



B. N. RATHI SECURITIES LIMITED

B.N. RATHI SECURITIES LIMITED

Our Company was incorporated as Lark Leasing Limited, under the Companies Act, 1956 vide Certificate of Incorporation dated 30th September 1985 with Registration No. 5838 of 1985-86 in the State of Andhra Pradesh. The Certificate of Commencement of Business was issued by the Registrar of Companies, Andhra Pradesh on 14th October 1985. The name of our Company was changed to B.N. Rathi Securities Limited and fresh Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh on 15th September 1994.

Corporate Identification Number: L65993TG1985PLC005838

Registered Office: 6-3-652, Fourth Floor, Kautilya Amrutha Estates, Somajiguda Hyderabad Telangana, 500082 India;

Telephone: +91 40 4052 7777; **Facsimile:** +91 40 4052 6283, **E-mail:** investorgrievances@bnrsecurities.com; **Website:** www.bnrsecurities.com;

Contact Person: Ms. Gadila Sabitha Reddy, Company Secretary ; Mr. M Venu Gopal Rao, Compliance Officer

OUR PROMOTERS: MR. HARI NARAYAN RATHI AND MR. CHETAN RATHI

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF B.N. RATHI SECURITIES LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

WE HEREBY CONFIRM THAT NONE OF OUR PROMOTERS OR DIRECTORS ARE WILFUL DEFAULTERS AS ON DATE OF THIS DRAFT LETTER OF OFFER

ISSUE OF UPTO 33,60,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 22 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 12 PER EQUITY SHARE) (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ 739.20 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 2 RIGHTS EQUITY SHARES FOR EVERY 3 FULLY PAID-UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE THAT IS [●]. THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 2.2 TIMES THE TO THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 145 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares 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 contents of this Draft Letter of Offer. Specific attention of the investors is invited to the section titled "Risk Factors" on page 16 of this Draft Letter of Offer.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this 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 of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed only on BSE Limited ("BSE"). Our Company has received 'in-principle' approval from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated [●]. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE



Bajaj Capital Limited

Mezzanine Floor, Bajaj House, 97,
Nehru Place, New Delhi -110019, India
Tel No: +91 11 - 41693000; +91 11- 67000000
Contact Person: P. Balraj
Email: info@bajajcapital.com
Website: www.bajajcapital.com
SEBI Registration Number: INM000010544



KFin Technologies Private Limited,

Selenium, Tower- B, Plot No. 31 & 32, Financial district,
Nanakramguda, Serilingampally, Karvy Selenium, Mandal,
Hyderabad, Telangana, 500032
Tel No: +91 40 – 67162222/ 18003454001
Fax No: +91 40 – 23431551
Email: einward.ris@karvy.com
Website: www.kfintech.com
Investor Grievance Email: bnrsecurities.rights@kfintech.com
Contact Persons: Mr. M. Muralikrishna
SEBI Registration Number: INR000000221
CIN: U72400TG2017PTC117649

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR MARKET RENUNCIATION*	ISSUE CLOSING ON
[●]	[●]	[●]

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 15 (Fifteen) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

TABLE OF CONTENTS

CONTENTS	Page No.
Section – I Definitions and Abbreviations	
Conventional and General Terms	1
Company / Industry Related Terms	2
Issue Related Terms	2
Abbreviations	5
Notice to Investor	7
Presentation of Financial Information and Use of Market Data	9
Forward Looking Statements	11
Section II – Summary of Draft Letter of Offer	13
Section III – Risk Factors	16
Section IV – Introduction	32
Summary of the Issue	32
General Information	33
Capital Structure	38
Section V – Particulars of the Issue	41
Objects of the Issue	41
Statement of Tax Benefits	44
Section VI – About the Company	47
Industry Overview	47
Our Business	57
Our Management	67
Section VII – Financial Information	71
Auditors' Report and Financial Information of Our Company	72
Management's Discussion and Analysis of Financial Condition and Results of Operations	131
Section VIII – Legal and Other Regulatory Information	135
Outstanding Litigations	135
Material Developments	138
Government and Other Statutory Approvals	139
Other Regulatory and Statutory Disclosures	140
Section IX – Issue Related Information	145
Terms of the Issue	145
Procedure for Application	154
Restriction on the Purchase and Resale	180
Section X – Other Information	189
Material Contracts and Documents for Inspection	189
Section XI – Declaration	190

SECTION – I – DEFINITIONS AND ABBREVIATIONS

The Draft Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act or regulation shall be to such legislation, act or regulation as amended from time to time.

Conventional / General Terms

Term	Description
“BNRSL”, “Our Company”, or “the Issuer” “We” or “us” or “our”	B.N. Rathi Securities Limited
Articles/Articles of Association/ AoA	Articles of Association of our Company, as amended from time to time
Auditors/ Statutory Auditors	Our statutory auditors namely, M/s. Seshachalam & Co., Chartered Accountants, Hyderabad
Board/Board of Directors	Board of Directors of our Company including a committee thereof
Company Secretary	Ms. Gadila Sabitha Reddy
Compliance Officer	M. Venu Gopal Rao
Director(s)	Any or all director(s) of our Company, unless otherwise specified and as the context may require
Equity Shareholder(s)/ Shareholder(s)	A holder of the Equity Shares of our Company
Equity Share(s)	Equity Shares of our Company of face value of Rs. 10 each
Eligible Equity Shareholder(s)	Equity Shareholders whose names appear on the register of members of our Company or on the list of register of beneficial owners of our Company maintained by the Depositories as at the end of business hours of the Record Date i.e., [●]
Financial Statements	Audited Standalone and Consolidated financial statements of our Company
Limited Review Financial Statements	Together, the limited review unaudited financial results for the three months ended June 30, 2021, the statement of assets and liabilities as at June 30, 2021 and the cash flow statement for the three months ended June 30, 2021 of our Company prepared and published in accordance with Regulation 33 of the SEBI Listing Regulations.
Memorandum/ Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended from time to time
Promoters	Mr. Hari Narayan Rathi & Mr. Chetan Rathi
Promoter Group	Unless the context requires otherwise, refers to such persons and entities constituting the promoter group of our Company in terms of Regulation 2(zb) of the SEBI Regulations, which are disclosed by our Company to the Stock Exchanges from time to time.
Registered Office	The registered office of our Company situated at 6-3-652, IV Floor, Kautilya, Amrutha Estates, Somajiguda, Hyderabad – 500 082.
Subsidiaries	B.N. Rathi Comtrade Private Limited and B.N Rathi Industries Private Limited.

Company / Industry Related Terms

Term/Abbreviation	Description/ Full Form
ADT	Average Daily Turnover
ADV	Average Daily Values
BO	Beneficial Owner
BNRSL	B.N. Rathi Securities Limited
BNRCPL	B.N. Rathi Comtrade Private Limited
BNRIPL	B.N. Rathi Industries Private Limited
CFO	Chief Financial Officer
CS	Company Secretary
FY	Financial Year
GDP	Gross Domestic Product
HNI	High Networth Individual
KMP	Key Managerial Personnel
KYC	Know Your Customer
MCX SX	Multi Commodity Exchange
MD	Managing Director
MS	Master of Science
MPC	Monitory Policy Committee
MICR	Magnetic Ink Character Recognition
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NOF	Net Owned Fund
RMS	Risk Management Services
RTGS	Real Time Gross Settlement
P/E Ratio	Price / Earnings Ratio
PMS	Portfolio Management Services
RONW	Return on Net Worth
STT	Securities Transaction Tax
WTD	Whole Time Director
w.r.t.	With respect to

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the SEBI Regulations
Allottee(s)	Persons to whom Equity Shares of our Company will be issued pursuant to the Issue.
Allotment /Allotted	The allotment of Equity Shares pursuant to the Issue
Allotment Date	The date on which the Allotment is made.
Applicant(s)	The Eligible Equity Shareholders and/or the Renouncees who are entitled to apply or have applied for the Rights Equity Shares under the Issue, as the case may be.
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts), to subscribe to the Equity Shares at the Issue Price.
Application Amount	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue.
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Amount in his/her/its specified bank account maintained with the SCSB.
ASBA Account	An account maintained with an SCSB and specified in the Application Form or plain paper application, as the case may be by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper application.

ASBA Investor(s)	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.
Bankers to the Issue	[●]
Controlling Branches of the SCSBs	Such branches of SCSBs which coordinate Bids under the Issue with the LM, the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in .
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&in tmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Draft Letter of Offer	This Draft Letter of Offer dated October 27, 2021.
Eligible Equity Shareholder (s)	Holder(s) of the Equity Shares of our Company as on the Record Date
Escrow Account(s)	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility
"Escrow Collection Bank", "Allotment Account Bank(s)" or "Refund Bank(s)"	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, [●]
Foreign Portfolio Investor(s) /FPI(s)	A person who satisfies the eligibility criteria prescribed under Regulation 4 of the SEBI (FPI) Regulations and has been considered under chapter III of the SEBI (FPI) Regulations, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act. Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
IEPF	Investor Education and Protection Fund
ISIN	International securities identification number
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, [●], 2021 and the Renouncee(s)
Issue / Rights Issue	Issue of 33,60,000 Equity Shares for cash at Issue Price of ₹ 22/- per Equity Share (including premium of ₹ 12/- per Equity Share) for an amount aggregating to ₹ 739.20 lakhs on a rights basis to the Equity Shareholders of our Company in the ratio of Two (2) Equity Share for every Three (3) fully paid-up Equity Share held by the Equity Shareholders on the Record Date.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 22/- per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	Amount aggregating upto ₹ 739.20 lakhs# #Assuming full subscription
Lead Manager	Bajaj Capital Limited
Letter of Offer/ LoF	The Letter of Offer dated [●] issued by our Company in connection with the Issue.
Listing Agreement	The listing agreement entered into between our Company and BSE Limited in terms of the SEBI Listing Regulations.
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However, supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple applications.
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circular, circulars issued by the Depositories from time to time and other applicable laws on or before [●].

On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stockbroker in accordance with the SEBI Rights Issue Circular, circulars issued by the Stock Exchange from time to time and other applicable laws.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, see the section “ <i>Objects of the Issue</i> ” on [•]
Non-Institutional Investors/ Non – Institutional Investors	All Investors, including FPIs which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an cumulative amount more than ₹ 2,00,000/-
Qualified Foreign Investors /QFIs	QFI shall mean a person who has opened a dematerialized account with a qualified depository participant as a qualified foreign investor under the SEBI (FPI) Regulations.
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
R-WAP	Registrar’s web-based application platform accessible at https://rights.kfintech.com , instituted as an optional mechanism in accordance with SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24 2020; and SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/ submitting online Application Forms by resident public Investors. This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts
Record Date	[•]
Registrar to the Issue / Registrar	KFin Technologies Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from Eligible Equity Shareholders
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [•], 2021 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount less than or equal to ₹ 2,00,000 in the Issue (including HUFs applying through the karta)
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 2:3 (3 Equity Shares for every 2 Equity Shares) held by an Eligible Equity Shareholder.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company
SCSB(s)	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Securities Act	U.S. Securities Act, 1933, as amended from time to time
Stock Exchange	BSE Limited where our Equity Shares are presently listed and traded.
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Willful Defaulter	Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days

	on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.
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Abbreviations

Term/Abbreviation	Description/ Full Form
“₹” or “Rs.” or Rupees or INR	Indian Rupee
AGM	Annual General Meeting
AS	Accounting Standards issued by the ICAI
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government / Government of India	The Central Government of India
CIN	Corporate Identification Number
Companies Act, 1956	Companies Act, 1956, as amended from time to time
Companies Act, 2013	Companies Act, 2013, to the extent applicable and as amended from time to time
Companies Act	Companies Act, 1956 and/or Companies Act, 2013, to the extent applicable
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DP ID	Depository Participant Identity
DP/Depository Participant	Depository Participant as defined under the Depositories Act
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non-Repatriable Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014), registered with the SEBI under applicable laws in India
Financial Year/fiscal year/Fiscal/ FY	Period of 12 months ending March 31 of that particular year.
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
Government	The Central Government and/or the State Government, as applicable
HUF/HUFs	Hindu Undivided Family / Hindu Undivided Families
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India.
IT Act	Income Tax Act, 1961
Mutual Fund	Mutual fund registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB(s)	Overseas Corporate Body(ies)
P.A.	Per Annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
RoC	Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad

SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI (FPI) Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Relaxation Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, read with SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and the SEBI Relaxation Circulars
Stock Exchange	BSE.
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
UPI	Unified Payments Interface
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be.

NOTICE TO INVESTOR

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and 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 Abridged Letter of Offer or Application Form 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 Equity Shareholders and will electronically dispatch through email and physical dispatch through speed post the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and speed post, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, SEBI, the Stock Exchanges, and on R-WAP.

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 purposes 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 or Application Form 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 to any person outside India 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 or Application Form 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, the Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Draft 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 or the date of such information.

Neither the delivery of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter 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 and the Application Form and Rights Entitlement Letter or the date of such information.

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 RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, 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 the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. 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/ Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time.

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 in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter 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 Equity Shareholders and the Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity 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, and (ii) it is authorized 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 Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber 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) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form 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 Application Form.

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

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise or unless the context otherwise requires, the financial information and data in this Draft Letter of Offer, with respect to our Company, is derived from our audited financial statements for the financial year ended on March 31, 2021 and limited review unaudited financial results, the statement of assets and liabilities and cash flow statement for the three months ended on June 30, 2021, which have been prepared by our Company in accordance with Ind AS, Companies Act, and other applicable statutory and / or regulatory requirements (“Financial Statements”). We publish our financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further details, please see the chapter titled “Financial Statements” beginning on page 72.

Our Company’s fiscal year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular “Financial Year” or “Fiscal Year” or “Fiscal” are to the 12 (twelve) months period ended March 31 of that year.

All numerical values as set out in this Draft Letter of Offer, for the sake of consistency and convenience, have been rounded off to two decimal places. 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, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Audited Financial Information.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us, the LM or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 16, of this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- A prolonged slowdown in economic growth in India or financial instability in other countries, particularly in light of the COVID-19 pandemic, could cause our business to suffer.
- Legal proceedings determined against us;
- Significant competition in our businesses;
- Information technology and failure of, or inadequacies of our IT systems;
- Operational risks associated with the financial services industry;
- Receipt of statutory and regulatory approvals;
- Accuracy and completeness of information about clients and counterparties
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Subsidiary(ies), Promoter(s) and other related party (ies);
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry; and

- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 16, 57 and 131 respectively, 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 gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Promoter, our Directors, the LM, 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 the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

SECTION – II - SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by more detailed information appearing in this Draft Letter of Offer, including the sections titled “*Risk Factors*”, “*Summary of the Issue*”, “*Capital Structure*”, “*Objects of the Issue*”, “*Our Business*”, “*Industry Overview*”, “*Outstanding Litigation and Material Developments*” and “*Terms of the Issue*” on pages 16, 32, 38, 41, 57, 47, 135 and 145 respectively.

1. Summary of Primary Business

We are a financial services company based in South India that offers financial products and services. Over the years, from being primarily a Telangana / Andhra Pradesh centric broking firm, we have transformed ourselves by establishing presence into other states in India. We provide a gamut of financial products and services like equity trading, commodity trading, trading in currency derivatives, distribution of mutual funds and online trading, primarily to retail customers. We are a member of NSE, BSE and MCX. We are also depository participants of CDSL.

BNRSL is engaged in all spheres of Stock Broking, which enables the company to cater to a full range of requirements of a growing and diversified retail and institutional clientele.

For further details, please refer to the chapter titled “*Our Business*” at page 57 of this Draft Letter of Offer.

2. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

S.No	Particulars	Amount (₹. In lakhs)
(A)	Gross proceeds of the Rights Issue	739.20
	Less: Expenses of the Issue	[-]
	Net proceeds of the Rights Issue	[-]
(B)	Utilization of the net proceeds of the Rights Issue	
	(a) Enhance the margin money with the Exchanges	[-]
	(b) General Corporate Purpose	[-]
	Sub-total	[-]

For further details, please see chapter titled “*Objects of the Issue*” beginning on page 41 of this Draft Letter of Offer.

3. Intention and extent of participation by Promoter and Promoter Group

The Promoters vide their letters dated October 25, 2021 have undertaken to fully subscribe for their Rights Entitlement in the Issue. The Promoters reserve the right to subscribe to their Entitlement in the Issue by subscribing for renunciation if any made in their favour. The Promoters may also apply for additional Equity Shares in the Issue. As a result of this subscription and consequent allotment, the Promoters may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoters, if any, shall be made in compliance with the applicable provisions of the SEBI SAST Regulations. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with SEBI LODR Regulations and other applicable laws prevailing at that time relating to continuous listing requirements. In the event of renouncement by any promoter and/or member of the promoter group of the Issuer Company, other than renunciation within the promoters / promoter group, the promoters and the promoter group shall not be eligible for exemption available under Regulation 10(4)(b) of the SEBI SAST Regulations, 2011.

4. Summary of Outstanding Litigation

A summary of the pending tax proceedings and other material litigations involving our Company is provided below:-

Type of Proceedings	Number of cases	Amount (in ₹)
Cases against our Company		
Issues involving moral turpitude or criminal liability	-	-
Material violations of Statutory Regulations	-	-
Economic Offences against the Company	-	-
Tax proceedings:		
a. E- Proceedings	3	N.A.
b. Defaults in the payment of Income Tax	-	-
c. Tax Deducted at Source	1	99,525.10
Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company:		-
By our Company	1	N.A.
Cases against our Promoters		
Issues involving moral turpitude or criminal liability	-	-
Material violations of Statutory Regulations	-	-
Economic Offences against our Promoters	-	-
Tax proceedings:		
a. E- Proceedings	4	N.A.
b. Defaults in the payment of Income Tax	2	64,677
c. Tax Deducted at Source	-	-
Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	-	-
Cases against our Subsidiary Company		
Issues involving moral turpitude or criminal liability	-	-
Material violations of Statutory Regulations	-	-
Economic Offences against our Subsidiary Company	-	-
Tax proceedings:		
a. E- Proceedings	3	N.A.
b. Defaults in the payment of Income Tax	-	-
c. Tax Deducted at Source	1	174
Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	-	-

For further details, please refer the chapter titled “*Outstanding Litigation and Material Developments*” on page 135 of this Draft Letter of Offer.

5. Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 16 of this Draft Letter of Offer.

6. Summary of Contingent Liabilities

For details of contingent liabilities for the FY 2020-21, please see the section titled “Financial Information” beginning on page 72.

7. Summary of Related Party Transactions

For further details, please see the section titled “*Financial Information*” at page 100 of this Draft Letter of Offer.

8. Issue of equity shares made in last one year for consideration other than cash

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash.

9. Split or consolidation of Equity Shares in the last one year

There has been no split or consolidation of Equity Shares in the last one year.

10. Our Promoters

The Promoter of our Company are Mr. Hari Narayan Rathi and Mr. Chetan Rathi.

SECTION III - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are relevant to the industry our Company is engaged in, our Company and our Equity Shares. If any one or more of the following risks as well as other risks and uncertainties discussed in the Draft Letter of Offer were to occur, our business, financial condition and results of our operation could suffer material adverse effect and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. These risks are not the only ones that our Company faces. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

To obtain a complete understanding, you should read this section in conjunction with the sections “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 57 and 131 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue, including the Lead Manager, has independently verified the information in the industry report or other publicly available information cited in this section.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 11 of 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 the context requires otherwise, the financial information of our Company has been derived from the Consolidated Financial Information, prepared in accordance with Ind AS, the Companies Act and SEBI ICDR Regulations. In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to our Company together with our Subsidiaries, on Consolidated basis. The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISKS

Business Related Risk

- 1. There are certain legal proceedings involving us and our Subsidiaries that, if determined against us, could have an impact on our financial condition and results of operations.***

There are outstanding legal proceedings involving our Company and our Subsidiaries that, if determined against us, could have an impact on our business prospects, financial condition and results of operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable. Should any new developments arise, such as a change in law and rules against us by courts or tribunals, we may need to make provisions in our financial statements, which could impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be an adverse effect on our business and profitability. The summary of pending litigation in relation to criminal proceedings, tax proceedings, arbitration matters and actions by regulatory or statutory authorities and other material pending

litigation involving our Company as on the date of this Draft Letter of Offer has been set out below in the section entitled “*Outstanding Litigation and Material Developments*” on page 135.

A summary of the pending tax proceedings and other material litigations involving our Company is provided below:-

Type of Proceedings	Number of cases	Amount (in ₹)
Cases against our Company		
Issues involving moral turpitude or criminal liability	-	-
Material violations of Statutory Regulations	-	-
Economic Offences against the Company	-	-
Tax proceedings:		
d. E- Proceedings	3	N.A.
e. Defaults in the payment of Income Tax	-	-
f. Tax Deducted at Source	1	99,525.10
Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company:		-
By our Company	1	N.A.
Cases against our Promoters		
Issues involving moral turpitude or criminal liability	-	-
Material violations of Statutory Regulations	-	-
Economic Offences against our Promoters	-	-
Tax proceedings:		
d. E-Proceedings	4	N.A.
e. Defaults in the payment of Income Tax	2	64,677
f. Tax Deducted at Source	-	-
Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	-	-
Cases against our Subsidiary Company		
Issues involving moral turpitude or criminal liability	-	-
Material violations of Statutory Regulations	-	-
Economic Offences against our Subsidiary Company	-	-
Tax proceedings		
d. E-Proceedings	3	N.A.
e. Defaults in the payment of Income Tax	-	-
f. Tax Deducted at Source	1	174
Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	-	-

Any unfavorable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations.

For further details, please refer "Outstanding Litigation and Material Developments" beginning on page 135 of this Draft Letter of Offer.

2. We face significant competition in our businesses, which may limit our growth and prospects.

The Indian financial services industry is fragmented and typified by low barriers to entry. Most of our competitors have a broader range of products and services, greater financial and marketing resources, larger customer bases, greater name recognition, more senior professionals to serve their clients’ needs and more established relationships with clients than we have. These larger and better capitalized competitors may be better able to respond to changes in the industry we operate, in to compete for skilled professionals, to fund internal growth, to withstand adverse market conditions and to compete for market share generally.

We compete with, brokerage companies, public and private sector commercial banks, and asset managers. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation, price and convenience. Our business, financial condition, cash flows, results of operations and prospects may be materially and adversely affected if we are not able to maintain our market position, sustain our growth, develop new products or target new markets.

Further, we extensively use technology in our business. In recent times, the Indian financial services industry is undergoing rapid and significant technological and other changes. Our competitors could utilise technology, big data and innovation to simplify and improve the client experience, increase efficiencies, redesign products, improve client targeting, alter business models more effectively than or to effect disruptive changes in the Indian financial services industry. If we do not anticipate, innovate, keep pace with, and adapt to, technological and other changes impacting the Indian financial services industry, it could harm our ability to compete in the market, decrease the attractiveness of our products to clients and materially and adversely affect our business, financial condition and results of operations.

3. There are operational risks associated with the financial services industry which, if materialise, may have an adverse effect on our business, financial condition, cash flows, results of operations and prospects.

We face various operational risks related to our business operations in the financial services industry, such as:

- human and systems errors, including the confirmation, entry or settlement of transactions;
- failure of technology in our processes, including risk management and settlement processes, causing errors or disrupting our operations;
- failure to implement sufficient information security, including cyber-security, and controls;
- failure to maintain appropriate deposits with exchanges;
- damage to physical assets;
- failure of our complex automated risk management systems due to incorrect or inadequate algorithms;
- inadequate due diligence in the sales process, including in client verification, non-adherence to anti-money laundering guidelines, KYC processes and client needs analysis; and
- failure to comply with other applicable laws, regulations, accounting norms or regulatory policies, including as a result of the adoption of widely followed market practices.

If any of the foregoing were to occur, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

We have established a system of risk management and internal controls consisting of an organizational risk management framework, policies, risk management system tools and procedures that we consider to be appropriate for our business operations, and we have continued to enhance these systems. However, due to the inherent limitations in the design and implementation of risk management systems, including internal controls, risk identification and evaluation, effectiveness of risk control and information communication, our risk management systems and mitigation strategies may not be adequate or effective in identifying or mitigating our risk exposure in all market environments or against all types of risks in a timely manner, or at all. Further, we may not be able to completely avoid the occurrence of or timely detect any operational failure.

We also face the risk of regulatory penalties in our brokerage business from the exchanges or regulators for failures of routine operational processes.

We may not be able to fully appreciate or identify operational risks related to the new products, services or solutions introduced by us from time to time. Accordingly, any risk management measures or controls implemented by us for such new products, services or solutions may not be adequate and we may be subject to liabilities arising therefrom. Further, any failure to change our risk management measures and controls to our developing business in a timely manner could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

4. ***The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds is entirely at the discretion of our management and as per the details mentioned in the section titled “Objects of the Issue”.***

The fund requirements and deployment are based on internal estimates of our management and have not been appraised by any Bank or Financial Institution. Shareholders/investors shall rely on management’s ability and experience to draw correct estimates considering the proposed business expansion. Non appraisal of estimates by external agencies such as Banks or Financial Institutions makes such estimates susceptible to change any time in future.

We intend to use the Issue proceeds in the manner as described in the section titled “Objects of the Issue” on page 41. We cannot assure you that the issue proceeds will be utilized in conformity with the cost or schedule of implementation as described under the said chapter. It is possible that utilization of issue proceeds may vary due to factors that may be beyond our control including factors that we do not currently foresee. We may have to revise our estimates from time to time on account of changes in planned spending and the initiatives which we may pursue. Our funding requirements for the objects and deployment schedule are based on current conditions and are subject to change in light of external factors which may not be in our control. This may also include rescheduling the proposed utilization of issue proceeds at the discretion of our management. Our Company may make necessary changes to such utilization in conformity with the provisions of the Companies Act and SEBI ICDR Regulations in relation to the change in the objects of the issue. Accordingly, shareholders /investors in the offer will need to rely on our management’s judgment with respect to the use of proceeds. If we are unable to enter into arrangements for utilization of issue proceeds as expected in a timely manner, we may not be able to derive expected benefits from the proceeds of the issue and our business and financial results may suffer.

5. ***Our operations are significantly located in Telangana, Andhra Pradesh, Tamil Nadu, Rajasthan, Gujarat and Maharashtra region and failure to expand our operations may restrict our growth and adversely affect our business.***

Currently, we are carrying our business mainly in the Telangana, Tamil Nadu, Rajasthan, Andhra Pradesh, Gujarat and Maharashtra region and hence, our major revenues are generated from operations in these regions only. In the event that demand for equity trading activities in general reduces or stops by any reason including political discord or instability or change in policies of State or an act of terrorism, then our financial condition and operating results may be materially and adversely affected. Geographical and functional expansion of our business domain requires establishment of adequate network. As we seek to diversify our regional focus we may face the risk that our competitors may be better known in other markets, enjoy better relationships with customers. Our lack of exposure in geographical boundaries outside our operating regions could impact our future revenues.

6. ***All of our offices including our Registered and Corporate Offices, are held by us on lease or leave and license.***

Our Registered and Corporate Offices at Hyderabad and our offices located in the states of Andhra Pradesh, Maharashtra, Rajasthan, Tamilnadu and Gujarat are not owned by us. Upon expiration of the term of the relevant agreement for each such premise, we will be required to negotiate the terms and conditions on which the lease agreement may be renewed. We cannot assure you that we will be able to renew these agreements on commercially reasonable terms in a timely manner, or at all. Termination of our leases may occur for reasons beyond our control, such as breaches of lease agreements by the lessors’ of our premises which is detrimental to our operations. If we or our current or future lessors’ breach the lease agreements, we may have to relocate to alternative premises or shut down our operations at that site. Further, some of our lease deeds for our properties may not be registered and further some of our lease deeds may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of. In the event that these existing leases are terminated, or they are not renewed on commercially acceptable terms or at all, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition and results of operations may be adversely affected.

7. *Our insurance cover may be inadequate to fully protect us from all losses and may in turn adversely affect our financial condition.*

We have group health insurance policy and a term life insurance plan. We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our business operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

8. *Any regulatory actions and penalties for any past or future non-compliance may adversely affect our business or reputation, or both.*

We have to comply with numerous regulatory filing, maintenance of record etc under the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulation"), Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 2011 and any other laws and regulation as applicable. We may have failed to comply or maintain certain record as per the applicable law (except compliance of Listing Regulation for preceding one year from the date of filing of Draft Letter of Offer where the company had duly filed the required documents with Designated Stock Exchange). If any Regulatory found the non-compliance of the applicable laws they may impose the penalty on the Company. Such penalty may impact the profitability of the Company.

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

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

10. *The success of our business depends on our ability to attract and retain senior management and employees in critical roles, and the loss of their services could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.*

The success of our business depends on the continued service of our senior management and various professionals including information technology resources, relationship and finance professionals etc. As a result of ever-increasing market competition, the market demand and competition for experienced management personnel and qualified professionals has intensified. We encounter intense competition for qualified professionals from other companies in the financial services sector. Our Company invests significant time and money in training the professionals that are hired to perform the services provided to our customers. Our Company believes that there is also a significant competition in our industry among employers to attract these professionals with the skills necessary to perform the services we offer. The departure or other loss of our key professionals who manage substantial client relationships or who possess substantial experience and expertise could impair our ability to successfully carry out our operations. Our business and financial condition could suffer if we are unable to retain our senior management, or other high quality personnel, including finance, internal controls and information technology, or cannot adequately and timely replace them upon their departure.

