, divide among the contributories, in specie, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the liquidators, with the like sanction, shall think fit.
<b>INDEMNITY AND RESPONSIBILITY</b>	
188.	Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.
<b>SECURITY</b>	
189.	(a) Every director, manager, auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with the individuals and in matters relating thereto, and shall, by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by Law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these presents

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	<p>or the Memorandum of Association of the Company.</p> <p>(b) No member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors, or to require discovery of or any information respecting any details of the Company's trading or business or any matter which is or may be in the nature of a trade secret, mystery of trade, secret or patented process or any other matter, which may relate to the conduct of the business of the Company and, which in the opinion of the Directors, it would be inexpedient in the interests of the Company to disclose.</p>
<b>TRUST NOT RECOGNIZED</b>	
190.	<p>Except as required by law, no person shall be recognised by the company as holding any shares upon any trust, and the company shall not, save as ordered by some court of competent jurisdiction be bound by or be compelled in any way to recognise (even when having notice thereof) any benami, equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right thereto in the person or persons from time to time registered as the holder or holders thereof.</p>
<b>GENERAL POWER</b>	
191.	<p>Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.</p>

**SECTION IX – OTHER INFORMATION**  
**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and also the documents for inspection referred to hereunder, will be made available for inspection at our Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

**A. Material Contracts for the Issue**

1. Issue Agreement dated August 9, 2018 between our Company and the Lead Manager.
2. Registrar Agreement dated July 25, 2018 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●], 2018 amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

**B. Material Documents**

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation and fresh certificate of incorporation pursuant to change of name of our Company.
3. Resolution of our Board dated July 25, 2018 approving the Issue.
4. Resolution of the Board dated [●], 2018 finalising the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
5. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Banker to the Issue, Legal Advisors to the Issue and the Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.
6. Annual Reports of our Company for Fiscal Years 2018, 2017, 2016, 2015 and 2014.
7. Examination reports dated August 9, 2018 on the Restated Financial Information from the Statutory Auditor.
8. The statement of special tax benefits dated August 7, 2018 from the Statutory Auditors.
9. In-principle approval issued by BSE dated [●], 2018 under Regulation 28 of the SEBI Listing Regulations.
10. Due diligence certificate dated August 9, 2018, addressed to SEBI from the Lead Manager.
11. Tripartite Agreement dated March 29, 2006 between our Company, the Registrar and Share Transfer Agent and NSDL.
12. Tripartite Agreement dated January 30, 2006 between our Company, the Registrar and Share Transfer Agent and CDSL.
13. Share purchase agreement dated August 24, 2017 entered into between Capital India Corp LLP (then known as Trident Holding LLP) and Sainik Mining and Allied Services Limited.

14. Agreement dated January 4, 2018 entered into between our Company and Keshav Porwal.
15. Agreement dated January 4, 2018 entered into between our Company and Amit Sahai Kulshreshtha.
16. SEBI observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Shareholders, subject to compliance with applicable law.

## DECLARATION

We certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 and the rules made thereunder or regulations issued thereunder, as the case maybe. We further certify that, all the legal requirements connected with the said Issue as also the regulations, rules, guidelines, instructions, etc. issued by the Securities and Exchange Board of India, the Government of India and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in this Draft Letter of Offer are true and correct.

### SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY

Vinod Kumar Somani <i>Chairman and Independent Director</i>	Achal Kumar Gupta <i>Independent Director</i>
Promila Bhardwaj <i>Independent Director</i>	Keshav Porwal <i>Managing Director</i>
Amit Sahai Kulshreshtha <i>Executive Director and Chief Executive Officer</i>	Shraddha Kamat Suresh <i>Woman Non-Executive Director</i>
Subodh Kumar <i>Non-Executive Director</i>	

### SIGNED BY THE CHIEF FINANCIAL OFFICER

Neeraj Toshniwal <i>Chief Financial Officer</i>

**Place:** New Delhi

**Date:** August 9, 2018

## DECLARATION

I certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 and the rules made thereunder or regulations issued thereunder, as the case maybe. I further certify that, all the legal requirements connected with the said Issue as also the regulations, rules, guidelines, instructions, etc. issued by the Securities and Exchange Board of India, the Government of India and any other competent authority in this behalf have been duly complied with.

I hereby certify that all disclosures made in this Draft Letter of Offer are true and correct.

### SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY

Vineet Kumar Saxena <i>Non-Executive Director</i>

**Place:** New Delhi

**Date:** August 9, 2018