Moreover, we may be required to substantially increase the number of our professionals and specialists in connection with any future growth plans, and we may face difficulties in doing so due to the competition in the financial services industry for such personnel. Our failure to attract, hire, retain or replace competent personnel could materially impair

our ability to implement any plan for growth and expansion. Competition for quality employees among business institutions may also require us to increase compensation, which would increase operating costs and reduce our profitability.

11. *Our inability to manage growth could disrupt our business and reduce our profitability.*

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses, as well as the development of our new business streams. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. However, there could be a possibility that we may not be able to grow at a comparable rate to our growth rate in the past or the required growth rate to effectively compete in the market either in terms of profit or income. Further, such growth strategy will place significant demands on our management, financial and other resources. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

12. *We have not made any alternate arrangements for meeting the purposes mentioned in the Objects of the issue. Further we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.*

As on date, we have not made any alternate arrangements for meeting the purposes mentioned in the objects of the issue. We meet our funding requirements through our own funds, internal accruals and debt. Any shortfall in our net owned funds, internal accruals and our inability to raise debt would result in us being unable to meet our fund requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds could adversely affect our growth plans.

13. *We could be exposed to risks arising from employee and business associate misconduct and trading errors.*

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

14. *We depend on the accuracy and completeness of information about clients and counterparties for our business. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.*

We significantly rely on information furnished to us by, or on behalf of, our clients (including in relation to their financial transactions and past credit history) for various aspects of our business operations, such as new client enrolment and servicing our clients. We may also rely on certain representations from our clients as to the accuracy and completeness of the information provided by them. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent such activities or detect inaccuracies in such information in a timely manner, or at all, which may expose us to regulatory action or other risks, and may adversely affect our reputation, business prospects, financial condition and results of operations.

15. *Absence of comprehensive business continuity and disaster recovery plan may lead to a temporary disruption of our operations.*

We rely extensively on technology to carry on our business and have invested in customary data centre, network components, application infrastructure and back-up. We have multiple connectivity's through leased lines from the data centre to exchanges as such the possibility of disconnection is very remote.

16. *Our risk management policies and procedures may leave us exposed to unidentified risks or unanticipated levels of risk which could lead to material losses.*

Our risk management techniques and strategies may not be fully effective in mitigating our exposure to risks and may not cover risks that we fail to identify or anticipate. Some methods of risk management are based on the use of observed historical market behaviour. We apply statistical and other tools to these observations to arrive at quantifications of our risk exposures. These tools and metrics may fail to predict future risk exposures. Our losses could therefore be significantly greater than those which the historical measures indicate. Our more qualitative approach to managing those risks could prove insufficient, exposing us to material unanticipated losses. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot assure you that our policies and procedures will effectively and accurately record and verify this information. We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. Nonetheless, the effectiveness of our ability to manage risk exposure cannot be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments could have a material adverse effect on our results of operations and financial condition. The consequences of these developments could include losses due to adverse changes in inventory values, decreases in the liquidity of trading positions, higher volatility in systemic risk.

17. *We are subject to uncertainties associated with the securities industry and to fluctuating revenues.*

As a financial services company, we are subject to uncertainties that are common in the securities industry. These include the volatility of domestic and international financial markets, bond and stock markets, extensive governmental regulation, litigation, intense competition, substantial fluctuations in the volume and price level of securities, and dependence on the solvency of various third parties. As a result, our revenues and earnings may vary significantly from quarter to quarter and from year to year. In periods of low trading volume, profitability is impaired because certain expenses remain relatively fixed. When markets are highly volatile, we run the risk of bad debts and losses and also litigation. Revenues are likely to decline during sustained periods of reduced trading volumes and our profit margins may be adversely affected if we are unable to reduce our expenses at the same pace as the decline in revenues. Decreases in equity prices or decreased trading activity could have an adverse effect on our business, financial condition and operating results.

In recent years, the Indian and world securities markets have fluctuated considerably and a downturn in these markets could adversely affect our operating results. We are much smaller and have much less capital than many competitors in the securities industry and our revenues are likely to decline in such circumstances. If we are unable to correspondingly reduce expenses, our profit margins would erode.

18. *We are required to comply with certain restrictive covenants under our financing agreements.*

Any non-compliance may lead to, amongst others, accelerated repayment schedule and suspension of further drawdowns, which may adversely affect our business, results of operations and financial conditions. A failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities and suspension of further access/ withdrawals, either in whole or in part, for the use of the facility. Pursuant to clauses in certain financing agreements, any defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our

long term working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing

19. *Our business requires us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities and the failure to obtain and renew them in a timely manner may adversely affect our business operations.*

Our business requires us to obtain and renew from time to time, certain approvals, licenses, registrations and permits. In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as the SEBI, the Stock Exchanges and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain a certificate of registration for carrying on certain of our business activities from SEBI and other such regulatory authorities. Government and regulatory licences and approvals may also be tied to conditions, some of which may be onerous to us and require substantial expenditures. There is no assurance in the future that the licences, approvals and permits applied for or held by us will be issued, approved or renewed in a prompt manner, or at all, under applicable law. Our failure to renew or obtain such licences and approvals in a timely manner, or at all, and comply with the provisions of the applicable laws and regulations could lead to suspension or cancellation of our registration or imposition of sanctions by the relevant authorities, including penalties.

Further, we may become liable to penal action if our activities are adjudged to be undertaken in the manner not authorized under the applicable law. This could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future.

20. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.*

Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders. Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations. Our professional reputation may be affected adversely and we may be liable to our clients and third parties if our services are not regarded as satisfactory.

Our Company is dependent to a large extent on our relationships with our clients and our reputation for integrity and the professional services to attract and retain the clients. As a result, if a client is not satisfied with our services, it may affect our business adversely.

21. *We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.*

As of March 31, 2021, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Financial Information aggregates to ₹ 1900.00 lakhs. The details of our contingent liabilities are as follows:

(₹. In lakhs)	
Particulars	As at March 31, 2021
Bank Guarantees	1,900.00

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

We have entered into transactions with our Promoters and our Promoter Group. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

23. *Our Company has not yet applied for the registration of the logo or any of the intellectual property that it uses with the registrar of Trademarks.*



Our Company has not yet applied for the registration of the logo i.e. . Any failure to get the same registered in our name may cause any third-party claim and may lead to litigation and our business operations could be affected. Even if our trademark is registered, we may not be able to detect any unauthorized use or infringement or take appropriate and timely steps to enforce or protect our intellectual property, nor can we provide any assurance that any unauthorized use or infringement will not cause damage to our business prospects.

24. *Our Promoter, Directors and Key Managerial Personnel have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.*

Our Promoter, Directors and Key Managerial Personnel, may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. For further details please refer to "Financial Information" on page 72 of this Draft Letter of Offer. There can be no assurance that our Promoter, Directors, Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoter and members of our Promoter Group will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and other signification decisions. Our Directors and our Key Management Personnel may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

25. *Our Promoter and Promoter Group shall continue to exercise significant control over our business which will allow them to determine the outcome of certain matters.*

Our Promoters and Promoter Group hold 53.48% of our equity share capital. As a result, they are able to exercise significant control over the matters requiring shareholder's approval, including significant corporate structuring exercises such as mergers or demergers, sale of assets, etc. Further, our promoters may take decision which may be in conflict of interest or detrimental to minority shareholders. Our Promoter and Promoter Group have also undertaken to subscribe the undersubscribed portion of the Issue, if any, subject to obtaining any approvals required under applicable law. Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage shareholding. Thus, our Promoters may have larger control over the decision making process and outcome of matters.

ISSUE SPECIFIC RISK

1. *No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.*

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

2. *We may, at any time in the future, make further issuances or sales of our Equity Shares, and this may significantly dilute your future shareholding and affect the trading price of our Equity Shares.*

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that

such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

3. ***SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, our Equity Shares at a particular point in time.***

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell our Equity Shares at their preferred price or at all at any particular point in time.

4. ***Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's DEMAT account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

5. ***SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the DEMAT accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, and ensure completion of all necessary steps in relation to providing/updating their DEMAT account details in a timely manner. For details, see "Terms of the Issue" on page 145.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the DEMAT accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a DEMAT suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a DEMAT suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the DEMAT accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

6. ***The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.***

In accordance with SEBI circulars dated May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.kfintech.com>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the Eligible Shareholders can access and fill the Application Form in

electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “*Terms of the Issue*” on page 145. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology;
- in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the R-WAP facility.

7. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 145.

8. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholders”) may lapse in case they fail to furnish the details of their demat account to the Registrar.*

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

9. *There is no guarantee that our Equity Shares will be listed in a timely manner or at all which 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 Stock Exchanges 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 Stock Exchanges. 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 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 that point of time.

10. *Investors will be subject to market risks until our Equity Shares credited to the investor’s DEMAT account are listed and permitted to trade.*

Investors can start trading our Equity Shares Allotted to them only after they have been credited to an investor's DEMAT account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for our Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that our Equity Shares allocated to an investor will be credited to the investor's DEMAT account or that trading in such Equity Shares will commence in a timely manner.

11. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.***

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, foreign investment up to 100% is permitted in our sector, subject to satisfaction of certain conditions.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

12. ***Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.***

If the Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders.

For instance, the Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless:

- a registration statement is in effect, if a registration statement under the US Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or
- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act.

The Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

13. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

EXTERNAL RISK FACTORS

1. *The outbreak of COVID-19, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.*

The outbreak, or threatened outbreak, of any severe communicable disease (particularly COVID-19) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease could adversely affect our business, financial condition and results of operations. The outbreak of COVID-19 has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines and shutdowns. These measures may have an impact on workforce and operations and the operations of our customers. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may further cause significant economic disruption across India. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting COVID-19 or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of COVID-19 will cause an economic slowdown. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees and customers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak. The extent to which COVID-19 further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. The degree to which COVID-19 may impact our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or the ability to treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, loss of life, injuries and impact the wellbeing of our people.

Further, if the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, and could materially and adversely affect our business, cash flows, financial condition and results of operations. Similarly, any other future public health epidemics or outbreak of avian or swine influenza or other contagious disease in India could also materially and adversely affect our business, cash flows, results of operations and financial condition.

2. *Global economic, political and social conditions may harm our ability to do business, increases our costs and negatively affects our stock price.*

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

3. *Financial difficulty and other problems relating to financial institutions in India could have a material adverse effect on our business, results of operations and financial condition*

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions whose commercial soundness may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as “systemic risk”, may adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business.

In Financial Year 2011, Indian government agencies initiated proceedings against certain financial institutions, alleging bribery in the loans and investment approval process, which impacted market sentiment. Similar developments

in the future could negatively impact confidence in the financial sector and could have a material adverse effect on our business, results of operations and financial condition.

In addition, we deal with various financial institutions in our business. Any one of them could be negatively affected by financial difficulty as a result of occurrences over which we have no control. If one or more of our financial institutional counterparties or intermediaries suffers economic difficulty, this could have a material adverse effect on our business, results of operations and financial condition.

4. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

5. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.*

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset-based and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, cash flows, results of operations and prospects.

6. *If there is any change in tax laws or regulations, or their interpretation, such changes may significantly affect our financial statements for the current and future years, which may have a material adverse effect on our financial position, business and results of operations.*

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, any unexpected or onerous requirements or regulations resulting from any change in the existing GST regime or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST.

We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial conditions and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

We cannot predict whether any tax laws or regulations impacting our products will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition and results of operations.

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

India's sovereign rating is BBB-/ A-3 with a "negative" outlook (S&P). Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy into a high-growth environment, as well as exercise adequate fiscal restraint. A downgrading of India's credit ratings may occur, for example, upon a change of government 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. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

8. *Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect the financial markets and our business.*

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. In addition, the Asian region has from time-to-time experienced instances of civil unrest and hostilities among neighboring countries. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India may result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in the world, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

9. *Instability in financial markets could materially and adversely affect our results of operations and financial condition.*

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America or Europe, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy and us, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

10. *We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and Service Industry contained in this Issue.*

While facts and other statistics in this Issue is relating to India, the Indian economy and the Service industry has been based on various government publications and reports from government agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

11. *The bankruptcy code in India may affect our rights to recover loans from our customers.*

The Insolvency and Bankruptcy Code, 2016 (“IBC”) was notified on August 5, 2016. The IBC offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The IBC creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company or a debtor files for voluntary insolvency, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor’s assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Additionally, in cases where proceedings under the IBC are initiated against the builders or developers of project where the allottees of the apartments are our borrowers and if the builder or developer fails to deliver the project, there may be delay in recovery of amounts from such borrowers.

Accordingly, if the provisions of the IBC are invoked against any of the borrowers of our Company, it may affect our Company’s ability to recover our loans from the borrowers and enforcement of our Company’s rights will be subject to the IBC.

12. *If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.*

Inflation rates could be volatile, and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, salaries, and other expenses relevant to our Subsidiaries’ business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Consequently, we may also be affected and fall short of business growth and profitability.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

While the Government of India through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future.

SECTION – IV INTRODUCTION

This Issue has been authorised through a resolution passed by our Board at its meeting held on September 24, 2021 and Shareholders of the Company in the EGM held on October 23, 2021 pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue and should be read in conjunction with and is qualified entirely by the information detailed in the chapter titled “*Terms of the Issue*” on page 145 of this Draft Letter of Offer.

SUMMARY OF THE ISSUE

Equity shares offered through the Issue	33,60,000 Equity Shares
Rights Entitlement	Upto Two (2) Equity Share for every Three (3) fully paid-up Equity Share(s) held on the Record Date
Record Date	[●]
Face Value per Equity Shares	₹ 10/-
Issue Price per Equity Share	₹ 22/-
Issue Size	Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ 22 (Including a premium of ₹ 12/-) per Rights Equity Share not exceeding an amount of ₹ 739.20 lakhs.
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari pasu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	50,40,000 Equity Shares.
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto 84,00,000 Equity Shares
Scrip Details	ISIN: INE710D01010 BSE: 523019
Terms of the Issue	Please refer to the section titled “Terms of the Issue” on page 145 of this Draft Letter of Offer.
Use of Issue Proceeds	Please refer to the section titled “Objects of the Issue” on page 41 of this Draft Letter of Offer.

For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or is not in multiples of 3, as per SEBI Rights Issue Circular the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.

Please refer to the chapter titled “*Terms of the Issue*” on page 145 of this Draft Letter of Offer.

GENERAL INFORMATION

Pursuant to the resolution passed by our Board at its meeting held on September 24, 2021 and the resolution of the shareholders of our Company passed at the Extra Ordinary General Meeting held on October 23, 2021, our Company has been authorised to make the following Rights Issue to the Equity Shareholders of our Company.

Issue of 33,60,000 Equity Shares of ₹ 10/-each for cash at a premium of ₹ 12/- per Equity Share aggregating to ₹ 739.20 lakhs (Rupees Seven Crores Thirty Nine Lakhs and Twenty Thousand only) on a rights basis to the existing Equity Shareholders of our Company, in the ratio of Two (2) Equity Share for every Three (3) Equity Share. The Issue Price is 2.2 times the face value of the Equity Share.

For further details please refer to “Terms of the Issue” on page 145 of this Draft Letter of Offer.

REGISTERED OFFICE OF OUR COMPANY

B.N. Rathi Securities Limited

6-3-652, IV Floor, Kautilya, Amrutha Estates,
Somajiguda, Hyderabad – 500 082 Telangana, India

Tel: + 91 40 4052 7777

Fax: +91 40 4052 6283

Email: investorgrievances@bnrsecurities.com

Website: www.bnrsecurities.com

Corporate Identification Number: L65993TG1985PLC005838

Registration Number: 005838

Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Draft Letter of Offer:

Name of the Director	Designation	DIN	Address
Sri. Laxminiwas Sharma	Chairman	00010899	15/16, Pachavati Colony, Brij Syed Road, Bowenpally, Secunderabad – 500 009
Sri. Hari Narayan Rathi	Managing Director	00010968	3-4-174/AF/107, Plot No. 107, Ambiance Fort, Attapur, Rajendra Nagar, Hyderabad – 500 048
Sri. Chetan Rathi	Whole-time Director Cum CFO	00536441	3-4-174/AF/107, Plot No. 107, Ambiance Fort, Attapur, Rajendra Nagar, Hyderabad – 500 048
Sri. Harishchandra Prasad Kanuri	Independent Director	00012564	8-2-674/B/4, Road No. 12, Banjara Hills, Hyderabad – 500 034.
Smt. Shanti Sree Bolleni	Independent Director	07092258	H. No.8-2-293/82/HE/2, HUDA Enclave, Ashwini Layout, Road No. 70, Jubilee Hills, Hyderabad – 500 033

For further details of our Board of Directors, see “Our Management” on page 67 of this Draft Letter of Offer.

Address of the Registrar of Companies

Our Company is registered with the RoC, Andhra Pradesh & Telangana which is situated at the following Address:

Registrar Of Companies, Andhra Pradesh & Telangana

2nd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068
Phone: + 91 40-29805427/29803827/29801927 Fax: +91 40-29803727
Email: roc.hyderabad@mca.gov.in

Company Secretary

Ms. Gadila Sabitha Reddy
6-3-652, IV Floor, Kautilya, Amrutha Estates,
Somajiguda, Hyderabad – 500 082
Tel: + 91 40 4052 7777
Fax: +91 40 4052 6283
Email: sabita@bnrsecurities.com

Compliance Officer

M. Venu Gopal Rao
6-3-652, IV Floor, Kautilya, Amrutha Estates,
Somajiguda, Hyderabad – 500 082
Tel: +91 040 40527777
Fax: +91 040 40526283
Email: mvrao@bnrsecurities.com

Investors may contact Compliance Officer or Registrar to the Issue for any pre-Issue / post-Issue related matters such as non-receipt of letters of allotment/ share certificates/ refund orders, etc. All grievances relating to the ASBA process or R-WAP may be addressed to the Registrar to the Issue, with a copy to the SCSBs for grievances related to ASBA, giving full details such as name, address of the applicant, e-mail ID of the first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the plain paper application was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e -acknowledgement (in case of R-WAP process). For further details on the ASBA and R-WAP process, please refer to the section titled “Terms of the Issue” beginning on page 145.

Lead Manager to the Issue**Bajaj Capital Limited**

Mezzanine Floor, Bajaj House, 97,
Nehru Place, New Delhi -110019, India
Tel No: 011-41693000; 011-67000000
Contact Person: P. Balraj
Email: info@bajajcapital.com
Website: www.bajajcapital.com
SEBI Registration Number: INM000010544

Legal Advisors to the Issue**M/s. M. V. Kini Law Firm**

Kini House, 6 / 39 Jangpura-B,
New Delhi – 110014, India
Tel No.: +91 - 11 - 2437 1038 / 39 / 40
Fax No: +91 – 11 - 24379484
Email: raj@mvkini.com
Website: www.mvkini.com
Contact Person: Ms. Raj Rani Bhalla

Registrar to the Issue

KFin Technologies Private Limited,

Selenium, Tower- B, Plot No. 31 & 32, Financial district, Nanakramguda, Serilingampally,
Karvy Selenium, Mandal, Hyderabad, Telangana, 500032

Tel No: +91 40 – 67162222/ 18003454001

Fax No: +91 40 – 23431551

Email: einward.ris@karvy.com

Website: www.kfintech.com

Investor Grievance Email: bnrsecurities.rights@kfintech.com

Contact Persons: Mr. M. Muralikrishna

SEBI Registration Number: INR000000221

CIN: U72400TG2017PTC117649

Statutory Auditors of our Company

Seshachalam & Co.

Chartered Accountants

1-11-256, Street No.1,

Wall Street Plaza, 6th Floor, Lane Adjacent to Airport, Begumpet Hyderabad – 500 016.

Tel: +91 40 – 2789 7172/73 **Fax:** NA.

Email: sesco@sesco.in

Website: www.sesco.in

Contact Person:: T. Bharadwaj

Membership Number: 201042

Firm Registration No. 003714S

Bankers to the Issue

[•]

Experts

Except for the reports of the Auditor of our Company on the audited Financial Information and Statement of Tax Benefits, included in the Draft Letter of Offer, our Company has not obtained any expert opinions.

Self-Certified Syndicate Bankers

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

For more details on the ASBA process, please refer to the details given in ASBA form and also please refer to the chapter titled “Terms of the Issue” starting on page 145 of this Draft Letter of Offer.

Investor grievances

Investors may contact the Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of

Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process or R-WAP.

Credit Rating

This being an Issue of equity shares, no credit rating is required.

Statement of inter se allocation of Responsibilities for the Issue

As there is only one Lead Manager, inter-se allocation of responsibilities is not applicable. However, the list of major responsibilities of Bajaj Capital Limited, inter alia, is as follows:

S.No.	Activity
1.	Capital structuring with the relative components and formalities, type of instruments of the Issue in conformity with the SEBI Regulations.
2.	Drafting, design and distribution of this Abridged Letter of Offer, Letter of Offer, Application Form, etc. The Lead Managers shall ensure compliance with the SEBI ICDR Regulations, SEBI Listing Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges.
3.	Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, Monitoring Agency, etc., as may be applicable and finalisation of the respective agreements.
4.	Liaisoning with the Stock Exchanges and SEBI, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI
5.	Co-ordination with Stock Exchange and formalities for use of online software, bidding terminal, mock trading, etc. including submission of 1% deposit
6.	Post-Issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and bank handling refund activities. Even if many of these Post Issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that such agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

Trustees

This being an issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

As the issue size is below Rs. 100 crores, no monitoring agency has been appointed.

Underwriting

Our Company has not entered into any underwriting / standby agreement.

Appraising Entity

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

Minimum Subscription

As the Object of the Issue does not involve financing of capital expenditure and our Promoters, together with other persons in the Promoter Group have vide letters dated October 25, 2021 confirmed their intention to subscribe to the full extent of their aggregate rights entitlement in the Issue and not renounce their Rights Entitlements except to the extent of renunciation within the Promoter Group, the minimum subscription criteria mentioned under the SEBI ICDR Regulations will not be applicable to the Issue in accordance with Regulation 86(1) of SEBI ICDR Regulations.

Changes in Auditors during the last three years

There has not been any change in the Statutory Auditor of our Company in last three years.

Issue Schedule

Last Date for credit of Rights Entitlements	[•]
Issue Opening Date	[•]
Last Date for On Market Renunciation #	[•]
Last Date for receiving requests for split forms	[•]
Issue Closing Date*	[•]
Finalisation of Basis of Allotments (on or about)	[•]
Date of Allotments (on or about)	[•]
Date of Credit (on or about)	[•]
Date of listing (on or about)	[•]

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounces on or prior to the Issue Closing Date.

**Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 15 (fifteen) days from the Issue Opening Date.*

Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date. The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Filing

SEBI vide its circular bearing number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 has granted certain relaxations with respect to rights issues under the SEBI ICDR Regulations. One of those relaxations is the increase of threshold of the rights issue size for filing of the Draft Letter of Offer with SEBI. The threshold of the rights issue size under Regulation 3 of the SEBI ICDR Regulations has further been increased from ten crores to fifty crores. Since the size of this Issue falls below the threshold, the Draft Letter of Offer will not be filed with SEBI. The Letter of Offer will be filed with the stock exchange and submitted with SEBI for information and dissemination.

CAPITAL STRUCTURE

Our Company's share capital, as on the date of this Draft Letter of Offer, is set forth below:

(₹ in Lakhs, <i>except share data</i>)			
	Particulars	Aggregate value at face value	Aggregate Value at Issue Price
A	AUTHORISED SHARE CAPITAL		
	1,20,00,000 Equity Shares of face value of ₹ 10 each	1,200.00	-
B	ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE		
	50,40,000 Equity Shares of face value of ₹ 10 each	504.00	-
C	PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS THROUGH THIS DRAFT LETTER OF OFFER ⁽¹⁾		
	33,60,000 Rights Equity Shares at an Issue Price of ₹. 22/-per Rights Equity Share	336.00	739.20
D	ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE⁽²⁾		
	84,00,000 Equity Shares of ₹10/- each fully paid-up	840.00	
E	SECURITIES PREMIUM ACCOUNT		
	Before the Offer		226.16
	After the Offer		629.36

⁽¹⁾ The Issue has been authorised by a resolution of our Board passed at its meeting held on September 24, 2021 and by the Shareholders of the Company in its Extra Ordinary General Meeting held on October 23, 2021, pursuant to Section 62 of the Companies Act, 2013 and other applicable provisions.

⁽²⁾ Assuming full subscription for and allotment of the Rights Entitlements.

*Subject to finalization of basis of allotment, Allotment and deduction of issue expenses.

Notes to the Capital Structure:

1. Our Company does not have any employee stock option scheme or employee stock purchase scheme.
2. Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Draft Letter of Offer, which would entitle the holders to acquire further Equity Shares:
3. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Draft Letter of Offer. For further details on the terms of the Issue, please see the chapter titled "Terms of the Issue" on page 145.

4. Shareholding of Promoter and Promoter Group:

The details of Equity Shares held by the Promoter and Promoter Group including the details of lock-in, pledge and encumbrance on such Equity Shares as on the date of this Draft Letter of Offer are set forth below:

S.No	Name of the Promoter & Promoter Group	Number of fully paid-up Equity Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Details of Equity Shares pledged/encumber		Details of Equity Shares locked-in	
				No. of Equity Shares	% of total shares held	No. of Equity Shares	% of total shares held
1	Hari Narayan Rathi	16,24,955	32.24	-	-	-	-
2	Chetan Rathi	4,98,534	9.89	-	-	-	-
3	Chanda Devi Rathi	3,70,624	7.35	-	-	-	-
4	Nisha Rathi	2,01,524	4.00	-	-	-	-
	Total	26,95,637	53.48	-	-	-	-

None of the Equity Shares held by our Promoter and Promoter Group are pledged with any bank or institution, locked-in or otherwise encumbered.

5. Details of Equity Shares Acquired by Promoter or Promoter Group in the last one year

Other than, Mrs. Chanda Devi Rathi, member of the Promoter Group has acquired 58,218 equity shares from open market on December 31, 2020, no other promoter or members of promoter group has acquired Equity Shares in the last one year immediately preceding the date of filing of this Draft Letter of Offer with the Stock Exchange.

6. Intention and extent of participation in the Issue by the Promoter and Promoter Group

The Promoters vide their letters dated October 25, 2021 have undertaken to fully subscribe for their Rights Entitlement in the Issue. The Promoters reserve the right to subscribe to their Entitlement in the Issue by subscribing for renunciation if any made in their favour. The Promoters may also apply for additional Equity Shares in the Issue. As a result of this subscription and consequent allotment, the Promoters may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoters, if any, shall be made in compliance with the applicable provisions of the SEBI SAST Regulations. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with SEBI LODR Regulations and other applicable laws prevailing at that time relating to continuous listing requirements. In the event of renouncement by any promoter and/or member of the promoter group of the Issuer Company, other than renunciation within the promoters / promoter group, the promoters and the promoter group shall not be eligible for exemption available under Regulation 10(4)(b) of the SEBI SAST Regulations, 2011.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

- The ex-rights price per Rights Equity Shares, as computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ 32.04 (Rupees Thirty Two and Paise Four only).
- At any given time, there shall be only one denomination of the Equity Shares.
- The details of the shareholders holding more than 1% of the share capital of the Company as on October 22, 2021 are as under:

Sr.No	Name of Shareholders	No. of Equity Shares held	% of total share capital
1	Hari Narayan Rathi	16,24,955	32.24
2	Chetan Rathi	4,98,534	9.89
3	Chanda Devi Rathi	3,70,624	7.35
4	Nisha Rathi	2,01,524	4.00
5	Mahendra Girdharilal	1,89,800	3.76
6	Investor Education and Protection Fund authority	1,71,452	3.40
7	Ajesh Dalal	1,08,759	2.16
8	Amit Rathi	46,850	1.52

9	Amit Rathi	30,000	0.60
10	Manju Gaggar	51,000	1.01

10. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:

- Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchange, i.e., as on September 30, 2021 is available on the website of BSE <https://www.bseindia.com/stock-share-price/bnrathi-securities-ltd/bnrsec/523019/shareholding-pattern/> .
- Statement showing holding of the Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on September 30, 2021 can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=523019&qtrid=111.00&QtrName=September%202021>
- The statement showing holding of Equity Shares belonging to the category “Public ” including the details of lock-in, pledge of and encumbrance thereon as on September 30, 2021, can be accessed on the BSE website at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=523019&qtrid=111.00&QtrName=September%202021>
- Statement showing shareholding pattern of the Non Promoter-Non Public shareholder of our Company as on September 30, 2021 can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=523019&qtrid=111.00&QtrName=September%202021>.

SECTION – V – PARTICULARS OF THE ISSUE

Objects of the Issue

We intend to utilize the gross proceeds raised through the Issue (the “**Gross Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the following objects (collectively, referred to as the “**Objects**”):

1. To Enhance the margin money maintained with the exchanges;
2. Meet expenses of the Issue, and
3. General corporate purposes.

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

Details of gross proceeds and its utilisation are as under

S.No	Particulars	Amount (₹ In lakhs)
(A)	Gross proceeds of the Rights Issue*	739.20
	Less: Expenses of the Issue	[•]
	Net proceeds of the Rights Issue	[•]
(B)	Utilization of the net proceeds of the Rights Issue	
	(a) Enhance the margin money with the Exchanges	[•]
	(b) General Corporate Purpose	[•]
	Sub-Total	[•]

**To be finalized at the time of filing the Letter of Offer.*

Means of Finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised to be issue.

The fund requirement and deployment are based on our management estimates and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on our current business plan and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our management.

Details of the Objects

1. Enhancement of margin money maintained with the exchanges

Part of the proceeds of this Issue will be utilized for the margins to be placed with the stock exchanges including BSE as well as NSE. The margin requirements with the exchanges are determined on the basis of trading volumes and market volatility and to the extent of open interest in respect of equity/ stock future.

Such margin requirements comprise of “initial margin” representing initial margin paid and “margin deposits”, representing additional margin over and above the initial margin, for entering into contracts for equity index/ stock futures, which are released on final settlement and/or squaring up of underlying contracts. Further, equity index/ stock futures are marked-to-market on a daily basis, in which case, “mark-to-market margin” is required to be provided, representing the net amount paid or received on the basis of movement of price/ stock futures till the balance sheet date.

While the initial margin and the margin deposits with the stock exchanges/ professional clearing members can be created by way of deposit of either stock or bank guarantees or fixed deposits with banks or cash, however, the marked-to-market margin is typically created by way of deposit of cash. With the proposed expansion in the operation and the growth plan envisaged by our Company, we expect our trading volumes to increase leading to additional margin capital requirements for our Company.

Margin Maintained with stock exchanges

(Amount ₹ In lakhs)

Type of Margin	FY2020-21	FY2019-20	FY2018-19
Margin with Exchanges	7,920.29	3,488.58	3,013.50
Bank Guarantee	2,400.00	850.00	1,400.00

Our Company meets its margin requirements through bank guarantees, cash deposits and fixed deposits maintained with the exchanges.

Consequently, we propose to deploy ₹ 530.00 Lakhs out of issue proceeds towards enhancing the margins with the exchanges through either bank guarantees or fixed deposits with banks or cash. Such capital infusion will enable us to undertake more business in equities and derivatives markets.

2. General Corporate Purpose

We intend to deploy ₹ [•] Lakhs from gross proceeds of the Rights Issue towards general corporate purposes. The general corporate purposes for which our Company proposes to utilize issue proceeds include but not restricted to entering into brand building exercises and strengthening our marketing capabilities, general maintenance, partnerships, tie-ups or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. However, not more than 25% of the gross proceeds of the issue would be deployed for the General Corporate purposes.

3. Issue Expenses

The Issue related expenses consist of fees payable to the Lead Manager, Legal Counsel, processing fee to the SCSBs, Registrars to the Issue, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchange. Our Company will need approximately ₹ [•] lakhs towards these expenses, a break-up of the same is as follows:

Sr. No.	Activity	Estimated Amount (in ₹. Lakhs)	% of Total Expenses	As a % of Issue Size
1.	Fees payable to the intermediaries (including Lead Manager fees, Legal Counsel fees, selling commission, registrar fees and expenses.	[•]	[•]	[•]
2.	Expenses relating to Advertising, printing, distribution, marketing and stationery expenses	[•]	[•]	[•]
3.	Statutory and other Miscellaneous Expenses)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Schedule of Implementation and Deployment of Funds

As estimated by our management, the entire proceeds received from the issue would be utilized during FY 2021 -22.

Deployment of Funds towards the Objects of the Issue

We have incurred ₹ 3.95 Lakhs upto October 25 2021 towards the Objects of the Issue which has been certified by Statutory Auditor M/s. Seshachalam & Co vide their certificate dated October 25, 2021. The said amount has been met by the Company from its own resources and the same will be adjusted against the issue proceeds.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

Monitoring Agency

As the issue size is below ₹ 100 crores, no monitoring agency has been appointed.

Interim Use of Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or make any such investment as may be allowed by SEBI from time to time.

Key Industry Regulations for the proposed objects of the issue

Key Industry Regulations is not applicable

STATEMENT OF TAX BENEFITS

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

To,

Board of Directors

B N Rathi Securities Limited

6-3-652, Iv Floor, Kautilya Amrutha

Estates, Somajiguda

Hyderabad, Telengana, 500082

Dear Sirs,

Re: Statement of Special Possible Tax Benefits available to B N Rathi Securities Limited and its shareholders.

We report that the enclosed statement in the Annexures, states the possible special tax benefits under direct and indirect tax laws and Income tax Rules, 1962 including amendments made by the Finance Act, 2021 and the Taxation Laws (Amendment) Act, 2019 (hereinafter referred to as 'Income Tax Laws'), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, as amended, the rules and regulations, circulars and notifications issued there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the Act. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company and its shareholders faces in the future, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The benefits discussed in the enclosed Annexures are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of 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 Offer. Neither are we suggesting nor advising the investor to invest in the Offer, based on this statement.

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

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

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

Yours faithfully,

For Seshachalam & Co

Chartered Accountants

Firm Registration No: 003714S

T. Bharadwaj

Partner

Membership No. 201042

UDIN: 21201042AAAACN9876

Place: Hyderabad

Date: October 25, 2021.

ANNEXURE 1

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO B N RATHI SECURITIES LIMITED (THE“COMPANY”) AND ITS SHAREHOLDERS

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as the ‘Act’)

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Act

There are no special tax benefits available to the shareholders of the Company.

Notes:

- a) The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c) The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23.
- d) This statement is intended only 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 tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- e) In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f) No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO B N RATHI SECURITIES LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

II The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively referred to as “indirect tax”)

1. Special indirect tax benefits available to the Company under the Act

There are no special indirect tax benefits available to the Company.

2. Special indirect tax benefits available to the shareholders under the Act

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the Shares of the Company.

Notes:

- a) The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b) The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
- c) This statement is intended only 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 tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- d) No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION VI - ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Accordingly, none of our Company, the Lead Manager and any other person associated with the Issue, has independently verified this information and takes any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Industry sources and publications are also prepared on information as on specific dates and may no longer be current or reflect market trends. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

OVERVIEW OF THE INDIAN ECONOMY

India's GDP growth forecast is 9.5% in FY 2021-22 as per the latest RBI Policy. The Reserve Bank of India (RBI) expects the now ebbing second wave of the coronavirus pandemic in India to have only a small (1% point) impact on the economy, and, in fact, has projected that GDP growth will be faster than previously estimated in the third and fourth quarters of the financial year and this thought is further bolstered by the ongoing vaccine drive which is likely to reach every nook and corner of the country within the end of this financial year.

The Monetary Policy Committee (MPC) said that "Rural demand remains strong, and the expected normal monsoon bodes well for sustaining its buoyancy, going forward." "Urban demand has been dented by the second wave, but adoption of new COVID-19 compatible occupational models by businesses for an appropriate working environment may cushion the hit to economic activity," it added. MPC's reference is to the rolling lockdowns instituted by the states this year, allowing at least industrial activity to continue, unlike last year's national lockdown for 68-days, which curbed most activities for much of the period. Indeed, this has been the basis for even securities firms and banks to remain sanguine about growth.

(Source: CDSL Annual Report 2021)

Trends in Resource Mobilisation by Corporates

Fund Mobilisation by Corporates

(₹ crore)		
Particulars	Feb-21	Mar-21
I. Equity Issue	14,517	20,127
a. IPOs (i+ii)	3,658	6,352
i. Main Board	3,655	6,255
ii. SME Platform	3	97
b. FPOs	0	30
c. Equity Right Issue	2,999	72
d. QIP/IPP	2,645	10,775
e. Preferential Allotment	5,216	2,898
II. Debt Issue	45,902	95,230
a. Debt Public Issue	216	900
b. Private Placement of Debt	45,685	94,330
Total Funds Mobilised (I+II)	60,419	1,15,356

(Source: SEBI Bulletin April 2021)

- During March 2021, there were nine main board IPO issues and six SME IPO mobilising ₹ 6,352 crore and ₹ 97 crore respectively as compared to five main board IPO issues and one SME IPO mobilising ₹ 3,652 crore and ₹ three crore respectively in February 2021.
- During March 2021, there was only one FPO issue mobilizing ₹ 30 crore.
- There were three rights issues in the month of March 2021 mobilizing ₹ 72 crore as compared to one rights issue mobilizing ₹ 2,999 crore in February 2021.
- March 2021 also witnessed two public issues of corporate bonds, amounting to ₹ 900 crore as compared to one public issue, amounting to ₹ 216 crore during February 2021.
- An amount of ₹ 13,673 crore was raised through private placement of equity (i.e. preferential allotment and QIP) during March 2021 against ₹ 7,861 crore during February 2021.
- Private placement of corporate debt reported on exchanges stood at ₹ 94,330 crore during March 2021, compared to ₹ 45,685 crore during February 2021.

I. Trends in the Secondary Market

- At the end of March 2021, Nifty 50 closed at 14,691 as compared to the closing value of 14,529 at the end of February 2021 registering an increase of 1.1 per cent.
- S&P BSE Sensex closed at 49,509 at the end of March 2021, as compared to the 49,100 at the end of February 2021 indicating an increase of 0.8 per cent.
- Nifty 50 and S&P BSE Sensex reached their intraday high for the month at 15,336 and 51,822 respectively on March 12, 2021. Both the indices reached their intraday low for the month at 14,264 and 48,236 for the month on March 25, 2021.
- The P/E ratios of S&P BSE Sensex and Nifty 50 were 34.4 and 33.2, respectively, at the end of March 2021 compared to 33.9 and 39.7 respectively, at the end of February 2021.

Snapshot of Indian Capital Market

Description	Feb-21	Mar-21	Change during the Month
Index in Equity Market			
Nifty 50	14,529	14,691	1.1
Sensex	49,100	49,509	0.8
Nifty Midcap	6,797	6,772	-0.4
Nifty Smallcap	8,050	8,113	0.8
BSE Midcap	19,979	20,181	1.0
BSE Smallcap	20,155	20,649	2.5
Market Capitalisation (₹ crore)			
BSE	2,00,81,096	2,04,30,815	1.7
NSE	1,99,63,826	2,02,95,813	1.7
P/E Ratio			
Sensex	33.9	34.4	1.5
Nifty 50#	39.7	33.2	-16.3
No of Listed Companies			
BSE	5,462	5,477	0.3
NSE	1,957	1,968	0.6
Gross Turnover in Equity Segment (₹ crore)			
BSE	1,44,955	1,05,229	-27.4
NSE	16,27,464	13,98,947	-14.0
Gross Turnover in Equity Derivatives Segment (₹ crore)			
BSE	58,37,172	62,12,506	6.4
NSE	8,60,21,969	9,32,04,875	8.4
Gross Turnover in Currency Derivatives Segment (₹ crore)			
BSE	4,49,171	5,63,284	25.4
NSE	10,82,489	14,44,571	33.4

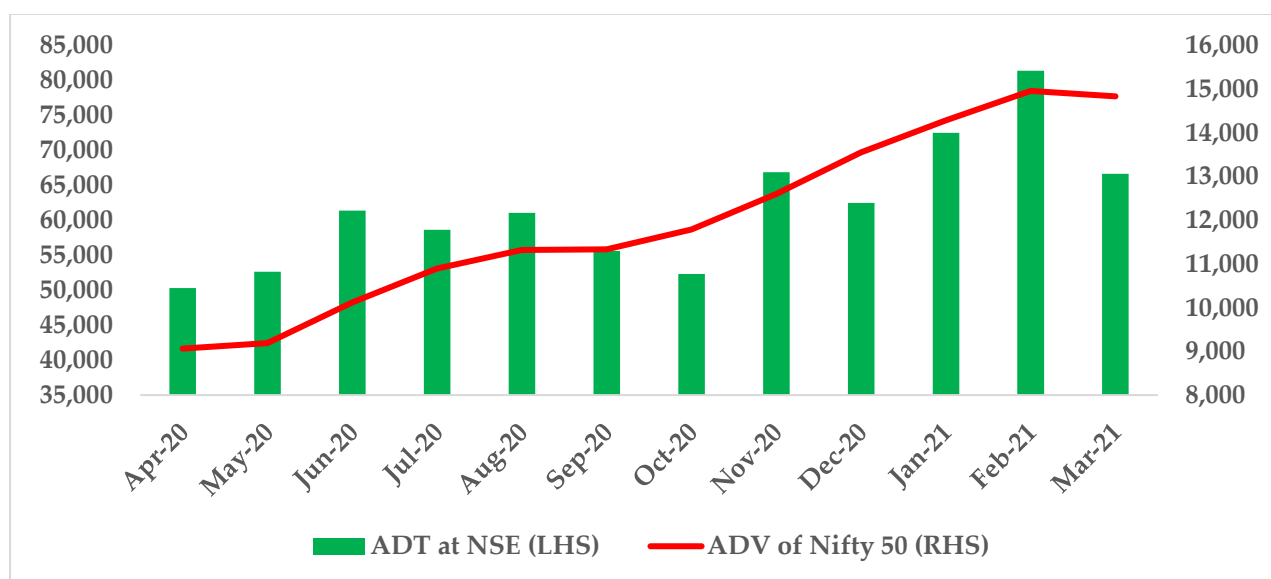
MSEI	12,192	14,324	17.5
Gross Turnover in Interest Rate Derivatives Segment (₹ crore)			
BSE	5,520	14,649	165.4
NSE	6,735	4,390	-34.8

Note: #NSE changes the PE methodology by taking into consolidated earning w.e.f. March 31, 2021

(Source: SEBI Bulletin April 2021)

- At the end of March 2021, the market capitalisation of both the BSE and NSE increased by 1.7 per cent each over the level at the end of previous month.

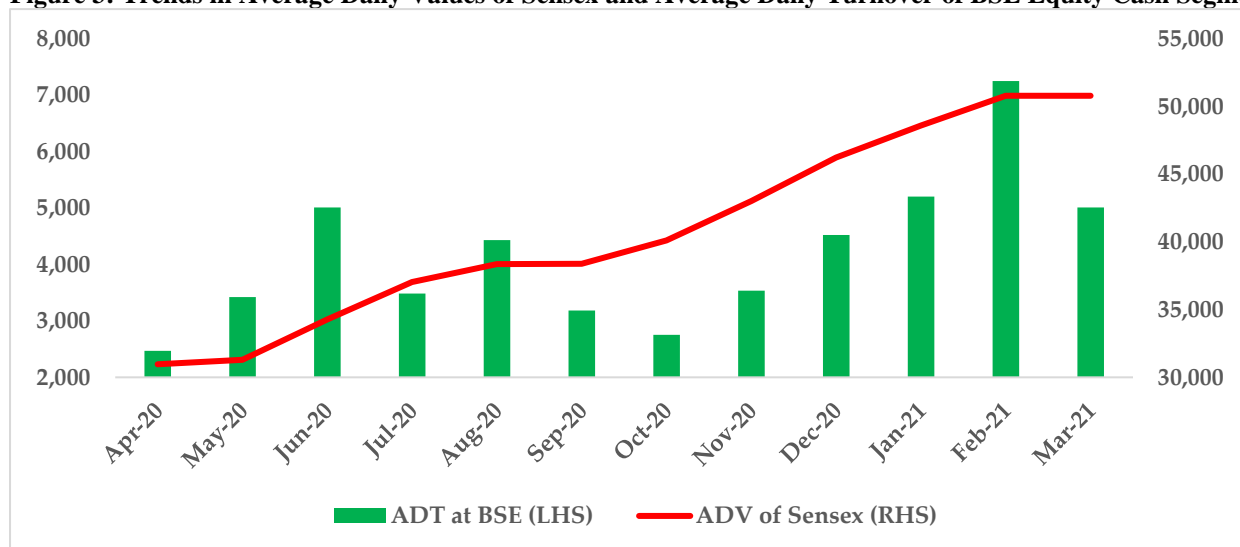
Trends in Average Daily Values of Nifty 50 and Average Daily Turnover of NSE Equity Cash Segment



Note: ADV implies Average Daily Values and ATD implies Average Daily Turnover

(Source: SEBI Bulletin April 2021)

Figure 3: Trends in Average Daily Values of Sensex and Average Daily Turnover of BSE Equity Cash Segment



Note: ADV implies Average Daily Values and ATD implies Average Daily Turnover

(Source: SEBI Bulletin April 2021)

- During March 2021, the gross turnover in the equity cash segments, both at BSE and NSE, decreased by 27.4 per cent and 14.0 per cent respectively.

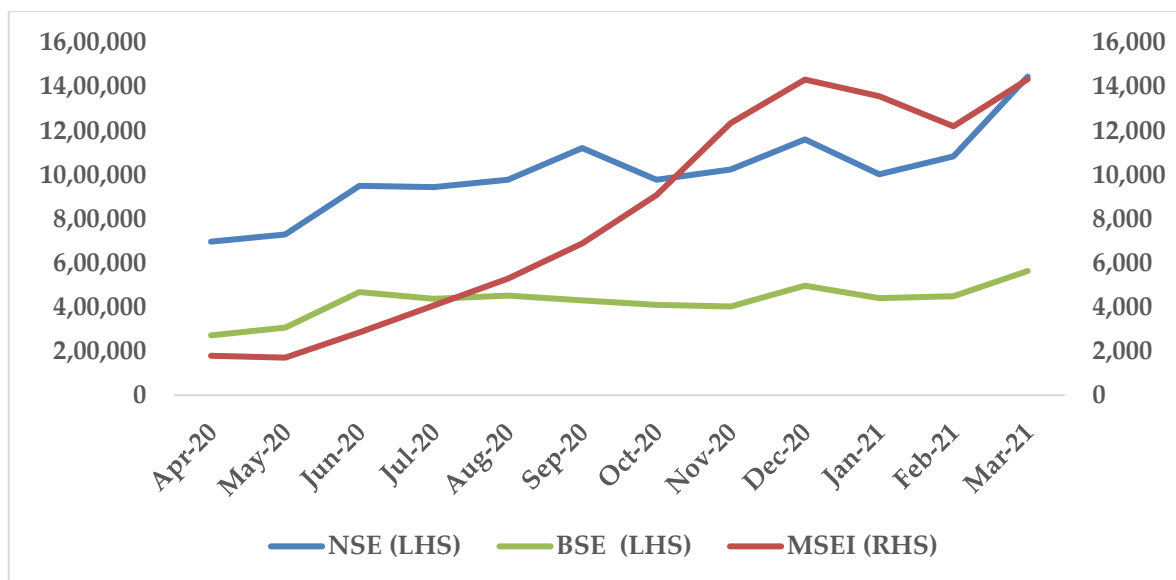
Trends in Depository Accounts

As at the end of March 2021, there were 217 lakh demat accounts at NSDL and 334 lakh demat accounts at CDSL. Further, till the end of March 2021, 5,681 listed companies signed up with NSDL and 5,749 listed companies signed up with CDSL to make their equity holdings available in dematerialised form.

Currency Derivatives

- During March 2021, the monthly notional turnover of currency derivatives in India (NSE, BSE and MSEI together) stood at ₹ 20,22,179 crore as compared to ₹ 15,43,852 crore in February 2021, registering an increase of 31.0 per cent.

Trends of Currency Derivatives at NSE, MSEI and BSE (₹ crore)

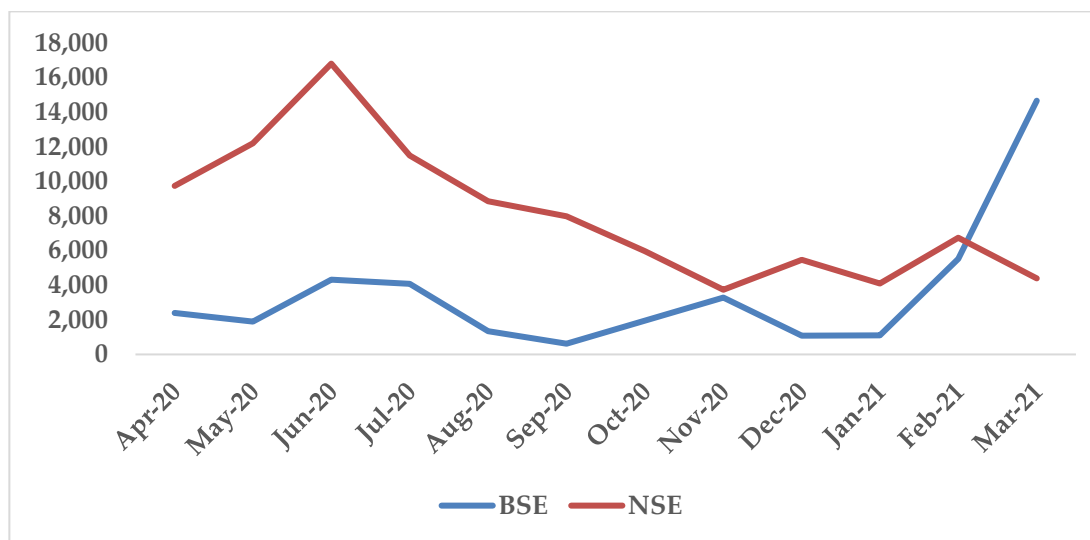


(Source: SEBI Bulletin April 2021)

Interest Rate Derivatives

- Monthly notional turnover of interest rate derivatives at NSE decreased by 34.8 per cent during March 2021 to ₹4,390 crore from ₹6,735 crore during February 2021.
- The monthly notional turnover of interest rate futures at BSE increased by 165.4 per cent to ₹ 14,649 crore from ₹ 5,520 crore during the same period.

Trends of Interest Rate Futures at NSE and BSE



(Source: SEBI Bulletin April 2021)

Trends in Institutional Investments

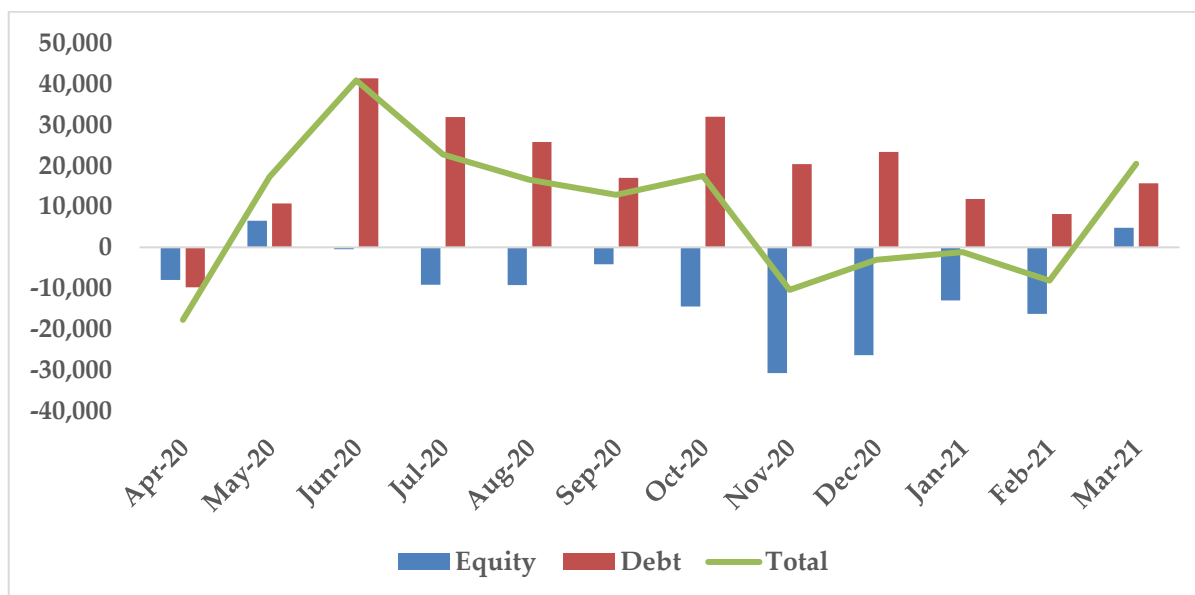
A. Trends in Fund Mobilisation/Transactions by Mutual Funds

- At end of March 2021, there were a total of 1,735 mutual fund schemes in the market, of which, 1018 were open-ended schemes, 696 were close-ended schemes and 21 were interval schemes.
- The mutual fund industry saw a net outflow of ₹ 29,745 crore during March 2021 against a net inflow of ₹ 4,090 crore during February 2021.
- The funds mobilised by open-ended schemes during March 2021 were ₹8,42,107 crore against redemption/repurchase of ₹ 8,71,019 crore, resulting in a net outflow of ₹ 28,912 crore from open-ended schemes. Of the total funds mobilised by the open-ended schemes during the month under consideration, ₹ 7,73,492 crore were mobilised through income/debt oriented schemes, ₹ 28,023 crore through growth/equity oriented schemes, ₹ 17,280 crore through hybrid schemes, ₹ 308 crore through solution oriented schemes and ₹ 23,004 crore through other schemes.
- During March 2021, the fund mobilised by close-ended schemes was ₹ 1,100 crore as against matured/repurchase¹ of ₹ 1,882 crore. In the interval schemes worth ₹ 52 crore were matured/redeemed during the period.
- The net assets under management of mutual funds stood at ₹31.4 lakh crore as at the end of March 2021 reflecting a decrease by 0.7 per cent from ₹31.6 lakh crore as at the end of February 2021.
- In the secondary market transactions, during March 2021, mutual funds deployed ₹ 4,773 crore in equity schemes and ₹ 15,661 crore in debt schemes.

(Source: SEBI Bulletin April 2021)

¹ In case of close ended schemes, at the time of maturity, AMC repurchases its units.

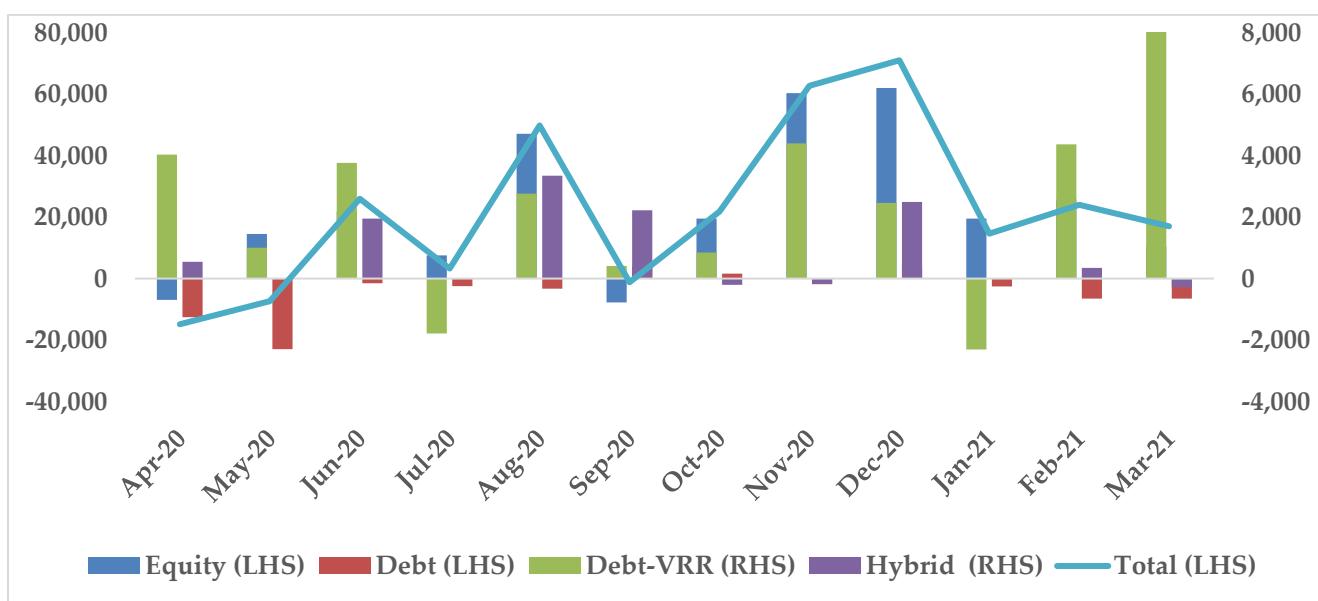
Trends in Mutual Funds Transactions in Secondary Market (₹ crore)



Trends in Investments by the Foreign Portfolio Investors (FPIs)

- During March 2021, FPIs invested a total of ₹ 17,023 crore in the Indian securities market as compared to an investment of ₹ 24,013 crore in February 2021. During March 2021, FPIs invested ₹10,482 crore in equity and ₹ 13,314 crore in debt-voluntary retention route. However, FPIs withdrew ₹6,492 crore from debt securities and ₹ 281 crore from hybrid securities during March 2021.
- The assets of FPIs in India, as reported by custodians, at the end of March 2021 were ₹ 4,462,903 crore, out of which the notional value of offshore derivative instruments (ODIs) (including ODIs on derivatives) was ₹ 89,100 crore which is 2.0 per cent of total assets of FPIs.

Trends in FPIs' Investments



(Source: SEBI Bulletin April 2021)

Trends in Portfolio Management Services (PMS)

- As at end of October 2020, assets under management (AUM) of the portfolio management industry stood at ₹19.2 lakh crore. Of the total AUM, funds from EPFO/PFs account for ₹14.6 lakh crore.

There were 1,55,796 total clients in PMS industry as at the end of October 2020, of which 1,45,404 clients belong to discretionary services category, 8,409 clients belong to non-discretionary services category and 1,983 clients belong to advisory services category of portfolio management services.

Trends in Substantial Acquisition of Shares and Takeovers

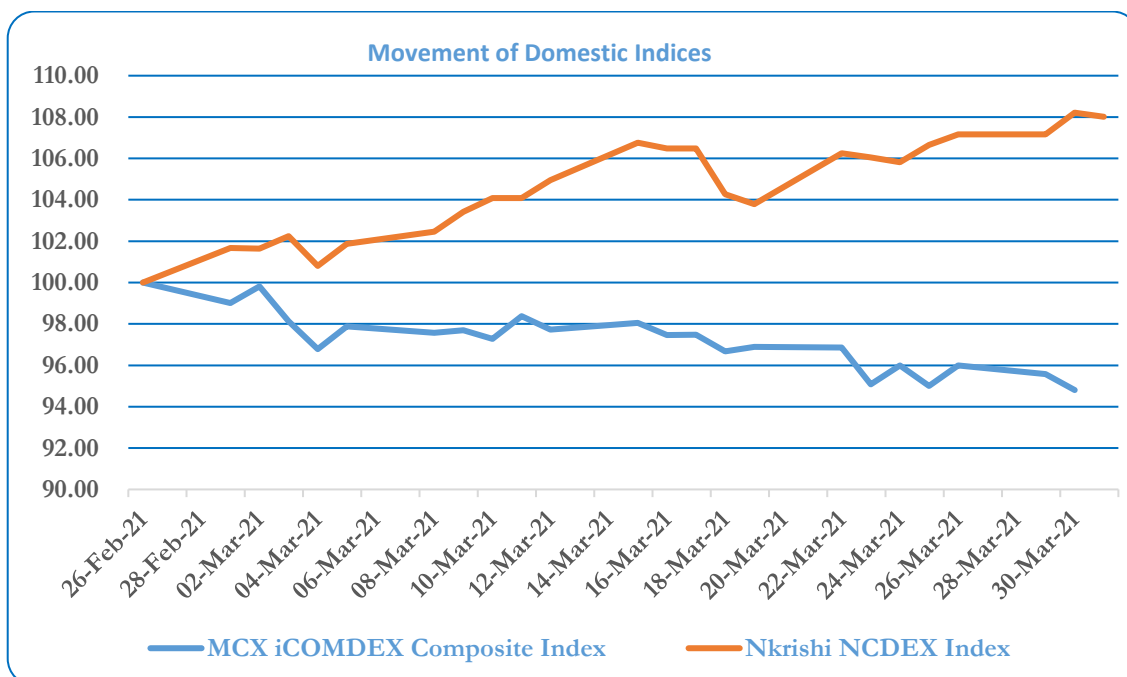
During March 2021, three open offers with offer value of ₹ 440 crore were closed under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (SAST Regulations) as against five open offers with offer value of ₹ 211 crore were closed in February 2021. Of the three offers, one open offer was for change in control of management, one was made for consolidation of holdings and one was made for substantial acquisition.

Commodity Derivatives Markets

A. Market Trends

- During March 2021, MCX iCOMDEX composite index, witnessed a decrease of 4.6 per cent (M-o-M) driven by decrease in futures prices of energy, bullion, base metals (except aluminium) and cotton and mentha oil contracts of agri. segments. On Y-o-Y basis, MCX iCOMDEX composite index increased by 26.2 per cent.
- During the month, MCX iCOMDEX crude oil index decreased by 5.4 per cent on account of decrease in futures price of crude oil by 4.8 per cent. MCX iCOMDEX base metal index decreased by 6.8 per cent as the futures prices of all the base metals except aluminum decreased during the month. MCX iCOMDEX bullion index decreased by 4.0 per cent due to decrease in futures prices of both gold and silver by 2.4 per cent and 5.1 per cent respectively.
- NKrishi index increased by 8.0 per cent (M-o-M) as futures prices of seven out of 10 constituent commodities of the index viz. soybean, chana, turmeric, RM seed, cottonseed oilcake, jeera and castorseed witnessed an upend. On Y-o-Y basis, NKrishi index increased by 32.5 per cent. In the NKrishi index as part of rebalancing, barley is replaced by gur contract for the period 1st April to 30th June 2021.

Movement of Commodity Derivatives Market Indices during March 2021



(Source: MCX and NCDEX)

Snapshot of Indian Commodity Derivatives Markets

Items	2019-20	Feb- 2021	Mar -2021	Percentage variation M-o-M
A. Indices				
Nkrishi	3,179.9	3,900.6	4,213.4	8.0
MCX Icomdex	8,255.5	10,920.0	10,415.1	-4.6
B. Turnover (₹crore)				
All-India	92,24,839.9	8,59,820.8	7,63,984.3	-11.1
MCX, of which	86,89,517.6	7,61,784.1	6,45,443.3	-15.3
<i>Futures</i>	83,97,775.0	7,44,627.8	6,16,493.4	-17.2
<i>Options</i>	2,91,742.7	17,156.3	28,949.9	68.7
BSE, of which	46,438.7	65,180.3	71,708.5	10.0
<i>Futures</i>	46,438.7	93.0	127.1	36.7
<i>Options</i>	-	65,087.3	71,581.4	10.0
NCDEX, of which	4,42,009.1	30,799.8	43,920.0	42.6
<i>Futures</i>	4,41,967.0	30,798.6	43,919.0	42.6
<i>Options</i>	42.2	1.2	1.0	-16.0
NSE, of which	6,362.0	2,038.4	2,890.0	41.8
<i>Futures</i>	6,362.0	934.6	1,684.0	80.2
<i>Options</i>	-	1,103.8	1,206.0	9.3
ICEX (Futures)	40,511.3	18.6	22.5	20.8

(Source: SEBI Bulletin April 2021)

B. Turnover

- During March 2021, pan- India turnover of the commodity derivatives decreased by 11.1 per cent to ₹ 7,63,984.3 crore driven by fall in turnover at MCX. However, turnover at other exchanges increased during the month. The agricultural segment contributed 7.8 per cent to the total turnover, while non-agricultural segment accounted for 92.2 per cent.
- The total turnover at MCX decreased by 15.3 per cent to ₹ 6,45,443.3 crore during March 2021 driven by fall in bullion, metal and energy futures by 21.9 per cent, 18.3 per cent and 9.6 per cent respectively. However, turnover in agri. futures increased by 13.2 per cent. The turnover in iCOMDEX bullion and iCOMDEX metal index futures decreased by 37.2 per cent and 24.1 per cent to ₹ 3,986.4 crore and ₹ 1,521.7 crore respectively.
- The notional turnover of options segment at MCX increased by 68.7 per cent during the month driven by increase in traded value in bullion, metal and energy segments by 12.5 per cent, 36.4 per cent and 219.4 per cent respectively. The options contracts contributed 4.5 per cent to the total turnover at MCX.
- The total turnover at BSE increased by 10.0 per cent to ₹ 71,708.5 crore driven by increase in turnover in bullion options by 10.0 per cent in March 2021. In futures segment, agri. and bullion contracts registered an increase of 38.9 per cent and 18.0 per cent respectively during the month.
- During the month, the total turnover at NCDEX increased by 42.6 per cent to ₹ 43,920.0 crore, due to increase in traded volume and value of nine out of total 15 traded commodities. Turnover in Agridex futures indices increased to ₹12.9 crore, an increase of 59.9 per cent during March 2021. Steel long contracts of non-agri. segment registered a total turnover of ₹25 crore during the month.
- The total turnover at NSE increased by 41.8 per cent to ₹2,890.0 crore in March 2021 on account of increase in turnover in agri. and bullion contracts of futures segment by 81.8 per cent and 29.4 per cent respectively. In options segment, bullion contracts recorded an increase of 9.3 per cent during the month.

In March 2021, the total turnover at ICEX, increased by 20.8 per cent to ₹ 22.5 crore due to increase in traded value of agri. and steel long contracts by 34.7 per cent and 18.9 per cent respectively.

DEPOSITORY SERVICES SECTOR

Overview of Depository Services in India

In India, presently there are two depositories namely, National Securities Depository Limited (NSDL) and Central Depository Services (CDSL).

Depository is an institution registered with SEBI for holding custody of securities in electronic form and facilitates transfer based on the instructions from the account holders. With growth in Indian capital market, it became difficult to handle the growing volume of paper. This caused problems like delay in transfers, long settlement period, high levels of failed trade and bad deliveries, high-risk exposure etc. To remove these bottlenecks, The Depositories Act was legislated in August 1996. Accordingly, National Securities Depository Limited (NSDL) was established in November 1996. Subsequently, three years later in 1999, Central Depository Services (India) Limited (CDSL) was established following the implementation of compulsory trading in dematerialised securities for all investors.

The presence of depositories supports the capital market growth in a variety of ways including substantial reduction in bad deliveries, enhanced liquidity of securities, reduction in transaction cost, eliminates problems relating to change of address of investors, transmission etc., makes faster disbursement of non-cash corporate benefits like rights, bonus, etc. possible, faster settlement cycle, no stamp duty on transfer of shares, eliminates problems relating to selling securities on behalf of a minor etc.

(Source: websites of NSDL and CDSL)

NSDL

The total number of Depository Participants stood at 276 as on March 31, 2021. These Participants provide depository services from more than 36,044 service centres/branches located in more than 1,985 cities / towns.

The category wise break-up of Participants was as follows:

Sr.No	Category	No. of Participants
1	Banks	45
2	Clearing Corporations	3
3	Custodians	6
4	Financial Services Companies	4
5	Foreign Banks	7
6	NBFC	2
7	Register & Transfer Agent	2
8	Stock Brokers	207
	Total	276*

*Includes 22 Participants which are under closure/termination process and SEBI registration is not yet cancelled/suspended.

(Source: Annual Report NSDL 2021)

Client Accounts During FY 2020-21, 24.96 lakh new accounts (growth of 54% over the previous year) were opened at NSDL, taking the total number of demat accounts opened till March 31, 2021 to `3.64 crore.

The number of active depository accounts increased from 1.97 crore as at the end of the previous year to 2.17 crore as on March 31, 2021 resulting in net increase of about 20 lakh accounts (growth of 73 % over the previous year).

During the year, the number of Issuers who signed agreements with NSDL to avail dematerialization facilities continued to grow and crossed 34,225 by March 31, 2021 as compared to 30,335 as on March 31, 2020.

Dematerialization of Securities The number of securities dematerialized in NSDL stood at more than 2.43 lakh crore as on March 31, 2021, against 2.35 lakh crore as on March 31, 2020, indicating a growth of over 3.40 % during the year.

(Source: Annual Report NSDL 2021)

CDSL

CDSL is the leading securities depository in India by incremental growth of Beneficial Owner (BO) accounts of over 1.08 crores from FY 2015-16 to 3.34 crores FY 2020-21.

Further, the total number of registered Depository Participants (DPs) is 592 at the end of FY 2020-21. CDSL has a wide network of DPs, who act as points of service. As on March 31, 2021, CDSL had 592 registered DPs with over 20,689 service centres across India. The DPs are spread across 28 states and 8 union territories.

As on March 31, 2021, CDSL had over 47,522 crore securities representing a total value of ₹ 27,43,936/- crores.

(Source: Annual Report CDSL 2021)

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contain certain 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 “Risk Factors” on page 16, for a discussion of certain risks 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.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Financial Statements for Fiscal 2021, 2020 2019, 2018 and 2017 included in this Draft Letter of Offer. For further information, see “Financial Information” on page 71.

We are a financial services company based in South India that offers financial products and services. Over the years, from being primarily a Telangana/ Andhra Pradesh centric broking firm, we have transformed ourselves by establishing presence into other states in India. As on September 30, 2021, we had 4 branches and 400 business associates across the states of Telangana, Andhra Pradesh, Tamil Nadu, Maharashtra, Rajasthan and Gujarat having over 45,803 retail clients.

B.N. Rathi Securities Limited (“**BNRSL**”) was incorporated as Lark Leasing Limited, under the Companies Act, 1956 vide Certificate of Incorporation dated September 30, 1985 with Registration No. 5838 of 1985-86 in the State of Andhra Pradesh. The Certificate of Commencement of Business was issued by the Registrar of Companies, Andhra Pradesh on October 14, 1985. The name of our Company was changed to B.N. Rathi Securities Ltd and fresh Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh on September 15, 1994. Our Corporate Identification Number is L65993TG1985PLC005838.

Our innovative product offerings, based on a deep understanding of customer behaviour, include completely paperless account opening, advanced technological solutions and robo-advisory services etc. With a robust trading platform, advanced mobile application and an artificial intelligence powered robo-advisory platform, we offer advanced technology-led services to our customers, leading to an enhanced user-friendly experience across the investment lifecycle.

We provide a wide range of financial services to our clients including and in relation to:

1. **Equity Brokerage** - We offer equity trading and research-based equity advisory services to retail clients and high net worth individuals with a focus on generating wealth for clients through stock advisory and trading strategies. Our equity trading services model combines a dedicated relationship and dealing team to ensure continuous growth of services. While the dealing teams regularly update the equity trading clients with market updates and also execute their trades, the relationship team continues to acquire and enrol new clients for its services. We have a customer centric approach towards our retail clients and high net worth individuals through regular research & analytics, call & trade facility and customer support.

As on September 30, 2021, we had approximately 45,803 registered clients. We operate our equity broking business through 4 branches and 400 business associates across India.

2. **Depository Services** - We are a depository participant with the CDSL. Investors can open demat accounts for holding equity shares and mutual funds. Our depository services form a part of our diversified offering to our equity trading clients, who are able to use depository services to settle their trade through us.

As on September 30, 2021, we had approximately 39,829 depository accounts with CDSL.

3. **Currency Trading** - We entered the currency trading business in the year 2010 and have membership of the major currency exchange in India i.e. NSE. We provide foreign exchange hedging strategies for corporates and individuals. We provide trading strategies on domestic pairs, global majors such as EUR/USD, GBP/USD and USD/JPY as well as major crosses such as EUR/GBP, EUR/JPY & GBP/JPY.

4. **Commodities Brokerage** - We provide commodity broking facilities as member of MCX. Under our commodity broking, we primarily provide broking services for metals, bullion (gold and silver), energy (Crude Oil and Natural Gas) and agro-commodities (pepper, rubber, cardamom, turmeric, chilli, cumin seed and refined soya, among others). As on September 30, 2021, we had approximately 11,002 clients for our commodity broking business.

5. **Customer Centric Approach:**

Research desk: We have a tie-up with a team of qualified and experienced research analysts providing customized services to our customers so that our customers benefit from their investment activity. Our research products include company research reports, technical analysis research reports, and daily reports.

Centralized dealing desk open till Midnight: We have a team of qualified and experienced dealers who service our commodities trading clients from the centralized dealing desk.

Customer Service Desk: The customer service desk is operated by a team of qualified customer service executives. These executives have access to the back office databases which helps them in resolving customer queries relating to account opening, depository operations, billings etc.

Investor Education: We conduct events like seminars and workshops for investor education.

Our Business Strategies

The following are our key business strategies:-

1. Expand reach

Client acquisition is the major focus of discount brokerage companies such as ours. For achieving the same, we propose to vigorously push the process of customer acquisition through aggressive marketing drive and increase our team strength in customer acquisition, customer services and operations. We believe that increase in internet penetration will complement the process of expanding its client base. We aim on increasing our presence by leveraging technological innovations and focusing on investor segments which are currently underserved by traditional players. Our approach of offering very low cost of service, complete paperless trading experience, multi product offering, all under one umbrella shall lead to faster growth in customer acquisitions. Acquiring more and more customers will continue to be our key focus area and with seamless user experience at the core of our strategy, we aim to ensure client retention as well. We further aim to strengthen our existing robust customer care services to enhance our client experience.

2. Product development

We aim to develop a comprehensive range of products which would serve various facets of investment cycle right from decision making to the execution of trades. Increasing the range of our product offering is the key to maintaining and growing our market share in this industry. Further, we seek to capture relevant insights into clients' behaviour, financial strength and goals which will enable us to provide effective advice to our clients based on a defined, exhaustive, data-driven algorithmic approach, with assessment of targets on a periodic basis and optimizing their performance by providing recommendations. We shall strive to improve customers' experience on our website, mobile application and trading platform by constantly upgrading technology and investing in finding out more innovative solutions for our existing services and products. This will help us in creating a long-lasting relationship with our clients.

3. Increase wallet share

We offer a digital financial platform and we aim to be a one-stop shop for financial products which can be served digitally. We wanted to have the approach of adding value added products and services either through internal development or third-party tie-ups. These various products and services will ensure that we get a higher share of the customer wallet and also increase customer stickiness with the brand.

4. Improve efficiency and productivity

We focus a lot on improving our efficiency in all areas especially people, marketing and technology. We have put various processes in place like scorecards, and key performance indicators (“KPIs”) to monitor employee efficiency. We also monitor our marketing and branding campaigns and continuously work on improving vital parameters, thereby reducing cost. Our aim is to consistently work on various aspects of efficiency and productivity improvement, which will lead us to profitability.

Our competitive strengths

Following are our key strengths:

1. Effective technological platform

We are a technology based financial service provider. Our consistent effort in building a robust trading platform, advanced mobile app, artificial intelligence powered robo-advisory platform, paperless account opening platform are some examples of technology advancement. We strongly believe in making the entire investing experience of a customer seamless and hence have significantly invested in creating an efficient technological architecture comprising our product offering as well as operational processing. Our focus on innovation and understanding customer behaviour provides us with a significant competitive advantage.

2. Low cost of services and effortless user experience

We are a low cost financial service provider providing an effortless user experience to our customers throughout the lifecycle of the investment at a low cost. Our completely paperless on-boarding of the client, learning videos to train on stock markets, speedy execution of trades, handy trade reports on the mobile app, after-trade support through our self-help portal and the interactive user interface with minimal human intervention contribute to providing a hassle-free service thereby enhancing customer experience

3. Robust risk management

Management of risk is essential in the financial services business and we have in place a robust risk management mechanism. We have deployed resources in terms of technology, people and processes to manage our risk management function. We have established general risk management procedures for trading activities, such as instruments and stocks allowed for trading, position and trading limits and time based and risk based automatic square-off. Our entire limit setting is automated and standard. We have also bifurcated stocks in categories based on our internal policy, in addition to exchange prescribed groups. Standard differential limits are then set in the beginning of the day. We have a dedicated and experienced risk management team, which oversees our risk management functions. We review our risk management processes every quarter and modify such procedures, if necessary or appropriate. Our risk management team monitors real-time market conditions and our clients’ positions and informs our clients about potential risks and takes action accordingly.

4. Experienced board of directors and strong management team

Our Company has an experienced Board that oversees and guides our strategy and operations. Our Directors have experience in areas relevant to our business. We believe that the extensive relevant experience and financial acumen of our management and executives provide us with a distinctive competitive advantage. We have also introduced various learning and development programs which include training programs based on a systematic identification and review of existing gaps in the talent base. Our management team is responsible for formulating our business strategy, devising and executing marketing and sales plans, managing our service areas, diversifying our business and sector mix, ensuring strong operating and technology platforms and expanding our client relationships. We believe that our management’s entrepreneurial spirit, leadership skills, insight into the market and customer needs provides us with a competitive advantage which will help us implement our business strategies. For further details on our Board, please see section titled “Our Management” on page 67.

5. Significant presence in southern India

Our Company's network caters to a large retail customer base in Tier I, II and III cities. We are one of the premier financial service providers in Telangana and Andhra Pradesh. Our strategy is to expand our branch network in different cities across India. We believe that our understanding of the market dynamics equips us with a competitive advantage.

IT Infrastructure & Technology:

Technology, which is the backbone of a broking house, is a key focus area of the Company. We constantly attempt to automate our services, minimizing work duplication and human intervention. We have direct wired exchange connectivity powered by back-ups, trading servers, and secure back office systems. We have set up our servers in a data centre at Mumbai and have invested in various trading software. Our front end trading software at our branches and business associates, allows our customers, dealers and relationship managers to have a single window experience across all asset classes and product segments. The back office for the entire organization is centralized at Hyderabad. We use products from various software companies.

We have algo-based trading services which implement various strategies that are developed and back-tested by us. This is one area of growth that we are targeting in future.

We recognize the need to have a sophisticated technology network in place to meet our customer needs, scaling up of operations, reducing processing costs and therefore a significant portion of the Net Proceeds of this Issue would be utilised to strengthen our IT infrastructure.

Risk Management Systems & Compliance:

We have a risk management framework, which comprises of framework for operations, structured reporting and control. Consistent implementation of this framework is monitored by our company's compliance and internal audit teams which in-turn reports to the audit committee. We believe that we have effective procedures for evaluating and managing the market, credit and other risks to which we are exposed, as well as protecting our reputation. Our risk management system enables us to effectively identify and mitigate risks associated with clients' portfolios by limiting the exposure and margins of each client.

Our risk management system ensures that client collateral comprises liquid scrips, so that there is an adequate safety buffer between collateral value and positions taken by the client. Our surveillance team monitors daily trading limits for clients and communicates to the clients to mobilise additional funding to meet margin calls once they exceed a certain loss limit of their holdings. We employ experienced personnel to manage risk and regulatory compliance and ensure implementation of our risk management policy. The risk management team is based in Hyderabad.

We have in place an independent structure to address compliance and reputation risk. The role of our compliance team is to ensure that we operate in accordance with the laws and regulations of the exchanges and the regulators. The compliance team provides support, including advice on legal and regulatory matters, to each of our businesses. In compliance with the SEBI regulation on prevention of insider trading, our Company has instituted a code of conduct for its management and staff.

Client Risk Management:

Our Company selects and appraises clients with comfortable net worth and credibility. All our clients' open positions across exchanges and market segments are monitored through trading software for margin and mark to market losses. This makes it possible for our Company to cap positions and promptly deactivate trading accounts when they are assumed to have crossed reasonable levels. As a part of risk recovery strategy, a daily risk report is generated which captures the clients' as well as the employees' positions. If a customer's margin is not adequate to cover trading position at any given time, additional security is sought, failing which, positions are squared immediately.

Competition:

We are a broking services company with focus on “discount broking” services providing online technology platform and mobile application services to our clients based on a ‘do it yourself’ model. There are several full service broking companies whose equity shares are listed on Indian Stock Exchanges. These companies besides providing integrated financial services including broking have also forayed into online broking services. We compete on the basis of a number of factors, including technological innovation, the abilities and past performance of our professionals, market focus and the relative quality and price of our services and products. We intend to continue to develop our technology platform and evolve and improve our service and offerings in order to stay ahead of the competition and manage growth in an optimal way. For details in relation to the risks in relation to significant competition in our business, please see the section entitled, “Risk Factors” on page 16.

Insurance and Liability

Our Company maintains adequate insurance policies for its property, vehicles and business operations. The Company has also obtained Fire Policy, Auto Secure-Private Car Package Policy and Stock Brokers Indemnity Policy. Our Company generally maintains insurance covering its assets and projects at levels that it believes to be appropriate.

Property/Assets Insurance (Other than Vehicles):**(Amount in ₹)**

Sl. No.	Policy No.	Issued By	Policy	Premium Paid (in ₹)	Sum Insured/ Description of Assets Insured	Place of Coverage	Period of Insurance
1.	2270110976	TATA AIG General Insurance Company Limited	Fire and Special Perils Burglary	12,092/-	Sum Insured: ₹ 10,000,000.00 Risk Covered: Fire and Special Perils, Burglary	-3-652, Kotlya Building, Amrutha Estate, 4 th floor, Somajiguda, Hyderabad-500082 India.	June 15, 2021 to December 10, 2021
2.	121300/48/2022/1011	The Oriental Insurance Company Limited.	Stock Brokers Indemnity Policy	750/- + GST	Sum Assured: ₹ 5,00,000 Risk Covered: All Segments of NSE/BSE/MCX	3-652, Kotlya Building, Amrutha Estate, 4 th floor, Somajiguda, Hyderabad-500082 India	June 1, 2021 to May 31, 2022

Vehicle insurance:

Our Company has obtained following insurance policies for its Vehicles:

(Amount in ₹)

Sr. No.	Policy No.	Issued By	Policy	Premium Paid (In ₹)	Sum Insured (in ₹) / Description of the Assets Insured	Period of Insurance	Asset Insured
1.	0158198091	TATA AIG General Insurance Company Limited	Auto Secure-Private Car Package Policy	13,850.00	3,73,307 Description of Asset: Hyundai/4S Fluidic Verna/1.6 VTVT S O AT/Sedan	April 11, 2021 to April 10, 2022	Vehicle No. AP09CR0107 Engine No. 654598

2.	99099212311000 2592	Reliance General Insurance Company Limited	Reliance Private Car Package Policy	71,014.00	20,22,066.00 Description of Asset: Mercedes-Benz/C 220 CDI Styles	June 30, 2021 to June 29, 2022	Vehicle No. TS09EH0107 Engine No. 651921326338 14
3.	55310031201000 1996	National Insurance Company Limited	Motor Two- Wheeler	1,157.00	24,523.00 Description of Asset: TVS Jupiter & 110 Self Start	March 19, 2021 to March 18, 2022	Vehicle No. TS-09-EL- 6617 Engine No. BG4BG18717 68
4.	55310031201000 1999	National Insurance Company Limited	Motor Two- Wheeler	888.00	- Description of Asset: Suzuki Access & 125	March 16, 2021 to March 15, 2022	Vehicle No. AP-09-BQ- 6823 Engine No. F4861E40594

Properties

Our Company does not own any property and operates out of leased premises, the details of which are set forth below:

Sr. No.	Details of the Property	Landlord/Lessor or	Term of Lease	Details of the Agreement, Stamp Duty, Registration	Consideration/ Lease Rental/ License Fees, Premium (in ₹)	Use
1.	1100 Sq.ft in 1-7, 1 st Floor, Dhruvatar Apartments, Somajiguda, Hyderabad-500082	Lessor Mr. B Naresh Kumar Reddy S/o Sri B Narsimha Reddy Residing at Skyila, Block-C Flat No. 104, Manikonda to Narsingi Road, VTC Manikonda, Gandipet, R R Dist Telangana-500089 Lessee M/s B.N. Rathi Securities Limited represented by Shri Hari Narayan Rathi, Managing Director.	Lease for a period of 11 months From October 1, 2021 the date of Agreement.	Lease Agreement dated September 20, 2021 executed at Telangana Registration Status: Not Registered Stamp Duty: ₹ 100	Rent Amount: 23,500 Security Deposit 70,500	Commercial Purpose

Sr. No.	Details of the Property	Landlord/Lessor	Term of Lease	Details of the Agreement, Stamp Duty, Registration	Consideration/ Lease Rental/ License Fees, Premium (in ₹)	Use
		Residing at Plot No. 107, Ambience Fort, Kanta Reddy Nagar, Pillar No. 125 Lane, Attarpur, Hyderabad-500048.				
2.	Goutham Centre, Avanashi road, Coimbatore-641018 admeasuring 400 Square Feet	Lessor Mr. Silesh Ethiraj, Managing Director, M/s. Silesh Finance Co. Pvt. Ltd. Office at 36, Race Course, Coimbatore-641018 Lessee B.N. Rathi Securities Limited, represented by Executive Director Chetan Rathi Registered Office at 6-3-652, IV floor, Kautilya Amrutha Estate, Somajiguda, Hyderabad-500082	Lease for a period of 11 months starting from October 11, 2021	Lease Agreement dated October 11, 2021 executed at Telangana Registration Status: Not Registered Stamp Duty: ₹ 100	Rent Amount: 18,620/- Security Deposit 1,50,000/-	Office Purpose
3.	4 th Floor , Flat No.6-3-652/k/16/4/B & C at Kautilya, Amrutha Estate, 4 th Floor, Somajiguda, Hyderabad-500082 admeasuring 3586 sq. ft.	Lessor Ms. Chanda Devi Rathi, W/o Hari Narayan Rathi Residing at: 3-4-174/AF/107, Plot No. 107, Ambience Fort, Attarpur, Rajendra Nagar, Hyderabad-500048 Lessee	For a term of 11 months starting from October 1, 2021	Lease Agreement dated September 17, 2021 executed at Hyderabad Registration Status: Not Registered Stamp Duty: ₹ 100	Rent Amount: 60,000/- + Service Tax Security Deposit 10,00,000/-	Setting up business

Sr. No.	Details of the Property	Landlord/Lessor	Term of Lease	Details of the Agreement, Stamp Duty, Registration	Consideration/ Lease Rental/ License Fees, Premium (in ₹)	Use
		<p>B.N. Rathi Securities Limited, represented by its Managing Director Hari Narayan Rathi S/o Shri Badri Narayan Rathi</p> <p>Residing at: 3-4-174/AF/107, Plot No. 107, Ambiance Fort, Attarpur, Rajendra Nagar, Hyderabad-500048</p>				
4.	<p>Old No. 34, New No. 8, Thamiah Road Extn., West Mambalam, Chennai-600 033 admeasuring 350 square feet</p>	<p>Landlord</p> <p>Mrs. K. Jeevarani, w/o S. Kalaichandran</p> <p>Residing at: Old No. 34, New No. 8, Thamiah Road Extn., West Mambalam, Chennai-600 033</p> <p>Lessee</p> <p>B.N. Rathi Securities Private Limited, represented by its Director Hari Narayan Rathi S/o Shri Badri Narayan Rathi</p> <p>Registered Office at: 6-3-652/k/16/4/B & C at Kautilya, Amrutha Estate, 4th Floor, Somajiguda, Hyderabad-500082.</p>	For a term of 11 months starting from July 1, 2021	<p>Lease Agreement dated June 22, 2021 executed at Hyderabad</p> <p>Registration Status: Not Registered</p> <p>Stamp Duty: ₹ 100</p>	<p>Rent Amount: 15,000</p> <p>Security Deposit: 1,40,000</p>	Commercial Business

Employees:

We consider our human capital as a critical factor to our success. As on September 30, 2021, we had 68 employees across sales, operations, technology, risk management, research, legal & secretarial, administration, finance & accounts and support functions.

The employees are not unionized or covered by collective bargaining agreements. We consider our relationship with our employees to be very good. Our business associates are third party entities and their staff members do not form part of our payroll.

MATERIAL IMPACT OF COVID-19 PANDEMIC ON OPERATIONS AND PERFORMANCE OF THE COMPANY

The impact of COVID-19 pandemic on India and globally has been felt by all. The effect on human lives has been unprecedented. At the same time the global economy has also seen a dramatic reversal. The effect due to the lockdown and other measures induced by the Government to control the pandemic has had a significant impact on the operations of our Company. Some of the key factors likely to affect the business are listed below:-

Key Factors	Affect on the Business of the Company
Impact of the CoVID-19 pandemic on the business:	Our Company is engaged in financial activity of stock broking. The stock broking markets were open even during lockdown period and therefore, there was no adverse impact on the business of the Company.
Ability to maintain operations including the factories/units/office spaces functioning and closed down:	Our Company operated online during the lockdown period.
Schedule, if any, for restarting the operations;	Our Company did not stop its operations as all the business was conducted online during the period of lockdown
Steps taken to ensure smooth functioning of operations;	From the first day of the lockdown, we have taken care and there is smooth functioning in the lockdown period.
Estimation of the future impact of CoVID-19 on its operations;	Depends on the stock market movement.
Details of impact of CoVID-19 on listed entity's capital and financial resources:	
1. Profitability	Profitability not much affected
2. Liquidity	Liquidity position good
3. Ability to service debt and other financing arrangements	Our Company does not have any debts.
4. Assets	Assets are in liquid form.
5. Internal financial reporting and control	Complying with all requirements related to Internal Financial reporting to the concerned authorities like NSE, BSE, and MCX. Internal financial reporting and control are fully functioning.
6. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business	We have no such contract which has significant impact on the company

OUR MANAGEMENT

Board of Directors

Our Company's Articles of Association provide that the number of Directors shall not be less than four (4) and shall not be more than fifteen (15) Directors including all kinds of Directors. Our Board presently comprises of 5 (five) directors, which consists of two (2) executive non-independent directors and three (3), independent non-executive directors. Our Chairman, is an independent non-executive director.

The following table sets forth details regarding the Board of Directors of our Company as of the date of filing the Draft Letter of Offer.

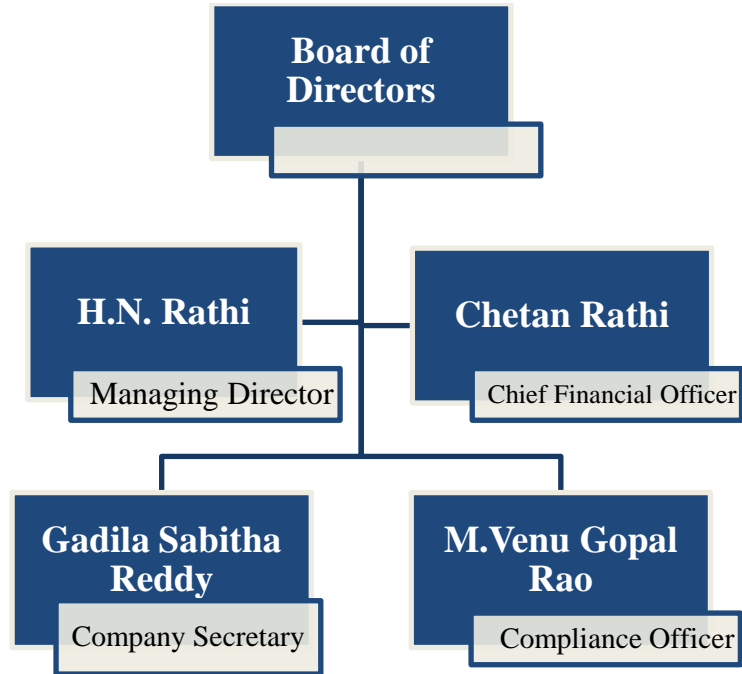
Sr. No.	Particulars (Name, Address, Age, Nationality, Term)	Designation, Occupation,	Date of Appointment	DIN	Other Directorships
1.	Sri. Laxminiwas Sharma S/o. Late Ramniwas Sharma Date of Birth: February 17, 1947 (74 years) Address: 15/16, Pachavati Colony, Brij Syed Road, Bowenpally, Secunderabad – 500 009 Nationality: Indian Occupation: Chartered Accountant Designation: Chairman Term: Re-appointed as Independent Director for a period of 5 years with effect from April 4, 2019		January 29, 1990	00010899	1. NSL Textiles Limited 2. Chavala Ventures Private Limited.
2.	Sri. Hari Narayan Rathi S/o. Late Badri Narayan Rathi Date of Birth: November 22, 1953 (68 years) Address: 3-4-174/AF/107, Plot No. 107, Ambiance Fort, Attapur, Rajendra Nagar, Hyderabad – 500 048 Nationality: Indian Occupation: Business Designation: Managing Director Term: Re-appointed as MD with effect from October 1, 2018.		October 1, 2010	00 010968	1. B.N.Rathi Comtrade Private Limited. 2. B.N.Rathi Industries Private Limited. 3. Mahesh Vidya Bhavan Limited.

3.	Sri. Chetan Rathi S/o/ Sri. Hari Narayan Rathi Date of Birth: March 8, 1976 (45 years) Address: 3-4-174/AF/107, Plot No. 107, Ambiance Fort, Attapur, Rajendra Nagar, Hyderabad – 500 048 Nationality: Indian Occupation: Business Designation: Whole-time Director Cum CFO Term: Re-appointed as Whole time Director with effect from April 1, 2021.	April 1, 2010	00536441	1. B.N. Rathi Comtrade Private Limited 2. B.N. Rathi Industries Private Limited
4.	Sri. Harishchandra Prasad Kanuri S/o. Late K.L.N. Prasad Date of Birth: September 15, 1952 (69 years) Address: 8-2-674/B/4, Road No. 12, Banjara Hills, Hyderabad – 500 034. Nationality: Indian Occupation: Business Designation: Independent Director Term: Re-appointed as Independent Director for a period of 5 years with effect from April 1, 2019	June 6, 1994	00012564	1. Green Park Hotels and Resorts Limited 2. K L N Holdings Private Limited 3. Kapil Motors Private Limited 4. Keerthi Industries Limited 5. Lakshmi Finance & Industrial Corporation Limited 6. Hyderabad Flextech Limited 7. Keerthi Industries Limited 8. L-Pack Polymers Limited 9. Suryalata Spinning Mills Limited
5.	Smt. Shanti Sree Bolleni D/o. Tukaram Somuri Date of Birth: May 17, 1962 (59 years) Address: H. No.8-2-293/82/HE/2, HUDA Enclave, Ashwini Layout, Road No. 70, Jubilee Hills, Hyderabad – 500 033 Nationality: Indian Occupation: Practicing Chartered Accountant Designation: Independent Director Term: Re-appointed as Independent Director for a period of 5 years with effect from April 1, 2020	February 12, 2015	07092258	1. Nava Bharat Ventures Limited 2. Hariom Pipe Industries Limited 3. Tukaram & Co LLP

Family Relationship between our Directors

None of our Directors are related to each other except, Mr. Hari Narayan Rathi is the father of Mr. Chetan Rathi .

ORGANIZATIONAL STRUCTURE



Details Of Key Management Personnel

Other than our Managing Director and Executive Director, following are the key management personnel:

Sr. No.	Name, designation, date of appointment	Age (in years)
a.	Gadila Sabitha Reddy Designation: Company Secretary Date of Appointment: April 1, 2015.	39
b.	M. Venu Gopal Rao Designation: Compliance Officer Date of Appointment: August 11, 1988.	60

Confirmations

- None of our Directors/Manager is or was a director of any listed company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on BSE and NSE within a period of 5 (five) years immediately preceding the date of this Draft Letter of Offer.
- Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) in the last 10 years immediately preceding the date of filing of this Draft Letter of Offer.
- None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.
- None of the Directors of our Company has been declared as a wilful defaulter, as defined by the SEBI ICDR Regulations. There are no violations of securities laws committed by our Directors in the past and no such proceedings are pending against them

SECTION VII: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr.No	Particulars	Page Nos.
1	The limited review report and unaudited Financial Results for the three months period ended June 30, 2021	72 -76
2	The Statutory Auditor's Report and the Audited Financial Statements.	77 - 130

The following tables set forth financial information derived from our Standalone and Consolidated Audited Financial Information for the year ended March 31, 2021 and the limited review unaudited Financial Statements for the period ended June 30, 2021 prepared in accordance with Regulation 33 of SEBI (LODR) Regulations, 2015. We have not given Restated Financials because we fall under Part-B of SEBI (ICDR), 2018.


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B.N.Rathi Securities Ltd.

CIN : L65993TG1985PLC005838
Corporate Member : NSE / BSE / MCX
Depository Participant of Central Depository Service (I) Ltd.

REGISTERED OFFICE : # 6-3-652, IV Floor, "Kautilya"
Amrutha Estates, Somajiguda, Hyderabad - 500 082
Tel. : 040 - 40527777, 40727777, Fax : 040-40526283
bnrsl@bnrsecurities.com www.bnrsecurities.com

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2021					
Sl.No.	Particulars	Quarter ended			[Rs. in lakhs]
		30-Jun-21 (Unaudited)	31-Mar-21 [Refer Note 6]	30-Jun-20 (Unaudited)	Year ended 31-Mar-21 (Audited)
I	Revenue from operations				
	a. Equity, brokerage and related income	684.68	611.71	486.88	2,343.17
	b. Other operating income	174.04	121.94	126.19	563.36
II	Other income	98.61	95.66	75.06	324.72
III	Total income (I+II)	957.33	829.31	688.13	3,231.25
IV	Expenses				
	a. Employees benefit expense	144.59	139.74	136.97	554.51
	b. Brokerage paid	432.81	342.83	283.03	1,346.18
	c. Finance costs	24.62	18.80	13.06	72.16
	d. Depreciation and amortisation expense	4.92	6.25	4.71	22.91
	e. Other expenses	215.88	213.60	149.53	728.75
	Total expenses	822.82	721.22	587.32	2,724.51
V	Profit before tax (III-IV)	134.51	108.09	100.81	506.74
VI	Tax expense:				
	a. Current tax	32.93	63.57	24.68	161.16
	b. Deferred tax	-	0.25	-	0.25
	Total tax expense	32.93	63.82	24.68	161.41
VII	Net profit after tax (V-VI)	101.58	44.27	76.13	345.33
VIII	Other comprehensive income				
	Items that will not be reclassified to profit or loss	-	5.10	-0.05	5.05
	Total other comprehensive income	-	5.10	-0.05	5.05
	Total comprehensive income (VII + VIII)	101.58	49.37	76.08	350.38
	Paid-up equity share capital (Face value of Rs.10/- per share)	504.00	504.00	504.00	504.00
	Other equity	-	-	-	1,657.18
	Earnings per share (EPS)				
	Basic and diluted [In Rs]	2.02	0.88	1.51	6.85
Notes:					
1	The above financials results are drawn in accordance with the accounting policies consistently followed by the company. These results have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder ("IND AS") and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").				
2	The above unaudited standalone financial results have been reviewed and recommended by the Audit Committee and taken on record and approved by the Board of Directors at their meeting held on August 11, 2021 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The statutory auditors have carried out a limited review on the standalone financial results and expressed an unmodified conclusion thereon.				
3	The company is primarily engaged in equity broking and related services. There are no other reportable segments in terms of Indian Accounting Standard 108 on 'Operating Segments'.				
4	The Company's two wholly owned subsidiaries - B. N. Rathi Comtrade Private Limited and B. N. Rathi Industries Private Limited registered a net profit / (loss) before tax of Rs. 31.21 lakhs and Rs. (0.018) lakhs for the quarter ended June 30, 2021.				
5	The Company continues to consider the impact of COVID-19 pandemic in assessing the recoverability of receivables, intangible assets, and certain investments. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial results. The Company based on its judgements, estimates and assumptions including sensitivity analysis expects to fully recover the carrying amount of receivables, intangible assets, investments and other assets. The Company will continue to closely monitor any material changes to future economic conditions.				
6	The figures of the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter ended December 31, 2020.				
7	Figures of the corresponding previous periods are regrouped and reclassified wherever considered necessary to correspond with current period's presentation.				
Place: Hyderabad Date: August 11, 2021		<div>By Order of the Board For B.N. Rathi Securities Limited</div> <div> Hari Narayan Rathi Managing Director DIN: 00010968</div>			

Services : Equity, Derivatives, Currency Futures, Internet Trading, Mobile Trading, Depository, Mutual Funds, IPOs, Loan Referral
SEBI Reg No : NSE / BSE / MCX : INZ000160834, CDSL : IN-DP-CDSL-414-2007



Independent Auditor's review report on Quarterly Unaudited Standalone Financial Results of the company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
To the Board of Directors
B. N. Rathi Securities Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of **B. N. Rathi Securities Limited** ("the Company"), for the quarter ended **June 30, 2021** ("the Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", prescribed under Section 133 of Companies Act 2013 read as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. 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 (ICAI). 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 of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder 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, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Seshachalam & Co.
Chartered Accountants
(Firm's Registration No.: 003714S)



Bharadwaj
T. Bharadwaj
Partner
(Membership No. 201042)


UDIN: 21201042AAAACB5228
Place: Hyderabad
Date: August 11, 2021



B.N.Rathi Securities Ltd.

CIN : L65993TG1985PLC005838
Corporate Member : NSE / BSE / MCX
Depository Participant of Central Depository Service (I) Ltd.

REGISTERED OFFICE : # 6-3-652, IV Floor, "Kautilya"
Amrutha Estates, Somajiguda, Hyderabad - 500 082
Tel. : 040 - 40527777, 40727777, Fax : 040-40526283
bnrsi@bnrsecurities.com www.bnrsecurities.com

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2021				
Particulars	Quarter ended			[Rs. in lakhs]
	30-Jun-21 (Unaudited)	31-Mar-21 [Refer Note 7]	30-Jun-20 (Unaudited)	Year ended 31-Mar-21 (Audited)
I Revenue from Operations				
a. Equity, brokerage and related income	684.68	611.48	486.88	2,343.17
b. Other Operating Income	211.26	131.31	132.13	629.61
II Other Income	101.63	99.76	78.13	338.75
III Total Revenue (I+II)	997.57	842.55	697.14	3,311.53
IV Expenses				
a. Employees Benefit Expenses	147.86	143.00	139.75	567.70
b. Brokerage paid	432.81	342.83	283.03	1,346.18
c. Finance Costs	24.62	18.03	13.08	72.19
d. Depreciation and Amortisation expense	5.04	6.34	4.80	23.26
e. Other expenses	221.54	216.55	150.13	770.25
Total Expenses	831.87	727.55	590.79	2,779.58
V Profit/ (Loss) before Exceptional and Extraordinary items and Tax (III-IV)	165.70	115.00	106.35	531.95
VI Exceptional Items	-	-	-	-
VII Profit/ (Loss) before Extraordinary Items and Tax (V-VI)	165.70	115.00	106.35	531.95
VIII Extraordinary Items	-	-	-	-
IX Profit before Tax (VII-VIII)	165.70	115.00	106.35	531.95
X Tax Expense:				
a. Current tax	40.70	65.25	25.71	167.29
b. Deferred tax	0.35	0.97	-	0.97
XI Profit/ (Loss) for the period from continuing operations (IX-X)	124.65	48.78	80.64	363.69
XII Profit/ (Loss) from discontinuing operations	-	-	-	-
XIII Tax Expense of discontinuing operations	-	-	-	-
XIV Profit/ (Loss) from discontinuing operations after tax (XII-XIII)	-	-	-	-
XV Profit for the period (XI+XIV)	124.65	48.78	80.64	363.69
Other Comprehensive Income	-	5.10	(0.05)	5.05
Other Comprehensive Income for the year, net of tax	124.65	53.88	80.59	368.74
Paid-up equity share capital (Face value of Rs.10/- per share)	504.00	504.00	504.00	504.00
Earnings per share (EPS)				
Basic and Diluted [In Rs]	2.47	0.97	1.60	7.22
Notes:				
1 The above consolidated financials results are drawn in accordance with the accounting policies consistently followed by the company. These results have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder ("IND AS") and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").				
2 The above unaudited consolidated financial results have been reviewed and recommended by the Audit Committee and taken on record and approved by the Board of Directors at their meeting held on August 11, 2021 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The statutory auditors have carried out a limited review on the consolidated financial results and expressed an unmodified conclusion thereon.				
3 The consolidated results includes results of the wholly - owned subsidiaries namely: a) B. N. Rathi Comtrade Private Limited b) B. N. Rathi Industries Private Limited. The Company along with its subsidiaries is herein-after referred to as the Group.				
4 These consolidated financial results of the Group have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Company's Act, 2013 ("the Act") read with the relevant rules issued thereunder ("IND AS") and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.				
5 The Company's two wholly owned subsidiaries - B. N. Rathi Comtrade Private Limited and B. N. Rathi Industries Private Limited registered a net profit / (loss) before tax of Rs. 31.21 lakhs and Rs. (0.018) lakhs for the year ended March 31, 2021 respectively.				
6 COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. In assessing the recoverability of receivables and other financial assets, the Group has considered internal and external information upto the date of approval of these Consolidated financial results. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these consolidated financial results and the Group will continue to closely monitor any material changes to future economic conditions.				
7 The figures of the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter ended December 31, 2020.				
<div style="display: flex; justify-content: space-between; align-items: center;"> <div> <p>Place: Hyderabad Date: August 11, 2021</p> </div> <div style="text-align: center;">  </div> <div> <p>By Order of the Board For B.N. Rathi Securities Limited</p> <p> Sri Narayan Rathi Managing Director DIN: 00010968</p> </div> </div>				

Services : Equity, Derivatives, Currency Futures, Internet Trading, Mobile Trading, Depository, Mutual Funds, IPOs, Loan Referral
SEBI Reg No : NSE / BSE / MCX : INZ000160834, CDSL : IN-DP-CDSL-414-2007



Independent Auditor's review report review of Quarterly Unaudited Consolidated Financial Results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
To the Board of Directors
B. N. Rathi Securities Limited**

1. We have reviewed the accompanying statement of consolidated unaudited financial results of **B. N. Rathi Securities Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended **June 30, 2021** ("the Statement"), attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. 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 (ICAI). 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 of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMDI/44/2019 dated March 29, 2019 issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following subsidiaries:
 - (i) B. N. Rathi Comtrade Private Limited
 - (ii) B. N. Rathi Industries Private Limited



5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder 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, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Seshachalam & Co.
Chartered Accountants
(Firm's Registration No.: 0037145)



Bharadwaj

T. Bharadwaj
Partner
(Membership No. 201042)

UDIN: 21201042AAAAACC1420
Place: Hyderabad
Date: August 11, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF B. N. RATHI SECURITIES LIMITED

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of B. N. Rathi Securities Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's Responsibility for the Standalone Ind AS Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issued there under;
- (e) On the basis of written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company does not have any pending litigations which would impact its financial position
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For Seshachalam & Co.
Chartered Accountants
Firm Registration Number.: 003714S

T. Bharadwaj
Partner
Membership No.: 201042
UDIN: 21201042AAAAABN6161

Hyderabad, May 25, 2021

Annexure 1 to the Independent Auditors' Report

Re: B. N. Rath Securities Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given to us, the Company has no immovable property. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable to the Company and hence not commented upon.
- (ii) To the best of our knowledge and as explained, the Company is not in business of sale of goods. Therefore, in our opinion the provisions of clause 3(ii) of the Companies (Auditors' Report) Order, 2016 is not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, goods and service tax and other statutory dues applicable to it. Provisions of sales-tax, customs duty, excise duty, value added tax and cess are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, goods and services tax and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable. Provisions of sales-tax, customs duty, excise duty, value added tax and cess are not applicable to the Company.
- (c) There are no dues of provident fund, employees' state insurance, income tax, service tax, goods and service tax and other material statutory dues which have not been deposited on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans taken from banks.

- (ix) No moneys were raised by way of initial public offer or further public offer (including debt instruments). Term loans taken were applied for the purposes for which those were taken.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Seshachalam & Co.
Chartered Accountants
 Firm Registration Number.: 003714S

T. Bharadwaj
Partner
 Membership No.: 201042
UDIN: 21201042AAAABN6161

Hyderabad, May 25, 2021

Annexure 2 to the Independent Auditor's report of even date on the standalone Ind AS financial statements of B.N.Rathi Securities Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TO THE MEMBERS OF B.N. RATHI SECURITIES LIMITED

We have audited the internal financial controls over financial reporting of B.N.Rathi Securities Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone Ind AS financial statements of the Company, which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 25, 2021 expressed an unqualified opinion.

For Seshachalam & Co.
Chartered Accountants
Firm Registration Number.: 003714S

T. Bharadwaj
Partner
Membership No. 201042
UDIN: 21201042AAAABN6161

Hyderabad, May 25, 2021

1. Corporate Information:

B. N. Rathi Securities Limited (“BNRSL” or “the Company”) is a listed public company domiciled in India and is incorporated under the Companies Act, 1956 (“the Act”) on September 30, 1985. The registered office of the company is located at 6-3-652, IV Floor, Kautilya Amrutha Estates, Somajiguda, Hyderabad, Telangana – 500082.

The Company is primarily engaged in the business of broking in securities. The Company also deals in depository operations and institutional equities. The Company is listed on Bombay Stock Exchange Limited (“BSE”).

2. Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation:

These separate financial statements are prepared in accordance with Ind AS under the historical cost convention on accrual basis except for certain financials instruments which are measured at fair value, the provisions of the Companies Act, 2013 (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.

Accounting policies have been consistently applied except where the change is required by an Ind AS or change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or condition on the entity’s financial position, performance or cash flow.

b) Use of estimates and judgements:

The preparation of the financial statements in conformity with Ind AS required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Difference between the actual results and estimates are recognized in the year in which results are known/materialized.

Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment net of taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized. Trading income is recognized when a legally binding contract is executed.

Brokerage income and transaction charges are recognized on the trade date of the transaction upon confirmation of the transaction by the exchanges.

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. While calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instruments but does not consider the expected credit losses.

Depository transaction charges are recognized on completion of respective transaction. Annual maintenance charges for depository accounts are accounted as and when the services are rendered.

Income from portfolio management fees are recognized on the basis of agreements entered into with the clients and when the right to receive income is established.

Dividends are recognized in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company and the amount of the dividend can be measured reliably.

d) Fair value measurement:

The Company measures certain financial instruments at fair value at each reporting date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial asset and liabilities.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing an asset or liability acting in their best economic interest. The Company uses valuation techniques, which are appropriate in circumstances and for which sufficient data is available considering the expected loss/ profit in case of financial assets or liabilities.

e) Property, plant and equipment:

i. Recognition and initial measurement:

Property, plant and equipment are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

ii. Depreciation, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided on written down value method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

iii. De-recognition:

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognized.

iv. Transition to Ind AS:

On transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 01, 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

f) Intangible Assets:

i. Recognition and initial measurement:

Intangible assets (software) are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

ii. Amortization and estimated useful lives:

Amortization on intangible assets is provided on written down value method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

iii. Transition to Ind AS:

On transition to Ind AS, the company has elected to continue with the carrying value of all its intangible assets recognized as at April 01, 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of intangible assets.

g) Impairment of assets:

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs 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 reporting 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. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

h) Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-Use Assets

The Company recognises right-of-use assets ("RoU Assets") at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (g) Impairment of non-financial assets.

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liabilities has been presented under the head "Other Financial Liabilities". Lease liabilities has been presented under the head "Other Financial Liabilities".

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

i) Financial Instruments:

a. Financial Assets

Initial recognition and measurement

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of profit and loss. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

- a. Debt instruments at amortized cost – A ‘debt instrument’ is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

- b. Equity investments – All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.
- c. Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures is carried at cost in the separate financials statements.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of a similar financial asset) is primarily de-recognized (i.e., removed from the company’s separate balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset.

b. Financial Liabilities

Initial recognition and measurement

The company recognizes financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, that are not at fair value through profit or loss, are reduced from the fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities at fair value through profit and loss are expensed in the statement of profit and loss.

Subsequent measurement

These liabilities include borrowings and deposits. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

j) Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying asset are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

k) Employee Benefits:

a. Short-term benefit plans

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized and measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Defined contribution plans

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions, if any, are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

c. Defined benefit plans

The company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method [PUCM], which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations. Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

The company has subscribed to a group gratuity scheme of Life Insurance Corporation [LIC]. Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of liabilities in

respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

l) Income Taxes:

Tax expense recognized in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Un-recognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

m) Provisions, contingent liabilities and contingent assets:

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

n) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

o) Cash flow statement:

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated.

p) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Particulars		Note	As at March 31, 2021	As at March 31, 2020
A	ASSETS			
1	Non-current assets			
	(a) Property, plant and equipment	3	3,01,84,352	23,54,690
	(b) Intangible assets	4	7,39,819	1,53,238
	(c) Financial assets			
	- Investments	5	1,50,00,000	1,50,00,000
	- Loans	6	1,14,50,012	1,14,50,000
	- Other non-current financial assets	7	34,659	5,58,892
	(d) Deferred tax assets (Net)	8	26,86,623	27,11,562
	(e) Other non-current assets	9	30,85,443	18,94,040
	Total non-current assets [A]		6,31,80,907	3,41,22,422
2	Current assets			
	(a) Financial assets			
	- Investments	10	7,00,000	7,00,000
	- Loans	11	21,60,00,000	10,60,00,000
	- Trade receivables	12	7,79,87,276	4,24,74,434
	- Cash and cash equivalents	13	7,65,79,489	12,29,36,987
	- Bank balances other than above	14	69,51,64,046	24,54,47,032
	- Other current financial assets	15	88,50,918	2,62,61,042
	(b) Income taxes	16	-	12,63,300
	(c) Other current assets	17	66,03,497	51,41,266
	Total current assets [B]		1,08,18,85,226	55,02,24,061
	TOTAL ASSETS [A+B]		1,14,50,66,133	58,43,46,483
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	18	5,04,00,000	5,04,00,000
	(b) Other Equity	19	16,57,18,097	13,06,79,982
	Total equity [A]		21,61,18,097	18,10,79,982
2	Non-current liabilities			
	(a) Financial liabilities			
	- Borrowings	20	1,68,58,780	-
	- Other non current financial liabilities	21	39,743	2,67,830
	(b) Provisions	22	52,95,318	52,26,816
	Total non-current liabilities [B]		2,21,93,841	54,94,646
3	Current liabilities			
	(a) Financial liabilities			
	- Borrowings	23	5,12,20,479	-
	- Trade payables	24	84,29,40,456	38,40,73,672
	- Other current financial liabilities	25	6,42,671	9,70,382
	(b) Provisions	26	9,09,358	4,05,279
	(c) Income taxes	16	12,628	-
	(d) Other current liabilities	27	1,10,28,604	1,23,22,522
	Total current liabilities [C]		90,67,54,195	39,77,71,855
	TOTAL EQUITY AND LIABILITIES [A+B+C]		1,14,50,66,134	58,43,46,483
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements	3 to 49		
As per our report on even date				
For Seshachalam & Co.		For and on behalf of the Board of Directors of		
Chartered Accountants		B. N. RATHI SECURITIES LIMITED		
Firm Registration Number: 003714S				
T. Bharadwaj		Laxminivas Sharma	Hari Narayan Rathi	Chetan Rathi
Partner		Chairman	Managing Director	Executive Director-cum-CFO
Membership No.: 201042		DIN: 00010899	DIN: 00010968	DIN: 00536441
		Sabitha Reddy	M.V. Rao	
		Company Secretary	Compliance Officer	
Place: Hyderabad				
Date: May 25, 2021				

Particulars		Note	For the period ended March 31, 2021	For the period ended March 31, 2020
I	REVENUE			
	Revenue from operations (Gross)	28	29,06,52,621	22,98,42,933
	Other income	29	3,24,71,733	2,54,89,430
	TOTAL REVENUE [I]		32,31,24,354	25,53,32,363
II	EXPENSES			
	Employee benefit expenses	30	5,54,50,760	6,02,57,260
	Finance costs	31	72,16,383	52,84,296
	Depreciation and amortization expense	3 & 4	22,90,432	20,73,727
	Other expenses	32	7,28,74,501	5,96,12,242
	Share of brokerage	-	13,46,18,479	10,47,95,429
	TOTAL EXPENSES [II]		27,24,50,555	23,20,22,954
III	Profit Before Tax		5,06,73,799	2,33,09,409
IV	Tax Expense:			
	- Current tax	33	1,32,72,846	61,31,959
	- Adjustment of current tax relating to earlier years		28,43,232	-
	- Deferred tax credit	33	24,941	(2,76,067)
V	Profit for the period		3,45,32,781	1,74,53,517
VI	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of post-employment benefit obligations		5,10,028	(26,12,217)
	- Remeasurements of financial assets		(4,694)	4,902
	- Recognition of borrowings using effective interest rate		-	-
	Other comprehensive income for the year, net of tax		3,50,38,115	1,48,46,201
VII	Earnings per equity share Rs. 10/- each fully paid			
	- Basic	39	6.85	3.46
	- Diluted	39	6.85	3.46
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements	3 to 49		
As per our report on even date				
For Seshachalam & Co.		For and on behalf of the Board of Directors of		
Chartered Accountants		B. N. RATHI SECURITIES LIMITED		
Firm Registration Number: 003714S				
T. Bharadwaj		Laxminivas Sharma	Hari Narayan Rathi	Chetan Rathi
Partner		Chairman	Managing Director	Executive Director-cum-CFO
Membership No.: 201042		DIN: 00010899	DIN: 00010968	DIN: 00536441
		Sabitha Reddy	M.V. Rao	
		Company Secretary	Compliance Officer	
Place: Hyderabad				
Date: May 25, 2021				

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period		5,06,73,799	2,33,09,409
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortisation		22,90,432	20,73,727
Interest expense other than lease liability		58,65,481	39,59,916
Interest expense on account of lease liability		49,951	1,00,271
Remeasurement of post employee benefits		5,10,028	(26,12,217)
Remeasurement of lease		(10,20,330)	(9,37,146)
Profit on sale of securities		-	(31,329)
Income from disposal of scrapped asset		-	(3,500)
Profit on sale of investments in mutual funds		-	-
Excess provision created written back		-	(1,001)
Dividend income		-	(50,000)
Interest income		(3,24,71,733)	(2,54,03,600)
Cash generated before working capital changes		2,58,97,628	4,04,529
Movements in working capital:			
Increase/(Decrease) in trade payables		45,88,66,784	7,33,41,064
Increase/(Decrease) in other current liabilities		(12,93,918)	12,01,838
Increase/(Decrease) in long term provisions		68,502	28,84,290
Increase/(Decrease) in short term provisions		5,04,079	2,02,249
(Increase)/Decrease in trade receivables		(3,55,12,842)	2,75,49,763
(Increase)/Decrease in other non-current financial assets		3,11,586	3,636
(Increase)/Decrease in non-current loans		(12)	(23,50,000)
(Increase)/Decrease in current loans		(11,00,00,000)	9,54,00,000
(Increase)/Decrease in other non-current assets		(11,91,405)	11,07,139
(Increase)/Decrease in other current financial assets		1,66,84,510	(2,12,35,573)
(Increase)/Decrease in other current assets		(14,62,231)	(9,59,947)
Cash generated from operations		35,28,72,681	17,75,48,988
Income taxes paid		(1,48,40,150)	(54,13,460)
Net cash flow (used in)/from operating activities (A)		33,80,32,531	17,21,35,528
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Net (Purchase) of property, plant and equipment, including intangible assets		(2,97,73,110)	(10,49,541)
Net (Purchase) of current investments		-	(10,74,48,758)
Net Sale of current investments		-	10,74,80,087
Dividend received		-	50,000
Interest received		3,24,71,733	2,54,03,600
Net cash flow (used in)/from investing activities [B]		26,98,623	2,44,35,388
C. CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of)/Proceeds from long term borrowings		1,72,73,364	-
(Investment)/Redemption of bank deposits		(44,97,17,014)	(10,30,02,633)
Dividends paid on equity shares and tax on equity dividend paid		-	(1,21,51,974)
Interest paid		(58,65,481)	(39,59,916)
Net cash flow (used in)/from financing activities [C]		(43,83,09,131)	(11,91,14,523)
D. Net increase/(decrease) in cash and cash equivalents [A+B+C]		(9,75,77,977)	7,74,56,393
E. Cash and cash equivalents			
at the beginning of the year	13	12,29,36,987	4,54,80,594
at the end of the year		2,53,59,010	12,29,36,987
Components of cash and cash equivalents			
Balance with banks			
- In current accounts		1,57,37,917	9,50,72,144
- Deposits with original maturity of less than 3 months		6,08,00,000	2,78,07,923
Cash on hand		41,572	56,920
Less: Bank overdraft		(5,12,20,479)	-
Cash and cash equivalents at the end of the year	2(n)	2,53,59,010	12,29,36,987
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	3 to 49		
As per our report on even date			
<p>For Seshachalam & Co. For and on behalf of the Board of Directors of Chartered Accountants B. N. RATHI SECURITIES LIMITED Firm Registration Number: 003714S</p>			
T. Bharadwaj	Laxminivas Sharma	Hari Narayan Rathi	Chetan Rathi
Partner	Chairman	Managing Director	Executive Director-cum-CFO
Membership No.: 201042	DIN: 00010899	DIN: 00010968	DIN: 00536441
	Sabitha Reddy		M.V. Rao
	Company Secretary		Compliance Officer
Place: Hyderabad			
Date: May 25, 2021			

Statement of Changes in Equity for the period ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

A. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Equity shares of Rs. 10 each issued, subscribed and fully paid up</i>		
Balance at the beginning of the reporting year	5,04,00,000	5,04,00,000
Changes in equity share capital during the year		
Balance at the end of the reporting year	5,04,00,000	5,04,00,000

B. Other equity

Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
<i>Movement in other equity is as follows:</i>		
I. Capital Reserve	14,90,400	14,90,400
II. Securities Premium	2,26,16,151	2,26,16,151
III. General Reserve	9,66,955	9,66,955
IV. Retained Earnings		
(i) Opening balance	10,56,06,476	10,29,12,249
(ii) Profit for the year	3,45,32,781	1,74,53,517
(iii) Other comprehensive income	5,05,334	(26,07,315)
(iv) Dividend paid	-	(1,00,80,000)
(iv) Tax on distributed profits	-	(20,71,974)
	14,06,44,591	10,56,06,476
Total	16,57,18,097	13,06,79,982

Notes to financial statements for the period ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Note 3: Property, Plant and Equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Buildings	2,76,27,796	-
Furniture and Fittings	1,32,053	1,78,177
Motor Vehicles	8,73,208	12,28,177
Computers and Data Processing Units	10,22,549	3,66,150
Office Equipment	5,28,746	5,82,185
Total	3,01,84,352	23,54,690

For the year 2020-21

Description of Assets	Buildings	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Carrying Amount						
As at April 01, 2020	-	8,68,498	86,57,542	27,25,378	26,57,742	1,49,09,161
Additions	2,76,27,796	-	-	11,84,484	1,96,009	2,90,08,289
Disposals	-	-	-	-	-	-
Balance as at March 31, 2021	2,76,27,796	8,68,498	86,57,542	39,09,862	28,53,751	4,39,17,449
II. Accumulated Amortization						
Upto April 01, 2020	-	6,90,321	74,29,364	23,59,229	20,75,559	1,25,54,473
Depreciation expense for the period	-	46,124	3,54,970	5,28,084	2,49,446	11,78,624
Eliminated on disposal of assets	-	-	-	-	-	-
Upto March 31, 2021	-	7,36,445	77,84,334	28,87,314	23,25,005	1,37,33,098
III. Net Carrying Amount [I-II]						
As at March 31, 2021	2,76,27,796	1,32,053	8,73,208	10,22,549	5,28,746	3,01,84,352
As at March 31, 2020	-	1,78,177	12,28,178	3,66,149	5,82,183	23,54,687

For the year 2019-20

Description of Assets	Buildings	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Carrying Amount						
As at April 01, 2019	-	7,63,055	86,57,542	23,27,615	21,07,910	1,38,56,122
Additions	-	1,05,443	-	3,97,763	5,49,834	10,53,041
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	-	8,68,498	86,57,542	27,25,378	26,57,744	1,49,09,163
II. Accumulated Amortization						
Upto April 01, 2019	-	6,43,157	69,79,661	20,85,574	18,99,956	1,16,08,348
Depreciation expense for the period	-	47,164	4,49,703	2,73,655	1,75,603	9,46,125
Eliminated on disposal of assets	-	-	-	-	-	-
Upto March 31, 2020	-	6,90,321	74,29,365	23,59,229	20,75,559	1,25,54,473
III. Net Carrying Amount [I-II]						
As at March 31, 2020	-	1,78,177	12,28,177	3,66,150	5,82,185	23,54,690
As at March 31, 2019	-	1,19,898	16,77,881	2,42,041	2,07,954	22,47,774

Notes to financial statements for the period ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Note 4: Intangible Assets

Particulars	As at 31, 2021	As at March 31, 2020
Computer Software	7,39,819	1,53,238
Total	7,39,819	1,53,238

For the year ended March 31, 2021

Description of Assets	Computer Software
I. Gross Carrying Amount	
As at April 01, 2020	13,17,147
Additions	7,64,821
Disposals	-
Balance as at March 31, 2021	20,81,968
II. Accumulated Amortization	
Upto April 01, 2020	11,63,910
Amortization expense for the period	1,78,239
Eliminated on disposal of assets	-
Upto March 31, 2021	13,42,150
III. Net Carrying Amount [I-II]	
As at March 31, 2021	7,39,819
As at March 31, 2020	1,53,237

For the year 2019-20

Description of Assets	Computer Software
I. Gross Carrying Amount	
As at April 01, 2019	13,17,147
Additions	-
Disposals	-
Balance as at March 31, 2020	13,17,147
II. Accumulated Amortization	
Upto April 01, 2019	9,35,213
Amortization expense for the period	2,28,697
Eliminated on disposal of assets	-
Upto March 31, 2020	11,63,909
III. Net Carrying Amount [I-II]	
As at March 31, 2020	1,53,238
As at March 31, 2019	3,81,935

Notes to financial statements for the period ended March 31, 2021
(All amounts in Indian Rupees, unless otherwise stated)

Note 5: Non-current investments

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Investments in equity instruments (fully paid-up)		
(a) Unquoted investments		
Subsidiaries: [Refer note 36(iii)]		
- B.N.Rathi Comtrade Private Limited [10,00,000 (31.03.2020: 10,00,000) equity shares of par value Rs. 10 each]	1,00,00,000	1,00,00,000
- B.N.Rathi Industries Private Limited [5,00,000 (31.03.2020: 5,00,000) equity shares of par value Rs. 10 each]	50,00,000	50,00,000
Total	1,50,00,000	1,50,00,000
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	1,50,00,000	1,50,00,000
Aggregate amount of impairment in the value of investments	-	-
Investments carried at cost	1,50,00,000	1,50,00,000
Investments carried at amortized cost	-	-
Investments carried at fair value through profit and loss	-	-

Note 6: Non-current loans

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Security deposits		
- Security deposits with Stock Exchanges/Clearing Houses	1,14,50,012	1,14,50,000
Total	1,14,50,012	1,14,50,000

Note 7: Other non-current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	-	3,16,281
Right to use asset	34,659	2,42,611
Total	34,659	5,58,892

Note 8: Deferred tax asset (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
Depreciation	12,66,993	14,22,939
Employee benefits	14,19,630	12,88,623
Total	26,86,623	27,11,562

Note 9: Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	17,66,308	14,74,864
Prepaid expenses	13,19,135	4,19,176
Total	30,85,443	18,94,040

Note 10: Current investments

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Investments in equity instruments (fully paid-up)		
(a) Unquoted investments		
Other investments:		
- Mahesh Vidya Bhavan Limited [20,000 (31.03.2020: 20,000) equity shares of face value Rs. 10 each]	2,00,000	2,00,000
- Sevenhills Co-op Bank Limited [5,000 (31.03.2020: 5,000) equity shares of face value Rs. 10 each]	5,00,000	5,00,000
Total	7,00,000	7,00,000
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	7,00,000	7,00,000
Aggregate amount of impairment in the value of investments	-	-
Investments carried at cost	7,00,000	7,00,000
Investments carried at amortized cost	-	-
Investments carried at fair value through profit and loss	-	-

B. N. RATHI SECURITIES LIMITED

Notes to financial statements for the period ended March 31, 2021
(All amounts in Indian Rupees, unless otherwise stated)

Note 11: Current loans

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Security margin money with Stock Exchanges/Clearing Houses	21,60,00,000	10,60,00,000
Total	21,60,00,000	10,60,00,000

Note 12: Trade receivables [Refer Note 40]

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months	-	-
Others	7,79,87,276	4,24,74,434
Total	7,79,87,276	4,24,74,434

Note 13: Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
- In current accounts	1,57,37,917	9,50,72,144
- Deposits with original maturity of less than 3 months	6,08,00,000	2,78,07,923
Cash on hand	41,572	56,920
Total	7,65,79,489	12,29,36,987

Note 14: Bank balances other than above

Particulars	As at March 31, 2021	As at March 31, 2020
(i) In earmarked accounts		
- Unpaid dividend accounts	14,89,046	14,72,032
(ii) On deposit accounts		
- Remaining maturity for more than 12 months	32,50,000	40,50,000
- Remaining maturity for less than 12 months	69,04,25,000	23,99,25,000
Total	69,51,64,046	24,54,47,032

Note 15: Other current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	19,15,238	2,17,82,817
Interest accrued but not due	61,12,127	27,25,262
Short term loans & advance	-	9,529
Advances to employees	6,15,600	8,09,867
Right to use	2,07,953	9,33,567
Total	88,50,918	2,62,61,042

Note 16: Current tax asset [Net of provisions]

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax	1,32,60,218	73,95,259
Current tax liabilities	1,32,72,846	61,31,959
Total	(12,628)	12,63,300

Note 17: Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	8,05,161	6,22,247
Balances with government authorities (other than income taxes)	3,44,244	3,31,063
Other current assets	54,54,092	41,87,956
Total	66,03,497	51,41,266

Notes to financial statements for the period ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Note 18: Share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised: Equity shares of Rs.10 each	60,00,000	6,00,00,000	60,00,000	6,00,00,000
Issued, subscribed and fully paid: Equity shares of Rs.10 each	50,40,000	5,04,00,000	50,40,000	5,04,00,000
Total	50,40,000	5,04,00,000	50,40,000	5,04,00,000

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Issued during the year	Bought back during the year	Closing Balance
Equity shares				
Year ended March 31, 2021				
- Number of shares	50,40,000	-	-	50,40,000
- Amount	50,40,000	-	-	50,40,000
Year ended March 31, 2020				
- Number of shares	50,40,000	-	-	50,40,000
- Amount	50,40,000	-	-	50,40,000

(b) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. However, interim dividend can be declared by the Board of Directors subject to the provisions of the Companies Act 2013, relevant rules and regulations thereunder.

(c) Details of shares held by each shareholder holding more than 5% shares*

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
Equity shares of Rs.10/- each fully paid				
Hari Narayan Rathi	16,24,955	32.24%	16,24,955	32.24%
Chetan Rathi	4,98,534	9.89%	4,98,534	9.89%
Chanda Devi Rathi	3,12,406	6.20%	3,12,406	6.20%

*As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Notes to financial statements for the period ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Note 19: Other equity

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Capital Reserve		14,90,400		14,90,400
Securities Premium		2,26,16,151		2,26,16,151
General Reserve		9,66,955		9,66,955
Retained Earnings		14,06,44,591		10,56,06,476
Total		16,57,18,097		13,06,79,982

For details of movement during the year refer '*Statement of Changes in Equity*'**Nature and purpose of other equity:****(a) Capital Reserve**

This represents surplus amount on forfeiture of shares and premium on issue of shares

(b) Securities Premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Act.

This represents appropriation of profit by the company.

(d) Retained Earnings

Retained earnings comprise of the company's accumulated undistributed earnings.

Note 20: Borrowings

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Secured - at amortised cost				
Term loan				
- From bank		1,68,58,780		-
Total		1,68,58,780		-

*Note: The term loan is secured by way of hypothecation of property purchased. The Loan is repayable in 239 equal monthly instalments. The applicable interest rate is 7.40%. The period of maturity with respect to balance sheet date is 5 instalments.***Note 21: Other non-current financial liabilities**

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Lease liability		39,743		2,67,830
Total		39,743		2,67,830

Note 22: Non-current provisions [Refer Note 35]

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Provision for employee benefits				
- Gratuity		52,95,318		52,26,816
Total		52,95,318		52,26,816

Note 23: Current borrowings

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Secured - at amortised cost				
Working capital loan				
From bank				
- Rupee loans		5,12,20,479		-
Total		5,12,20,479		-

Note 24: Trade payables

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Creditors - clients [Refer Note 40 & 41]		82,52,88,610		37,02,49,866
Sharing of brokerage payable		1,17,45,312		83,36,203
Outstanding liabilities		8,02,594		18,46,188
Other payables		51,03,940		36,41,415
Total		84,29,40,456		38,40,73,672

B. N. RATHI SECURITIES LIMITED**Notes to financial statements for the period ended March 31, 2021**

(All amounts in Indian Rupees, unless otherwise stated)

Note 25: Current financial liabilities

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Lease liabilities		2,28,087		9,70,382
Current maturities of borrowings - Non current [Refer Note 20]		4,14,584		-
Total		6,42,671		9,70,382

*Note: The term loan is secured by way of hypothecation of property purchased. The loan is repayable in 239 equal monthly instalments. The applicable interest rate is 7.40%. The period of maturity with respect to balance sheet date is 5 instalments.***Note 26: Current provisions**

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Provision for employee benefits [Refer Note 35]				
- Gratuity		9,09,358		4,05,279
Total		9,09,358		4,05,279

Note 27: Other current liabilities

Particulars	As at	March	As at	March
	31, 2021	31, 2021	31, 2020	31, 2020
Unpaid dividend		14,89,046		16,21,924
Statutory remittances		34,17,696		38,82,803
Client margin deposits		59,22,119		55,08,563
Other deposits - Sub brokers		1,99,743		13,09,232
Total		1,10,28,604		1,23,22,522

Note 28: Revenue from operations (Gross)		
Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
Income from broking operations	23,43,16,965	18,12,21,287
Other operating revenue	5,63,35,656	4,86,21,646
Total	29,06,52,621	22,98,42,933
Note 29: Other income		
Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
Dividend income	-	50,000
Interest income on deposits	3,24,71,733	2,54,03,600
Profit on sale of securities	-	31,329
Income from disposal of scrapped asset	-	3,500
Excess provision written back	-	1,001
Total	3,24,71,733	2,54,89,430
Note 30: Employee benefit expense		
Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
Salaries, allowances and wages	5,19,23,851	5,70,17,198
Contribution to provident and other funds	30,73,626	26,65,354
Staff welfare expenses	4,53,283	5,74,708
Total	5,54,50,760	6,02,57,260
Note 31: Finance costs		
Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
Interest expense on:		
- Working capital	60,170	3,23,913
- Secured loan	4,72,917	-
- Others	53,32,394	36,36,003
- Lease liability	49,951	1,00,271
- Delayed remittance of income tax	1,33,684	34,069
Other borrowing costs	11,67,267	11,90,041
Total	72,16,383	52,84,296
Note 32: Other expenses		
Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
Operating expenses:		
Transaction charges	4,25,23,376	3,54,33,687
Other operating expenses	1,27,29,964	82,75,421
Others:		
Power and fuel	10,32,386	13,24,896
Rent [Refer Note 37, 38]	13,65,665	19,89,770
Repairs and maintenance	7,18,793	15,51,402
Bank charges	-	-
Insurance	1,45,065	1,51,986
Rates and taxes	36,97,207	24,69,377
Communication	15,50,364	12,46,467
Travelling and conveyance	1,62,343	2,73,776
Printing and stationary	11,97,973	10,11,583
Business promotion	5,54,794	3,79,826
Donations	1,22,000	3,00,000
Legal and professional	17,05,639	12,80,037
Loss on sale of investments	5,13,034	-
Auditor's remuneration:		
- Statutory audit	2,25,000	2,20,000
- Internal audit	2,00,000	2,00,000
- Tax audit	70,000	70,000
- Certification	2,20,000	2,25,000
General and other administration expenses	41,40,898	32,09,014
Total	7,28,74,501	5,96,12,242

B. N. RATHI SECURITIES LIMITED		
Notes to financial statements for the period ended March 31, 2021		
(All amounts in Indian Rupees, unless otherwise stated)		
Note 33: Income tax expense		
Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
(a) Major components of income tax expense:		
(i) Current Income Tax		
- Current income tax charge	1,32,72,846	61,31,959
- Adjustments in respect of current income tax of previous year	28,43,232	-
	1,61,16,078	61,31,959
(ii) Deferred Tax		
- Relating to origination/reversal of temporary differences	24,941	(2,76,067)
	24,941	(2,76,067)
Income tax expense reported in the statement of profit or loss	1,61,41,019	58,55,892
(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Profit/(Loss) before tax from continuing operations	5,06,73,799	2,33,09,409
Indian tax rate	25.17%	25.17%
Tax at the Indian tax rate	1,27,54,595	58,66,978
Effect of:		
Non-Deductible expenses for tax purposes	10,32,383	7,25,429
Tax exempt income	-	(12,585)
Deferred tax	24,941	(2,76,067)
Others	23,29,099	(4,47,864)
Total Income Tax Expense	1,61,41,019	58,55,892

34. Contingent liabilities:

Particulars	As at March 31, 2021	As at March 31, 2020
i) Bank Guarantees	19,00,00,000	20,00,00,000
ii) Income tax demand for AY 2011-2012 pending in appeal with ITAT, Hyderabad.	-	65,40,228

35. Employee Benefits

The Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet:

Statement of Profit and Loss**Net employee benefit expenses recognized in the employee cost**

Particulars	March 31, 2021	March 31, 2020
Current service cost	6,80,404	6,97,756
Interest cost on benefit obligation	3,82,419	1,93,751
Expected return on plan assets	(1,81,767)	(1,93,268)
Net actuarial loss/(gain) recognized in the year	(5,10,028)	26,12,217
Net benefit expense	3,71,027	33,10,457

Balance Sheet**Benefit liability**

Particulars	March 31, 2021	March 31, 2020
Present value of defined benefit obligation	62,04,676	56,32,095
Fair value of plan assets	(32,18,863)	(24,84,155)
Plan liability	29,85,812	31,47,939

Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2021	March 31, 2020
Opening defined benefit obligation	56,32,095	25,45,556
Current service cost	6,80,404	6,97,756
Interest cost	3,82,419	1,93,751
Benefits paid	-	(2,47,327)
Actuarial gain/(losses) on obligation	(4,90,242)	24,42,358
Closing defined benefit obligation	62,04,676	56,32,095

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2021	March 31, 2020
Opening fair value of plan assets	24,84,155	23,66,511
Adjustment to opening balance	1,47,495	(4,438)
Expected return	1,81,767	1,93,268
Contributions by employer	3,85,660	3,46,000
Benefits paid	-	(2,47,327)
Actuarial (losses)/gains	19,786	(1,69,859)
Closing fair value of plan assets	32,18,863	24,84,155

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	March 31, 2021	March 31, 2020
Discount rate (%)	6.92%	6.79%
Expected rate of return on assets (%)	6.92%	6.79%
Salary escalation (%)	4.00%	4.00%
Attrition rate (%)	5.00%	5.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotive and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

36. Segment information

The company is operating in financial service sector in India. Thus, there are no reportable segments as defined in Ind AS 108 "Operating Segments". The company earns its entire "revenue from external customers" in India, being company's country of domicile. All non-current assets other than financial instruments and deferred tax assets are located in India. There are no single major customers on whom the company's revenue is dependent upon and revenue from none of the single customer is more than or equal to 10% of the company's revenue.

37. Related Party Disclosures

a) Names of the related parties and nature of relationship (as per Ind AS 24):

Nature of Relationship	Name of Related Party
Subsidiaries:	B. N. Rathi Comtrade Private Limited
	B. N. Rathi Industries Private Limited
Key Management Personnel (KMP):	Hari Narayan Rathi – Managing Director
	Chetan Rathi – Executive Director
Relatives of Key Management Personnel (KMP):	Chanda Devi Rathi - Wife of Hari Narayan Rathi
	Nisha Rathi – Wife of Chetan Rathi
	Anuradha Pasari – Daughter of Hari Narayan Rathi
	Govind Narayan Rathi – Brother of Hari Narayan Rathi

b) Transactions with related parties:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent Paid:	9,60,000	9,60,000
- Chanda Devi Rathi	7,20,000	7,20,000
- Govind Narayan Rathi HUF	2,40,000	2,40,000
Remuneration Paid:	1,05,00,000	93,00,000
- Hari Narayan Rathi	57,00,000	51,00,000
- Chetan Rathi	48,00,000	42,00,000
Dividend Paid:	-	52,74,838
- Hari Narayan Rathi	-	32,49,910
- Chetan Rathi	-	9,97,068
- Chanda Devi Rathi	-	6,24,812
- Nisha Rathi	-	4,03,048
Service Rendered – Brokerage Received:	-	28,488
- Hari Narayan Rathi	-	10,484
- Chetan Rathi	-	8,053
- Chanda Devi Rathi	-	2,725
- Nisha Rathi	-	2,070
- Govind Narayan Rathi	-	3,464

- Anuradha Pasari	-	1,389
- Hari Narayan Rathi HUF	-	293
- Chetan Rathi HUF	-	9
Sharing of Expenses:	-	14,58,428
- B. N. Rathi Comtrade Private Limited	-	14,58,428
Sharing of Expenses Recovered:	-	14,58,428
- B. N. Rathi Comtrade Private Limited	-	14,58,428
al Deposit Receovered:	60,000	-
- Govind Narayan Rathi HUF	60,000	-

c) Related party balances:

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current investments:	1,50,00,000	1,50,00,000
- B. N. Rathi Industries Private Limited	50,00,000	50,00,000
- B. N. Rathi Comtrade Private Limited	1,00,00,000	1,00,00,000
Rent Deposit:	10,40,000	11,00,000
- Chanda Devi Rathi	10,00,000	10,00,000
- Govind Narayan Rathi HUF	40,000	1,00,000

38. Leases:

Operating Lease

Assets taken on cancellable operating lease

The company is obligated under cancellable lease for office premises. Total lease rental expenses recognized in the statement of profit and loss for the year are as follows;

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating Lease – Cancellable	13,65,665	19,89,770
Total	13,65,665	19,89,770

39. Earnings per Share (EPS):

i. Reconciliation of earnings used in calculating earnings per share:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after taxation as per statement of profit and loss (for basic EPS)	3,45,32,781	1,74,53,517
Less: Effect of dilutive potential ordinary shares	-	-
Net Profit for dilutive earnings per share	3,45,32,781	1,74,53,517

ii. Reconciliation of basic and diluted shares used in computing earnings per share:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of weighted average equity shares considered for calculating of basic EPS	50,40,000	50,40,000
Add: Dilutive effect of potential ordinary shares	-	-
Number of weighted average equity shares considered for calculating of diluted EPS	50,40,000	50,40,000

iii. **Earnings per share:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
- Basic (Rs.)	6.85	3.46
- Diluted (Rs.)	6.85	3.46

40. Balance Confirmations

Confirmations of receivables and payable balances have not been received by the Company; hence, reliance is placed on the balances as per books. In the opinion of the management, the amounts are realizable/payable in the ordinary course of business.

41. Due to Micro and Small Enterprises

The Company has no dues to Micro and Small Enterprises as at March 31, 2021 and March 31, 2020 in the financial statements based on information received and available with the company.

42. During FY 2012-13, company entered into an agreement for sale of land with Mrs. Hari Gayathri, wife of Mr. Venkata Appa Rao Yeleswarapu, client of the company. Mr. Venkata Appa is liable to pay Rs. 34,43,070 to the company as on January 31, 2013. In the process of recovery, the company entered into an agreement for sale of land on February 01, 2013 with his wife for a consideration of Rs. 14,74,864. The consideration is to be treated as advance receivable by her from the company against the amount payable by her husband. The registration of land in favour of the company is pending. The company has decided to disclose the consideration under the head "Long term loans & advances" as 'Property pending for registration & possession.' The company has filed a suit for specific performance for the same. The status of the case is 'pending' and recovery of the same is doubtful.

43. Fair Value Measurements

i. **Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

ii. **Financial assets and financial liabilities measured at fair value**

Particulars	March 31, 2021	March 31, 2020
Fair Value Hierarchy	1	1
Financial Assets		
Listed Equity Instruments	-	-
Fair Value Hierarchy	3	3
Financial Assets		
Other Financial Assets – Security Deposits	19,15,238	2,20,99,098
Financial Liabilities		
Borrowings	6,84,93,843	-

iii. **Financial Instruments by category**

For amortized cost instruments, carrying value represents the best estimate of fair value:

Particulars	Mar-21			Mar-20		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Financial Assets						
Equity investments	-	-	-	-	-	-
Other investments	-	-	15,700,000	-	-	15,700,000
Trade Receivables	-	-	77,987,276	-	-	42,474,434
Loans	-	-	227,450,012	-	-	117,450,000
Cash & Cash Equivalents	-	-	76,579,489	-	-	122,936,987
Other bank balances	-	-	695,164,046	-	-	245,447,032
Others	-	1,915,238	-	-	22,099,098	-
Total	-	1,915,238	1,092,880,823	-	22,099,098	544,008,453
Financial Liabilities						
Borrowings	-	68,493,843	-	-	-	-
Trade Payables	-	-	842,940,456	-	-	384,073,672
Total	-	68,493,843	842,940,456	-	-	384,073,672

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and investment in its subsidiaries.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's board of directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The carrying amounts reported in the statement of financial position for cash and cash equivalents, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short maturity.

44. Financial Instruments Risk Management

i. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has exposure only to financial instruments at fixed interest rates. Hence, the company is not exposed to significant interest rate risk.

b. Price Risk

The company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either at fair value through OCI or at fair value through profit and loss. The majority of the company's equity instruments are publicly traded.

ii. Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company, leading to a financial loss. The Company is mainly exposed to the risk of its balances with the bankers and trade and other receivables. Ageing of receivables is as follows:

Particulars	March 31, 2021	March 31, 2020
Past due not impaired:		
0-30 Days	7,58,13,225	4,20,34,973
31-90 Days	21,74,051	4,40,192
91-180 Days	-	-

Greater than 180 Days	-	-
Total	7,79,87,276	4,24,74,434

iii. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. The Company's principal sources of liquidity are the cash flows generated from operations. The Company has no long-term borrowings and believes that the working capital is sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

Particulars	Upto 1 year	From 1-3 years	More than 3 years	Total
<u>March 31, 2021</u>				
Borrowings	6,84,93,843	-	-	6,84,93,843
Trade Payables	84,29,40,456	-	-	84,29,40,456
Total	91,14,34,299	-	-	91,14,34,299
<u>March 31, 2020</u>				
Borrowings	-	-	-	-
Trade Payables	38,40,73,672	-	-	38,40,73,672
Total	38,40,73,672	-	-	38,40,73,672

45. Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

Particulars	31-Mar-21	31-Mar-20
Non-Current borrowings	16,858,780	-
Current borrowings	51,635,063	-
Total Debt	68,493,843	-
As a percentage of total capital	23.89%	0.00%
Equity	216,118,097	181,079,982
As a percentage of total capital	76.11%	100.00%
Total Capital [Debt and Equity]	284,611,940	181,079,982

46. Impact of Global Health Pandemic - COVID-19

COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. Company has adopted measures to curb the spread of infection in order to protect the health of employees and ensure business continuity with minimal disruption. The Company's management has made initial assessment of likely adverse impact on business and financial risks on account of COVID-19. It is well appreciated that situation as well as its assessment is continuously evolving, and the way ahead is to avoid living in denial leading to acceptance & pro-active measures. The Company's management currently believes that the impact is likely to be short term in nature. Given the severity of impact, this financial year is likely to get affected, but also given the measures from Government and inherent resilience in Indian Economy, next year onwards are expected to show normal growth scenarios. Accordingly, at present the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due, and compliance with the debt covenants, as applicable.

In assessing the recoverability of receivables and other financial assets, Company has considered internal and external information upto the date of approval of these financial results. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

47. Standards issued but not effective

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

48. Event occurred after the Balance Sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of subsequent events and transactions in the financial statements. As of May 25, 2021, there were no subsequent events and transactions to be recognised or reported that are not already disclosed.

49. Previous year's figures have been regrouped/reclassified/recasted wherever necessary to conform to the current year's presentation.

**For and on behalf of the Board of Directors of
B. N. RATHI SECURITIES LIMITED**

Laxminivas Sharma
Chairman
DIN: 00010899

Hari Narayan Rathi
Managing Director
DIN: 00010968

Chetan Rathi
Executive Director-cum-CFO
DIN: 00536441

Sabitha Reddy
Company Secretary

M.V. Rao
Compliance Officer

Place: Hyderabad
Date: May 25, 2021

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

TO THE MEMBERS OF B. N. RATHI SECURITIES LIMITED

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of B.N.Rathi Securities Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2021, of consolidated profit/loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issued there under;
- e) On the basis of the written representations received from the directors of the Holding Company and subsidiary companies as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and subsidiary companies, none of the directors of the Group companies is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Group does not have any pending litigations which would impact its financial position.
 - ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

For Seshachalam & Co.
Chartered Accountants
Firm Registration Number.: 003714S

T. Bharadwaj
Partner
Membership No.:201042
UDIN:21201042AAAAAB7478

Hyderabad, May 25, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind As financial statements of the Group as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of B.N.Rathi Securities Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective companies, as adopted by each company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Seshachalam & Co.
Chartered Accountants
Firm Registration Number.: 003714S

T Bharadwaj
Partner
Membership No.:201042
UDIN: 21201042AAAAAB7478

Hyderabad, May 25, 2021

1. Group Information:

The consolidated financial statements of B. N. Rathi Securities Limited (“the Company”) together with its subsidiaries (collectively referred as the ‘Group’ or the ‘consolidating entities’) are prepared with generally accepted accounting principles in India under the historical cost convention and on an accrual basis of accounting.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2. Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

g) Basis of preparation:

These consolidated financial statements are prepared in accordance with Ind AS under the historical cost convention on accrual basis except for certain financials instruments which are measured at fair value, the provisions of the Companies Act, 2013 (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.

Accounting policies have been consistently applied except where the change is required by an Ind AS or change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or condition on the entity’s financial position, performance or cash flow.

Investments in subsidiaries, except where the investments are acquired exclusively with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined in the Indian Accounting Standard (Ind AS) 110 ‘Consolidated Financial Statements’, as prescribed under the Rules.

The financial statements of the consolidating entities are added on a line-by-line basis and material inter-company balances and transactions including unrealized gain and loss from such transactions are eliminated upon consolidation. The following subsidiaries have been considered for the purpose preparation of consolidated financial statements.

Name of the consolidating entities	Country of Incorporation	Percentage Holding/Interest (%)	
		As at March 31, 2021	As at March 31, 2020
B. N. Rathi Comtrade Private Limited	India	100.00	100.00
B. N. Rathi Industries Private Limited	India	100.00	100.00

h) Use of estimates and judgements:

The preparation of the consolidated financial statements in conformity with Ind AS required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Difference between the actual results and estimates are recognized in the year in which results are known/materialized.

Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

i) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment net of taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Trading income is recognized when a legally binding contract is executed.

Brokerage income and transaction charges are recognized on the trade date of the transaction upon confirmation of the transaction by the exchanges.

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instruments but does not consider the expected credit losses.

Depository transaction charges are recognized on completion of respective transaction. Annual maintenance charges for depository accounts are accounted as and when the services are rendered. Income from portfolio management fees are recognized on the basis of agreements entered into with the clients and when the right to receive income is established.

Dividends are recognized in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group and the amount of the dividend can be measured reliably.

j) Fair value measurement:

The group measures certain financial instruments at fair value at each reporting date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial asset and liabilities.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing an asset or liability acting in their best economic interest. The group uses valuation techniques, which are appropriate in circumstances and for which sufficient data is available considering the expected loss/ profit in case of financial assets or liabilities.

k) Property, plant and equipment:

ii. Recognition and initial measurement:

Property, plant and equipment are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

v. Depreciation, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided on written down value method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

vi. De-recognition:

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognized.

vii. Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 01, 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

l) Intangible Assets:

ii. Recognition and initial measurement:

Intangible assets (software) are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

iv. Amortization and estimated useful lives:

Amortization on intangible assets is provided on written down value method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

v. Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognized as at April 01, 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of intangible assets.

m) Impairment of assets:

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs 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 reporting 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. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

n) Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

40. Right-of-Use Assets

The Company recognises right-of-use assets ("ROU Assets") at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (g) Impairment of non-financial assets.

41. Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease

liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liabilities has been presented under the head “Other Financial Liabilities”. Lease liabilities has been presented under the head “Other Financial Liabilities”.

42. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o) Financial Instruments:

a. Financial Assets

Initial recognition and measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of profit and loss. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

- d. Debt instruments at amortized cost – A ‘debt instrument’ is measured at the amortized cost if both the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
 - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

- e. Equity investments – All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.
- f. Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of a similar financial asset) is primarily de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset.

b. Financial Liabilities

Initial recognition and measurement

The Group recognizes financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, that are not at fair value through profit or loss, are reduced from the fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities at fair value through profit and loss are expensed in the statement of profit and loss.

Subsequent measurement

These liabilities include borrowings and deposits. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

j) Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying asset are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

k) Employee Benefits:

a. Short-term benefit plans

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized and measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Defined contribution plans

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions, if any, are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

c. Defined benefit plans

The group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method [PUCM], which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations. Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

The group has subscribed to a group gratuity scheme of Life Insurance Corporation [LIC]. Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Group makes contributions to the Gratuity Fund.

p) Income Taxes:

Tax expense recognized in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognized outside profit or loss is recognized outside profit

or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Un-recognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

q) Provisions, contingent liabilities and contingent assets:

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

r) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

s) Cash flow statement:

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated.

t) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Consolidated Balance Sheet as at March 31, 2021

CIN: L65993TG1985PLC005838

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
A ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	3,03,18,702	25,24,262
(b) Intangible assets	4	7,39,820	1,53,238
(c) Financial assets			
- Investments	5	25,25,000	20,00,000
- Loans	6	1,24,50,012	1,79,50,000
- Other non-current financial assets	7	34,659	5,58,892
(d) Deferred tax assets (Net)	8	29,64,033	30,60,980
(e) Other non-current assets	9	30,85,443	18,94,040
Total non-current assets [A]		5,21,17,668	2,81,41,412
2 Current assets			
(a) Financial assets			
- Investments	10	1,05,58,602	1,50,13,534
- Loans	11	21,65,00,000	10,97,50,000
- Trade receivables	12	8,90,86,804	4,24,74,434
- Cash and cash equivalents	13	7,68,59,039	12,29,65,509
- Bank balances other than above	14	71,59,14,046	26,31,97,032
- Other current financial assets	15	88,50,918	2,62,61,042
(b) Income taxes	16	-	14,65,129
(c) Other current assets	17	73,39,710	54,49,504
Total current assets [B]		1,12,51,09,120	58,65,76,183
TOTAL ASSETS [A+B]		1,17,72,26,788	61,47,17,596
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	18	5,04,00,000	5,04,00,000
(b) Other Equity	19	19,78,60,342	16,09,85,961
Total equity [A]		24,82,60,342	21,13,85,961
2 Non-current liabilities			
(a) Financial liabilities			
- Borrowings	20	1,68,58,780	-
- Other non current financial liabilities	21	39,743	2,67,830
(b) Provisions	22	52,95,318	52,26,816
Total non-current liabilities [B]		2,21,93,841	54,94,646
3 Current liabilities			
(a) Financial liabilities			
- Borrowings	23	5,12,20,479	58,993
- Trade payables	24	84,29,40,456	38,40,79,813
- Other current financial liabilities	25	6,42,671	9,70,382
(b) Provisions	26	9,09,358	4,05,279
(c) Income taxes	27	31,037	-
(d) Other current liabilities	28	1,10,28,604	1,23,22,522
Total current liabilities [C]		90,67,72,605	39,78,36,989
TOTAL EQUITY AND LIABILITIES [A+B+C]		1,17,72,26,788	61,47,17,596
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	1 to 50		

As per our report on even date

For Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

For and on behalf of the Board of Directors of
B. N. RATHI SECURITIES LIMITED

T. Bharadwaj

Partner

Membership No.: 201042

Laxminivas Sharma

Chairman

DIN: 00010899

Hari Narayan Rathi

Managing Director

DIN: 00010968

Chetan Rathi

Executive Director-cum-CFO

DIN: 00536441

Sabitha Reddy

Company Secretary

M.V. Rao

Compliance Officer
Place: Hyderabad

Date: May 25, 2021

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

CIN: L65993TG1985PLC005838

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I REVENUE			
Revenue from Operations (Gross)	29	29,72,78,349	23,67,08,627
Other Income	30	3,38,75,198	2,75,80,206
TOTAL REVENUE [I]		33,11,53,547	26,42,88,833
II EXPENSES			
Employee benefit expenses	31	5,67,70,218	6,28,46,405
Finance costs	32	72,19,361	54,79,572
Depreciation and amortization expense	3 & 4	23,25,656	21,32,764
Other expenses	33	7,70,25,127	6,33,99,745
Share of brokerage		13,46,18,479	10,75,61,750
TOTAL EXPENSES [II]		27,79,58,841	24,14,20,236
III Profit Before Tax		5,31,94,706	2,28,68,597
IV Tax Expense:			
- Current tax	34	1,38,85,478	61,31,959
- Adjustment of current tax relating to earlier years		28,43,232	-
- Deferred tax credit		96,949	(2,78,762)
V Profit for the year		3,63,69,047	1,70,15,400
VI Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		5,10,028	(26,12,217)
- Remeasurements of financial assets		(4,694)	4,902
- Recognition of borrowings using effective interest rate		-	-
Other comprehensive income for the year, net of tax		3,68,74,381	1,44,08,084
VII Earnings per equity share Rs. 10/- each fully paid			
- Basic	38	7.22	3.38
- Diluted	38	7.22	3.38
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	1 to 50		

As per our report on even date

For Seshachalam & Co.
 Chartered Accountants
 Firm Registration Number: 003714S

For and on behalf of the Board of Directors of
B. N. RATHI SECURITIES LIMITED

T. Bharadwaj

Partner

Membership No.: 201042

Laxminivas Sharma

Chairman

DIN: 00010899

Hari Narayan Rathi

Managing Director

DIN: 00010968

Chetan Rathi

Executive Director-cum-CFO

DIN: 00536441

Consolidated Cash Flow Statement for the year ended March 31, 2021

CIN: L65993TG1985PLC005838

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period		5,31,94,706	2,28,68,597
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortisation		23,25,656	21,32,764
Interest expense other than lease liability		58,68,459	40,16,307
Interest expense on account of lease liability		49,951	1,00,271
Remeasurement of lease		(10,20,330)	(9,37,146)
Profit on sale of property, plant and equipment		-	(3,500)
Excess provision written back		-	(1,001)
Remeasurement of post employee benefits		5,10,028	(26,12,217)
Profit on sale of securities		-	(31,877)
Dividend income		(33,681)	(50,000)
Interest income		(3,37,52,533)	(2,74,22,767)
Cash generated before working capital changes		2,71,42,255	(19,40,569)
Movements in working capital:			
Increase/(Decrease) in trade payables		45,88,60,643	(79,59,943)
Increase/(Decrease) in other current liabilities		(12,93,918)	(4,57,434)
Increase/(Decrease) in long term provisions		68,502	28,84,290
Increase/(Decrease) in short term provisions		5,04,079	2,02,249
(Increase)/Decrease in trade receivables		(4,66,12,370)	7,09,21,547
(Increase)/Decrease in other non-current financial assets		3,11,588	3,632
(Increase)/Decrease in non-current loans		54,99,988	(23,50,000)
(Increase)/Decrease in current loans		(10,67,50,000)	9,93,62,962
(Increase)/Decrease in other non-current assets		(11,91,403)	11,07,139
(Increase)/Decrease in other current financial assets		1,66,84,510	(2,12,35,573)
(Increase)/Decrease in other current assets		(18,90,216)	(2,69,899)
Cash generated from operations		35,13,33,659	14,02,68,400
Income taxes paid		(1,52,32,545)	(56,57,573)
Net cash flow (used in)/from operating activities (A)		33,61,01,114	13,46,10,827
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment, including intangible assets		(2,97,73,110)	(11,88,478)
Net (Purchase)/Sale of current investments		44,54,935	(1,42,81,657)
(Investment)/Redemption of bank deposits		(45,27,17,014)	(4,36,44,710)
Proceeds from sale of property, plant and equipment		-	3,500
Dividend received		33,681	50,000
Interest received		3,37,52,533	2,74,22,767
Net cash flow (used in)/from investing activities [B]		(44,42,48,974)	(3,16,38,577)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of)/Proceeds from short term borrowings		4,14,584	-
(Repayment of)/Proceeds from long term borrowings		1,68,58,780	-
(Investment)/redemption in debentures		(5,25,000)	(20,00,000)
Dividends paid on equity shares and tax on equity dividend paid		-	(1,21,51,974)
Interest paid		(58,68,459)	(40,16,307)
Net cash flow (used in)/from financing activities [C]		1,08,79,905	(1,81,68,281)
D. Net increase/(decrease) in cash and cash equivalents [A+B+C]		(9,72,67,955)	8,48,03,969
E. Cash and cash equivalents			
at the beginning of the year	13	12,29,06,515	3,81,02,546
at the end of the year		2,56,38,560	12,29,06,515
Components of cash and cash equivalents	2(n)		
Balance with banks			
- In current accounts		1,60,09,460	9,50,92,659
- Deposits with original maturity of less than 3 months		6,08,00,000	2,78,07,923
Cash on hand		49,579	64,926
Less: Bank overdraft		(5,12,20,479)	(58,993)
Cash and cash equivalents at the end of the year		2,56,38,560	12,29,06,515
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	1 to 50		

As per our report on even date

For Seshachalam & Co.
 Chartered Accountants
 Firm Registration Number: 003714S

For and on behalf of the Board of Directors of
B. N. RATHI SECURITIES LIMITED

T. Bharadwaj
Partner
 Membership No.: 201042

Laxminivas Sharma
Chairman
 DIN: 00010899

Hari Narayan Rathi
Managing Director
 DIN: 00010968

Chetan Rathi
Executive Director-cum-CFO
 DIN: 00536441

Sabitha Reddy
Company Secretary

M.V. Rao
Compliance Officer

Place: Hyderabad

Date: May 25, 2021

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

A. Equity Share Capital

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Equity shares of Rs. 10 each issued, subscribed and fully paid up</i>		
Balance at the beginning of the reporting year	5,04,00,000	5,04,00,000
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	5,04,00,000	5,04,00,000

B. Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Movement in other equity is as follows:</i>		
I. Capital Reserve	14,90,400	14,90,400
II. Securities Premium	2,26,16,151	2,26,16,151
III. General Reserve	11,46,655	11,46,655
IV. Retained Earnings		
(i) Opening Balance	13,57,32,755	13,34,76,644
(ii) Profit for the year	3,63,69,047	1,70,15,401
(iv) Other comprehensive income	5,05,334	(26,07,315)
(v) Proposed dividend and tax on the same	-	(1,21,51,974)
	17,26,07,136	13,57,32,755
Total	19,78,60,342	16,09,85,961

As per our report on even date

For Seshachalam & Co.
Chartered Accountants
Firm Registration Number: 003714S

For and on behalf of the Board of Directors of
B. N. RATHI SECURITIES LIMITED

T. Bharadwaj
Partner
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DIN: 00536441

Sabitha Reddy
Company Secretary

M.V.Rao
Compliance Officer

Place: Hyderabad
Date: May 25, 2021

Notes to consolidated financial statements for the year ended March 31, 2021
(All amounts in Indian Rupees, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	As at 31, 2021	March As at March 31, 2020
Building	2,76,27,796	-
Furniture and Fittings	2,04,022	2,68,875
Motor Vehicles	8,82,647	12,40,913
Computers and Data Processing Units	10,27,660	3,72,084
Office Equipment	5,76,577	6,42,391
Total	3,03,18,702	25,24,262

For the year 2020-21

Description of Assets	Building	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	-	31,52,504	87,24,004	32,98,475	31,91,584	1,83,66,568
Additions	2,76,27,796	-	-	11,84,484	1,96,009	2,90,08,289
Disposals	-	-	-	-	-	-
Balance as at March 31, 2021	2,76,27,796	31,52,504	87,24,004	44,82,959	33,87,593	4,73,74,856
II. Accumulated Depreciation						
Opening Balance	-	28,83,629	74,83,091	29,26,392	25,49,193	1,58,42,305
Depreciation expense for the year	-	64,853	3,58,266	5,28,908	2,61,823	12,13,850
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2021	-	29,48,482	78,41,357	34,55,300	28,11,016	1,70,56,155
III. Net Block [I-II]						
Carrying value as at March 31, 2021	2,76,27,796	2,04,022	8,82,647	10,27,660	5,76,577	3,03,18,702
Carrying value as at March 31, 2020	-	2,68,875	12,40,913	3,72,084	6,42,391	25,24,262

For the year 2019-20

Description of Assets	Buildings	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	-	29,62,015	87,24,004	29,00,712	25,91,359	1,71,78,090
Additions	-	1,90,489	-	3,97,763	6,00,225	11,88,478
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	-	31,52,504	87,24,004	32,98,475	31,91,584	1,83,66,568
II. Accumulated Depreciation						
Opening Balance	-	28,05,247	70,28,941	26,43,748	23,59,207	1,48,37,144
Depreciation expense for the year	-	78,382	4,54,150	2,82,643	1,89,986	10,05,162
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2020	-	28,83,629	74,83,091	29,26,392	25,49,193	1,58,42,305
III. Net Block [I-II]						
Carrying value as at March 31, 2020	-	2,68,875	12,40,913	3,72,084	6,42,391	25,24,263
Carrying value as at March 31, 2019	-	1,56,768	16,95,063	2,56,964	2,32,152	23,40,946

Notes to consolidated financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Note 4: Intangible Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Computer Software	7,39,820	1,53,238
Total	7,39,820	1,53,238

For the year 2020-21

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	13,17,147
Additions	7,64,821
Disposals	-
Balance as at March 31, 2021	20,81,968
II. Accumulated Amortization	
Opening Balance	11,63,909
Amortization expense for the year	1,78,239
Eliminated on disposal of assets	-
Balance as at March 31, 2021	13,42,149
III. Net Block [I-II]	
Carrying value as at March 31, 2021	7,39,820
Carrying value as at March 31, 2020	1,53,238

For the year 2019-20

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	13,17,147
Additions	-
Disposals	-
Balance as at March 31, 2020	13,17,147
II. Accumulated Amortization	
Opening Balance	9,35,213
Amortization expense for the year	2,28,697
Eliminated on disposal of assets	-
Balance as at March 31, 2020	11,63,909
III. Net Block [I-II]	
Carrying value as at March 31, 2020	1,53,238
Carrying value as at March 31, 2019	3,81,935

Notes to consolidated financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Note 5: Non-Current Investments

Particulars		As at March 31, 2021	As at March 31, 2020
(i)	Unquoted Investments		
	- PropSpace Square Private Limited [4 (31.03.2020: Nil) debentures of par value Rs. 5,00,000 each]	20,00,000	20,00,000
	- Actionable Science Labs Private Limited [525 (31.03.2020: Nil) debentures of par value Rs. 1,000 each]	5,25,000	-
	Total	25,25,000	20,00,000
Aggregate amount of quoted investments and market value thereof		-	-
Aggregate amount of unquoted investments		25,25,000	20,00,000
Aggregate amount of impairment in the value of investments		-	-
Aggregate amount of fair value changes in the value of investments		-	-
Investments carried at cost		25,25,000	20,00,000
Investments carried at amortized cost		-	-
Investments carried at fair value through profit and loss		-	-

Note 6: Non-Current Loans

Particulars		As at March 31, 2021	As at March 31, 2020
	<i>Unsecured, considered good</i>		
	Security Deposits		
	- Security Deposits with Stock Exchanges/Clearing Houses	1,24,50,012	1,79,50,000
Total		1,24,50,012	1,79,50,000

Note 7: Other non-current financial assets

Particulars		As at March 31, 2021	As at March 31, 2020
	Security Deposits	-	3,16,281
	Right to use asset	34,659	2,42,611
Total		34,659	5,58,892

Note 8: Deferred Tax Asset (net)

Particulars		As at March 31, 2021	As at March 31, 2020
	Deferred tax assets		
	Depreciation	15,44,403	17,72,357
	Employee benefits	14,19,630	12,88,623
Total		29,64,033	30,60,980

Note 9: Other non-current assets

Particulars		As at March 31, 2021	As at March 31, 2020
	Capital advances	17,66,308	14,74,864
	Prepaid expenses	13,19,135	4,19,176
Total		30,85,443	18,94,040

Note 10: Current Investments		
Particulars	As at March 31, 2021	As at March 31, 2020
<i>Investments in equity instruments (fully paid-up)</i>		
(i) Quoted Investments		
<i>Quoted investments in shares and securities (valued at fair value through profit and loss account)</i>		
Investment in shares	90,13,054	1,34,67,986
<i>Quoted investments in mutual funds (valued at cost)</i>		
- Birla Sun Life Mutual Fund [2715.95 (31.03.2020: Nil)]	8,45,548	8,45,548
(ii) Unquoted Investments		
(a) Other Investments:		
- Mahesh Vidya Bhavan Limited [20,000 (31.03.2020: 20,000) equity shares of face value Rs. 10 each]	2,00,000	2,00,000
- Sevenhills Co-op Bank Limited [5,000 (31.03.2020: 5,000) equity shares of face value Rs. 10 each]	5,00,000	5,00,000
Total	1,05,58,602	1,50,13,534
Aggregate amount of quoted investments and market value thereof	98,58,602	1,43,13,534
Aggregate amount of unquoted investments	7,00,000	7,00,000
Aggregate amount of impairment in the value of investments	-	-
Investments carried at cost	15,45,548	7,00,000
Investments carried at amortized cost	-	-
Investments carried at fair value through profit and loss	90,13,054	1,43,13,534

Note 11: Current Loans		
Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Security margin money with Stock Exchanges/Clearing Houses	21,65,00,000	10,65,00,000
Margin with exchanges	-	32,50,000
Staff Advances	-	-
Loan given to BNR Foods Specialities LLP	-	-
Total	21,65,00,000	10,97,50,000

Note 12: Trade Receivables		
Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months	-	-
Others [Refer Note 41]	8,90,86,804	4,24,74,434
Total	8,90,86,804	4,24,74,434

Note 13: Cash and cash equivalents		
Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
- In current accounts	1,60,09,460	9,50,92,659
- Deposits with original maturity of less than 3 months	6,08,00,000	2,78,07,923
Cash on hand	49,579	64,926
Total	7,68,59,039	12,29,65,508

Note 14: Bank balances other than above			
Particulars		As at March 31, 2021	As at March 31, 2020
(i)	In earmarked accounts - Unpaid dividend accounts	14,89,046	14,72,032
(ii)	On deposit accounts - Remaining maturity for more than 12 months - Remaining maturity for less than 12 months	32,50,000 71,11,75,000	40,50,000 25,76,75,000
Total		71,59,14,046	26,31,97,032
Note 15: Other current financial assets			
Particulars		As at March 31, 2021	As at March 31, 2020
	Security Deposits	19,15,238	2,17,82,817
	Interest accrued but not due	61,12,127	27,25,262
	Advances to related parties	-	9,529
	Advances to employees	6,15,600	8,09,867
	Right to use	2,07,953	9,33,567
Total		88,50,918	2,62,61,042
Note 16: Current tax asset [Net of provision]			
Particulars		As at March 31, 2021	As at March 31, 2020
	Advance Income Tax	-	75,97,088
	Current Tax Liabilities	-	61,31,959
Total		-	14,65,129
Note 17: Other current assets			
Particulars		As at March 31, 2021	As at March 31, 2020
	Prepaid expenses	8,05,161	6,22,247
	Balances with government authorities (other than income taxes)	4,31,989	4,18,808
	Interest accrued on deposits with banks and others	1,48,468	2,20,493
	Other current assets	59,54,092	41,87,956
Total		73,39,710	54,49,504

(All amounts in Indian Rupees, unless otherwise stated)

Note 18: Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised:				
Equity shares of Rs.10 each	60,00,000	6,00,00,000	60,00,000	6,00,00,000
Issued, subscribed and fully paid:				
Equity shares of Rs.10 each	50,40,000	5,04,00,000	50,40,000	5,04,00,000
Total	50,40,000	5,04,00,000	50,40,000	5,04,00,000

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Issued during the year	Bought back during the year	Closing Balance
Equity shares				
Year ended March 31, 2021				
- Number of shares	50,40,000	-	-	50,40,000
- Amount	50,40,000	-	-	50,40,000
Year ended March 31, 2020				
- Number of shares	50,40,000	-	-	50,40,000
- Amount	50,40,000	-	-	50,40,000

(b) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. However, interim dividend can be declared by the Board of Directors subject to the provisions of the Companies Act 2013, relevant rules and regulations thereunder.

(c) Details of shares held by each shareholder holding more than 5% shares*

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
Equity shares of Rs.10/- each fully paid				
Hari Narayan Rathi	16,24,955	32.24%	16,24,955	32.24%
Chetan Rathi	4,98,534	9.89%	4,98,534	9.89%
Chanda Devi Rathi	3,12,406	6.20%	3,12,406	6.20%

*As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(All amounts in Indian Rupees, unless otherwise stated)

Note 19: Other Equity

Particulars	As at 31, 2021	March As at March 31, 2020
Capital Reserve	14,90,400	14,90,400
Securities Premium	2,26,16,151	2,26,16,151
General Reserve	11,46,655	11,46,655
Retained Earnings	17,26,07,136	13,57,32,755
Total	19,78,60,342	16,09,85,961

For details of movement during the year refer '*Statement of Changes in Equity*'

Nature and purpose of Other Equity:

(a) Capital Reserve

This represents surplus amount on forfeiture of shares and premium on issue of shares.

(b) Securities Premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Act.

(c) General Reserve

This represents appropriation of profit by the company.

(d) Retained Earnings

Retained earnings comprise of the company's accumulated undistributed earnings.

Note 20: Non-Current Financial liabilities

Particulars	As at 31, 2021	March As at March 31, 2020
Secured - at amortised cost Term loan - From bank	1,68,58,780	-
Total	1,68,58,780	-

Note: The term loan is secured by way of hypothecation of property purchased. The Loan is repayable in 239 equal monthly instalments. The applicable interest rate is 7.40%. The period of maturity with respect to balance sheet date is 5 instalments.

Note 21: Non-Current Financial liabilities

Particulars	As at 31, 2021	March As at March 31, 2020
Lease liability	39,743	2,67,830
Total	39,743	2,67,830

Note 22: Non-Current Provisions

Particulars	As at 31, 2021	March As at March 31, 2020
Provision for Employee Benefits - Gratuity [Refer Note 36]	52,95,318	52,26,816
Total	52,95,318	52,26,816

Note 23: Current Borrowings

Particulars	As at 31, 2021	March As at March 31, 2020
Secured - at amortised cost Working capital loan From bank Rupee loans	5,12,20,479	58,993
Total	5,12,20,479	58,993

(All amounts in Indian Rupees, unless otherwise stated)

Note 24: Trade Payables

Particulars		As at 31, 2021	March March 31, 2020
	Creditors - clients [Refer Note 41 & 42]	82,52,88,610	37,02,49,866
	Creditors - NSEL	-	1,766
	Sharing of Brokerage payable	1,17,45,312	83,36,203
	Creditors - Suppliers and other services	-	4,375
	Outstanding Liabilities	8,02,594	18,46,188
	Other Payables	51,03,940	36,41,415
Total		84,29,40,456	38,40,79,813

Note 25: Current financial liabilities

Particulars		As at 31, 2021	March March 31, 2020
	Current maturities of borrowings - Non current [Refer Note 20]	4,14,584	-
	Lease liabilities	2,28,087	9,70,382
Total		6,42,671	9,70,382

Note: The term loan is secured by way of hypothecation of property purchased. The Loan is repayable in 239 equal monthly instalments. The applicable interest rate is 7.40%. The period of maturity with respect to balance sheet date is 2 instalments.

Note 26: Current Provisions

Particulars		As at 31, 2021	March March 31, 2020
	Provision for Employee Benefits - Gratuity [Refer Note 36]	9,09,358	4,05,279
Total		9,09,358	4,05,279

Note 27: Current tax liability [Net of advance tax]

Particulars		As at 31, 2021	March March 31, 2020
	Advance Income Tax	1,38,54,441	-
	Current Tax Liabilities	1,38,85,478	-
Total		31,037	-

Note 28: Other Current Liabilities

Particulars		As at 31, 2021	March March 31, 2020
	Unpaid dividend	14,89,046	16,21,924
	Statutory remittances	34,17,696	38,82,803
	Client margin deposits	59,22,119	55,08,563
	Other deposits - Sub brokers	1,99,743	13,09,232
Total		1,10,28,604	1,23,22,522

Notes to consolidated financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Note 29: Revenue from Operations (Gross)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from broking operations	23,43,16,965	18,61,60,984
Other operating revenue	6,29,61,384	5,05,47,643
Total	29,72,78,349	23,67,08,627

Note 30: Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend income	33,681	50,000
Interest income on deposits	3,37,40,422	2,73,69,646
Interest	12,111	53,121
Commission income	22,992	-
Profit on sale of Property, plant and equipment	-	3,500
Profit on sale of securities	-	31,877
Miscellaneous income	65,991	71,061
Excess provision written back	-	1,001
Total	3,38,75,198	2,75,80,206

Note 31: Employee Benefit Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, allowances and wages	5,32,43,309	5,96,06,343
Contribution to provident and other funds	30,73,626	26,65,354
Staff welfare expenses	4,53,283	5,74,708
Total	5,67,70,218	6,28,46,405

Note 32: Finance Costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on:		
- Working Capital	63,148	3,80,304
- Secured loan	4,72,917	
- Others	53,32,394	36,36,003
- Lease liability	49,951	1,00,271
- Delayed remittance of Income tax	1,33,684	46,483
Other borrowing costs	11,67,267	13,16,511
Total	72,19,361	54,79,572

(All amounts in Indian Rupees, unless otherwise stated)

Note 33: Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating expenses:		
Transaction charges	4,25,23,376	3,73,54,719
Other operating expenses	1,27,29,964	85,75,421
Others:		
Power and fuel	10,32,386	14,27,555
Rent [Refer Note 38(b) & 39]	16,05,665	22,88,270
Repairs and maintenance	7,18,793	19,89,718
Bank charges	-	-
Insurance	1,46,156	1,56,345
Rates and taxes	37,00,907	25,23,468
Membership and subscription fees	25,00,000	1,05,000
Communication	15,50,364	14,08,169
Travelling and conveyance	1,62,340	2,82,054
Printing and stationary	11,97,974	10,11,583
Business promotion	5,54,794	3,94,826
Donations	1,22,000	3,00,000
Loss on sale of investments	5,13,034	-
Legal and professional	27,62,329	13,61,237
Auditor's remuneration:		
- Statutory audit	2,48,600	2,31,800
- Internal audit	2,00,000	2,00,000
- Tax audit	70,000	70,000
- Certification	2,20,000	2,25,000
General and other administration expenses	44,66,445	34,94,580
Total	7,70,25,127	6,33,99,745

Note 34: Income Tax Expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<u>(a) Major components of income tax expense:</u>		
(i) Current Income Tax		
- Current income tax charge	1,38,85,478	61,31,959
- Adjustments in respect of current income tax of previous year	28,43,232	-
	1,67,28,710	61,31,959
(ii) Deferred Tax		
- Relating to origination/reversal of temporary differences	96,949	(2,78,762)
	96,949	(2,78,762)
Income tax expense reported in the statement of profit or loss	1,68,25,659	58,53,197
<u>(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:</u>		
Profit/(Loss) before tax from continuing operations	5,32,04,514	2,33,09,409
Indian tax rate	27.82%	27.55%
Tax at the Indian tax rate	1,34,12,499	58,66,978
Effect of:		
Non-Deductible expenses for tax purposes	10,39,072	7,25,429
Tax exempt income	-	(12,585)
Income taxed at special rates	(8,757)	-
Deferred Tax	96,949	(2,78,762)
Others	22,85,896	(4,47,864)
Total Income Tax Expense	1,68,25,659	58,53,197

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Financial Information as of and for the three months ended June 30, 2021 and for the FY 2020-21 and FY 2019-20 all prepared in accordance with the Companies Act and Ind AS, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Information" on page 71. Unless otherwise stated, the financial information used in this chapter is derived from the consolidated financial statements of our Company.

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 sections titled "Risk Factors" and "Forward-Looking Statements" on pages 16 and 11 respectively.

Our financial year ends on March 31 of each year, so all references to a particular "financial year" and "Fiscal" are to the twelve (12) month period ended March 31 of that year. References to the "Company", "we", "us" and "our" in this chapter refer to B N Rathi Securities Limited, as applicable in the relevant period, unless otherwise stated.

Overview of Our Business

We are a financial services company based in South India that offers financial products and services. Over the years, from being primarily a Telangana/ Andhra Pradesh centric broking firm, we have transformed ourselves by establishing presence into other states in India. As on September 30, 2021, we had 4 branches and 400 business associates across the states of Telangana, Andhra Pradesh, Tamil Nadu, Maharashtra, Rajasthan and Gujarat having over 45,803 retail clients.

B.N. Rathi Securities Limited ("**BNRSL**") was incorporated as Lark Leasing Limited, under the Companies Act, 1956 vide Certificate of Incorporation dated September 30, 1985 with Registration No. 5838 of 1985-86 in the State of Andhra Pradesh. The Certificate of Commencement of Business was issued by the Registrar of Companies, Andhra Pradesh on October 14, 1985. The name of our Company was changed to B.N. Rathi Securities Ltd and fresh Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh on September 15, 1994. Our Corporate Identification Number is L65993TG1985PLC005838.

Our innovative product offerings, based on a deep understanding of customer behaviour, include completely paperless account opening, advanced technological solutions and robo-advisory services etc. With a robust trading platform, advanced mobile application and an artificial intelligence powered robo-advisory platform, we offer advanced technology-led services to our customers, leading to an enhanced user-friendly experience across the investment lifecycle.

We provide a wide range of financial services to our clients including and in relation to:

1. **Equity Brokerage** - We offer equity trading and research-based equity advisory services to retail clients and high net worth individuals with a focus on generating wealth for clients through stock advisory and trading strategies. Our equity trading services model combines a dedicated relationship and dealing team to ensure continuous growth of services. While the dealing teams regularly update the equity trading clients with market updates and also execute their trades, the relationship team continues to acquire and enrol new clients for its services. We have a customer centric approach towards our retail clients and high net worth individuals through regular research & analytics, call & trade facility and customer support.

As on September 30, 2021, we had approximately 45,803 registered clients. We operate our equity broking business through 4 branches and 400 business associates across India.

2. **Depository Services** - We are a depository participant with the CDSL. Investors can open demat accounts for holding equity shares and mutual funds. Our depository services form a part of our diversified offering to our equity trading clients, who are able to use depository services to settle their trade through us.

As on September 30, 2021, we had approximately 39,829 depository accounts with CDSL.

3. **Currency Trading** - We entered the currency trading business in the year 2010 and have membership of the major currency exchange in India i.e. NSE. We provide foreign exchange hedging strategies for corporates and individuals. We provide trading strategies on domestic pairs, global majors such as EUR/USD, GBP/USD and USD/JPY as well as major crosses such as EUR/GBP, EUR/JPY & GBP/JPY.
4. **Commodities Brokerage** - We provide commodity broking facilities as member of MCX. Under our commodity broking, we primarily provide broking services for metals, bullion (gold and silver), energy (Crude Oil and Natural Gas) and agro-commodities (pepper, rubber, cardamom, turmeric, chilli, cumin seed and refined soya, among others). As on September 30, 2021, we had approximately 11,002 clients for our commodity broking business.

5. Customer Centric Approach:

Research desk: We have a tie-up with a team of qualified and experienced research analysts providing customized services to our customers so that our customers benefit from their investment activity. Our research products include company research reports, technical analysis research reports, and daily reports.

Centralized dealing desk open till Midnight: We have a team of qualified and experienced dealers who service our commodities trading clients from the centralized dealing desk.

Customer Service Desk: The customer service desk is operated by a team of qualified customer service executives. These executives have access to the back office databases which helps them in resolving customer queries relating to account opening, depository operations, billings etc.

Investor Education: We conduct events like seminars and workshops for investor education.

Our financial performance for the three months period ended on June 30, 2021, FY 2020-21 and FY 2019-20 is summarized below:-

(₹ in lakhs)			
Particulars	Three Months ended on June 30, 2021	FY 2020-21	FY 2019-20
Revenue from operation	684.68	2,972.78	2,367.08
EBITDA	195.36	627.40	304.81
Profit after tax	124.65	363.69	170.15

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The business of our Company is subject to various risks and uncertainties those discussed in section titled “Risk Factors” on page 16. Our financial condition and results of operations are also affected by various factors of which the following are of particular importance:

Macroeconomic conditions

The financial services industry is highly sensitive to conditions in the domestic and global equity, debt, currency and financial markets. Macroeconomic factors such as political stability, monetary and fiscal policy, any change in regulations or laws of the land etc. have the potential to materially impact our business.

Conditions in securities’ market

A substantial portion of our income is derived from broking services across equities (cash and derivatives) and currency. Distribution of financial products also contributes to our revenues. All such products and services are dependent on favorable capital market conditions, investor confidence and other factors that affect the volume of securities trading in India. Hence, events adversely impacting Indian securities market volumes may adversely affect our business. Trading volumes are primarily influenced by factors outside our control. These factors include, but are not limited to government changes to monetary, fiscal or trade policies, political and market conditions, interest rates, foreign exchange rates and inflation. A market downturn would lead to a decline in the volume of transactions that we execute for our customers and in turn will result in decline in our revenues received from our business.

Competition

The market for financial services is highly competitive. We face significant competition from other established players which provide a digital / online platform for broking services and investment in financial products. Some of these firms have greater resources and/or a more widely recognized brand than us, which may give them a competitive advantage.

Regulatory oversight

We operate in sectors that are regulated in India, and our activities are subject to supervision and regulation by multiple statutory and regulatory authorities including SEBI and various stock exchanges. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in the various regulations and policies. Such changes in regulatory policies affecting the financial services industry may require changes to our business operations, pricing, and technological processes and thus may involve additional costs and management time. While it may be possible that certain regulatory changes would be positive for our business operations, it may also so happen that such changes could adversely affect our financial condition and results of operations.

Human Resources

The Indian financial services sector is highly competitive, and it can be difficult and expensive to attract and retain talented and experienced employees. The departure or other loss of our key professionals who manage substantial client relationships or who possess substantial experience and expertise could impair our ability to compete efficiently, which could materially adversely affect our business.

Technology

Information technology systems are crucial to the success of our business operations and help us improve our overall productivity. Our failure to maintain or improve or upgrade our information technology systems in a timely manner could materially and adversely affect our business. Considering the rapid pace of innovations in technology globally, our inability to adapt may have significant impact on our operations.

Changes in Accounting Policies

There have been no changes in the accounting policies during the FY 2020-21.

Reservations, Qualifications and Adverse Remarks

There are no reservations or qualifications or adverse remarks in the auditors' report for FY 2020-21.

Principal Components of our Statement of Profit and Loss

With respect to turnover there is percentage wise reduction of overall expenses over previous year.

COMPARISON OF HISTORICAL RESULTS OF OPERATIONS

FY 2020-21 Compared to FY 2019-20

Total Revenue

Revenue from operations

The consolidated revenues Increased to ₹ 2,972.78 lakhs in 2021 from ₹ 2,367.08 lakhs in 2020.

Other income

Other income for the FY 2020-21 was ₹ 338.75 Lakhs as compared to ₹ 275.80 Lakhs for the FY 2019-20, representing a /Increase of 19%. The increase in other income was primarily due to increase in fixed deposits with the banks.

Expenses

Our total expenditure for the FY 2020-21 was ₹ 2,779.59 Lakhs as compared to ₹ 2,414.20 Lakhs for the FY 2019-20, representing a increase of 13.15%.

Related Party Transactions

For details, please see the chapter titled “Financial Information” beginning on page 72.

Significant developments after June 30, 2021 that may affect our future results of operations

Other than as disclosed in this Draft Letter of Offer, there have been no significant developments after June 30, 2021 that may affect our future results of operations. For further information, please see the chapter titled “Material Developments” on page 138.

SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Our Company, our Directors and our Promoter are subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business. Except as disclosed below there are no outstanding litigation involving our Company and/or our Promoter /Directors with respect to (i) issues of moral turpitude or criminal liability on the part of our Company, Our Subsidiary Companies and/or our Promoters/Directors, (ii) material violations of statutory regulations by our Company, Our Subsidiary Companies and/or our Promoters/Directors, (iii) economic offences where proceedings have been initiated against our Company, Our Subsidiary Companies and/or our Promoters/Directors, (iv) any matters which if they result in an adverse outcome would materially and adversely affect operations or financial position of our Company, Our Subsidiary Companies and/or our Promoters/Directors. For the purpose of point (iv) above, the Right Issue Committee on 27th October 2021 had approved a materiality policy ('Materiality Policy'). As per the said policy the materiality threshold shall be calculated based on audited financial statements of the last audited financial year and would mean event/ information where the value involved or the impact (i) exceeds 10% per cent of the consolidated gross turnover, or (ii) exceeds 10% per cent of the consolidated net worth; (whichever is lower).

A. LITIGATIONS INVOLVING OUR COMPANY

Litigations filed against our Company

- a. *Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company:*

Tax Proceedings

The following tax proceedings are pending against the Company:

(i) Direct Tax

As per website of Income Tax, the following e-proceedings are shown as pending with "open" or "pending" status. However, the amount has not been mentioned and cannot be crystallized:

Assessment Year	Proceeding Name	Proceeding Status
2017-2018*	Adjustment u/s 143(1)(a)	Pending
2018-2019*	Defective Notice u/s 139(9)	Pending
2019-2020*	Adjustment u/s 143(1)(a)	Pending

**Note: Our Company has filed its representation to Income Tax Authority stating that there is a glitch in their computer programme as there is wrong mentioning with the description " Pending" and all these assessment years are barred by limitation and no notice or intimation has been received by assessee. Also, there is no demand for all the above assessment years. There appears to be a glitch in the computer programme.*

(ii) Tax Deducted at Source (TDS)

Sr. No	Financial Year	Total Default (Amount in ₹)
1.	Prior Years	99,525.10
Total		99,525.10

Civil Cases

Nil

- b. *Matters involving issues of moral turpitude or criminal liability on the part of our Company.*
There are no issues of moral turpitude or criminal liability on part of the Company.
- c. *Matters involving material violations of Statutory Regulations by our Company.*
There are no material violations of Statutory Regulations by the Company.
- d. *Economic Offences where proceedings have been initiated against our Company.*
There are no matters involving economic offences where proceedings have been initiated against our Company.

II. LITIGATIONS FILED BY OUR COMPANY.

- a. *Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company:*

1. **B.N. Rathi Securities Limited vs. Smt Hari Gayathri**

Our Company has filed a case numbering 326 of 2014 before the court of XI Addl. Chief Judge, City Civil Court, Hyderabad against Smt. Hari Gayathri (“**Defendant**”) for not giving the possession of the property situated at bearing Sy.No. 64, admeasuring Ac.3-02 Cents situated at Vedadri Village, Jaggaiahpet Mandal, Krishna Dt . Our claims that the Defendant agreed to sell the said property for an amount of ₹ 15,00,000 (Rupees Fifteen Lakhs) and that the plaintiff had paid the amount of ₹ 14,74,864 (Rupees Fourteen Lakhs Seventy Four Thousand Eight Hundred and Sixty Four) out of the total sale consideration by way of adjustment as mentioned in the sale agreement executed between the parties. The said matter is still pending before the court of XI Addl. Chief Judge, City Civil Court, Hyderabad.

B. LITIGATIONS INVOLVING OUR DIRECTORS OTHER THAN PROMOTERS OF OUR COMPANY

- (I) Litigations filed against our Directors

- a. *Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Directors:*

Tax Proceedings

The following tax proceedings are pending against the Directors:

- (i) **Direct Tax**

Nil

- (ii) **Income Tax:**

Nil

- b. *Matters involving issues of moral turpitude or criminal liability on the part of our Directors.*

There are no issues of moral turpitude or criminal liability on part of our Directors.

- c. *Matters involving material violations of Statutory Regulations by our Directors.*

There are no material violations of Statutory Regulations by our Directors.

- d. *Economic Offences where proceedings have been initiated against our Directors.*

There are no matters involving economic offences where proceedings have been initiated against our Directors.

C. LITIGATIONS INVOLVING OUR PROMOTERS

- a. *Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Promoter:*

Tax Proceeding

The following tax proceedings are pending against Promoter:

- (i) **Direct Tax**

As per website of Income Tax, the following e proceedings are shown as pending with ‘open’ status. However, the amount has not been mentioned and cannot be crystallized:

Assessment Year	Proceeding Name	Opt for E- Proceeding	Proceeding Status	Action
Chetan Rathi				
2013-2014*	Defective Notice u/s 139(9)		Pending	
Hari Narayan Rathi				
2012-2013*	Defective Notice u/s 139		Pending	
2013-2014*	Defective Notice u/s 139		Pending	
2014-2015*	Defective Notice u/s 139		Pending	

(ii) **Income Tax:**

As per website of Income Tax Department for outstanding tax demand, following defaults in the payment of Income Tax by the Company are still outstanding:

Assessment Year	Section Code	Demand Identification Number	Date on which demand is raised	No. of Defaults	Outstanding Demand (Amount in ₹)	Accrued Interest Amount in ₹)
Chetan Rathi						
2008*	143(1)	2009200851006797766T	June 27, 2009	(1)	24,344	2673
2010*	154	2011201037028195112T	February 15, 2012	(1)	37,660	-
Total					62,004	2673

**Note: Our Promoters have filed their representation to Income Tax Authority stating that there is a glitch in their computer programme as there is a wrong mentioning with the description "Defective and there is no demand for the above assessment years, as per the assessment orders received."*

F. LITIGATIONS INVOLVING OUR SUBSIDIARY COMPANY

- a. *Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Subsidiary Company:*

Tax Proceeding

The following tax proceedings are pending against our Subsidiary Companies:

(i) **Direct Tax**

As per website of Income Tax, the following e proceedings are shown as pending with 'open' status. However, the amount has not been mentioned and cannot be crystallized:

Assessment Year	Proceeding Name	Opt for E- Proceeding	Proceeding Status	Action
B.N. Rathi Industries Private Limited				
2013-2014	Defective Notice u/s 139(9)		Pending	
2014-2015	Defective Notice u/s 139(9)		Pending	
2018-2019	Adjustment u/s 143(1)(a)		Pending	

**Note: Our Company has filed its representation to Income Tax Authority stating that there is a glitch in their computer programme as there is wrong mentioning with the description " Pending" and all these assessment years are barred by limitation and no notice or intimation has been received by assessee. Also, there is no demand for all the above assessment years. There appears to be a glitch in the computer programme.*

(ii) **Income Tax**

Nil

(iii) **Tax Deducted at Source (TDS)**

Sr.no	Financial Year	Total Default (in ₹.)
B.N. Rathi Comtrade Private Limited		
1.	Prior Years	174.00
Total		174.00

- b. *Matters involving issues of moral turpitude or criminal liability on the part of our Subsidiary Companies.*

There are no issues of moral turpitude or criminal liability on part of our Subsidiary Companies.

- c. *Matters involving material violations of statutory regulations by our subsidiary companies*

There are no material violations of Statutory Regulations by our Subsidiary Companies.

- d. *Economic offences where proceedings have been initiated against our subsidiary companies*

There are no matters involving economic offences where proceedings have been initiated against our Subsidiary Companies.

MATERIAL DEVELOPMENTS

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” on page 131 of this Draft Letter of Offer.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company is required to comply with the provisions of various laws and regulations and obtain approvals, registrations, permits and licenses under them for conducting our operations. The requirement for approvals may vary based on factors such as the activity being carried out and the legal requirements in the jurisdiction in which we are operating. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage. Our Company has obtained all material consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on our present business activities. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we will apply for their renewal, from time to time. As on the date of this Draft Letter of Offer, there are no pending material approvals required for our Company or any of our Subsidiaries, to conduct our existing business and operations.

Material pending government and regulatory approvals pertaining to the Objects of the Issue

As on the date of this Draft Letter of Offer, there are no material pending government and regulatory approvals pertaining to the Objects of the Issue

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on September 24, 2021, and by the shareholders of the Company in the EGM held on October 23, 2021 pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

Our Board of Directors has, at its meeting held on September 24, 2021, determined the Issue Price as ₹ 22 per Rights Equity Share in consultation with the Lead Manager, and the Rights Entitlement of upto Two (2) Equity Share for every Three (3) fully paid-up Equity Share(s) held on the Record Date.

Our Company has received 'in-principle' approval for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letter dated [•] issued by BSE for listing of the Rights Equity Shares to be allotted pursuant to the Issue.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

The companies with which our Promoters or our Directors are associated as promoters or directors have not been debarred from accessing the capital market by SEBI. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchange or ROC, etc. on our Company/Subsidiary Company/Promoters/Directors/Group Companies.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, Subsidiary Company nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the website of BSE.; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Draft Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

The Draft Letter of Offer will not be filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is below ₹ 5000.00 lakhs. However, the Letter of Offer will be filed with SEBI for information and dissemination.

Disclaimer from our Company, our Directors and the LM

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website <https://www.bnrsecurities.com/> would be doing so at his or her own risk.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company, 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 the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law 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 Telangana, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to 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 prior to the filing with the Stock Exchange.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter 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 Equity Shareholders of our Company and will dispatch the Draft letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity 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, or the possession, circulation, or distribution of this Draft letter of Offer/ Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI and the Stock Exchanges.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft letter of Offer/ Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft letter of Offer/ Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft 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 of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, 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 behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form 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 under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. 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 ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the BSE and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the BSE.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders' Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. 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. Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process or the optional mechanism R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process). For details on the ASBA process and R-WAP, see "*Terms of the Issue*" beginning at page 145 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue**KFin Technologies Private Limited,**

Selenium, Tower- B, Plot No. 31 & 32, Financial district, Nanakramguda, Serilingampally,
Karvy Selenium, Mandal, Hyderabad, Telangana, 500032

Tel No: +91 40 – 67162222/ 18003454001

Fax No: +91 40 – 23431551

Email: einward.ris@karvy.com

Website: www.kfintech.com

Investor Grievance Email: bnrsecurities.rights@kfintech.com

Contact Persons: Mr. M. Muralikrishna

SEBI Registration Number: INR000000221

CIN: U72400TG2017PTC117649

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Gadila Sabitha Reddy is our Company Secretary. Her contact details are set forth hereunder:

Address: 6-3-652, IV Floor, Kautilya, Amrutha Estates,

Somajiguda, Hyderabad – 500 082, Telangana, India

Telephone: + 91 40 4052 7777

Email: sabita@bnrsecurities.com

M Venu Gopal Rao is our Compliance Officer of our Company. His contact details are set forth hereunder:

Address: 6-3-652, IV Floor, Kautilya, Amrutha Estates,

Somajiguda, Hyderabad – 500 082 Telangana, India

Telephone: + 91 40 4052 7777

Email: mvrao@bnrsecurities.com

SECTION IX – ISSUE RELATED INFORMATION

Terms of the Issue

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, the Application Form and the Rights Entitlement Letter, 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. Investors who are eligible to apply under the ASBA process or, R-WAP, as the case may be, are advised to make their independent investigations and to ensure that the Application Form and the Rights Entitlement Letter are correctly filled up.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncees) shall make an application for a rights issue only through ASBA facility. However, in view of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, relaxation from the strict enforcement of the SEBI – Rights Issue Circular has been provided by SEBI, vide its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021. As per the said circulars, all eligible shareholders shall be able to apply to this Issue through an optional mechanism (non- cash mode only), in this case being R-WAP in addition to the ASBA facility.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, including the Application Form and the Rights Entitlement Letter, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice.

Important:

1. Dispatch and availability of Issue materials

In accordance with the SEBI ICDR Regulations, our Company will send, only through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Draft Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to our Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.bnrsecurities.com
- b) the Registrar to the Issue at <https://rights.kfintech.com>
- c) the Lead Manager at www.bajajcapital.com
- d) the Stock Exchanges at www.bseindia.com; and
- e) the Registrar's web-based application platform at <https://rights.kfintech.com> ("R-WAP")

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at <https://rights.kfintech.com> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and such other credentials for validation of the identity of the shareholder, as may be required. The link for the same shall also be available on the website of our Company (i.e., www.bnrsecurities.com).

Please note that neither our Company nor the Registrar shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to nonavailability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction outside India, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. 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 and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 (Collectively hereafter referred to as “**SEBI Rights Issue Circulars**”) and SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (Collectively hereafter referred to as “**ASBA Circulars**”), all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for Resident Individual Investors in this Issue, i.e., R-WAP. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, and therefore will have to apply through ASBA mode. Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “Procedure for Application through the ASBA Process” and “Procedure for Application through R-WAP” on pages 155 and 157 respectively.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk on the website of the Registrar to the Issue at <https://rights.kfintech.com> or call helpline number +91 40 67162222/18003094001 . For details, see “Procedure for Application through R-WAP” on page 157.

Registrar’s Web-based Application Platform (R-WAP): In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.kfintech.com>), has been instituted for making an Application in this Issue by Resident Individual Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, Resident Individual Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

PLEASE NOTE THAT ONLY RESIDENT INDIVIDUAL INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTOR NUMBER 6 ON PAGE NO.25 OF THIS DRAFT LETTER OFFER - THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS” ON PAGE 162.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (<https://rights.kfintech.com>) or call helpline number (+91 40 67162222/18003094001) . For details, see “- Procedure for Application through the R-WAP” on page 157.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP) shall be treated as incomplete and shall be rejected. For details see “Grounds for Technical Rejection” on page 168 of this Draft Letter of Offer. Our Company, the Lead

Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect dematerialized (herein after known as “demat”) details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “Application on Plain Paper under ASBA process” on page 157 of this Draft Letter of Offer.

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Resident Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “[●]”) will be opened by our Company, for the Resident Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Resident Eligible Equity Shareholder which are frozen or suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company; (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements shall be generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than [●], [●], 2021 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer. Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after entering in their respective details along with other security control measures implemented thereat.

4. Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form:

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company along with documents such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares, at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to Issue Closing Date, will not be able to renounce their Right Entitlements and shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 148.

5. Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. 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 finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “Basis of Allotment” beginning on page 171.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

6. Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renouncee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Rights Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled “Procedure for Application through the ASBA process” and “Procedure for Application through R-WAP” on pages 157 of this Draft Letter Of Offer.

Renouncees

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to the Issue shall, unless otherwise specified, apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorized by a resolution of Board of Directors on September 24, 2021 and members resolution passed on October 23, 2021 pursuant to Section 62(1)(a) of the Companies Act.

The Board of Directors in their meeting held on September 24, 2021 have determined the Issue Price at ₹ 22/- per Equity Share and the Rights Entitlement as 2 (two) Rights Equity Share(s) for every 3 (three) fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from BSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letter dated [●].

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity 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 dematerialized 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, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

Rights Entitlement (“REs”) (Rights Equity Shares)

Eligible Equity Shareholders whose names appear as beneficial owners in respect of the Equity Shares held in dematerialized form or appear in the register of members as Equity Shareholders of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], are entitled to the number of Rights Equity Shares as set out in the Application Form.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue <https://rights.kfintech.com> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and such other credentials for validation of identity. The link for the same shall also be available on the website of our Company (www.bnrsecurities.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in demat form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., <https://rights.kfintech.com>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements are credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and in accordance with the SEBI ICDR Regulations, will send, only through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Draft Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to our Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange’s websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the

Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS 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 ₹ 22/- per Rights Equity Share in the Issue.

The Issue Price has been arrived at by our Company in consultation with the Lead Manager prior to the determination of the Record Date.

The Rights Equity Shares issued in this Issue will be fully paid-up. The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations.

The Board, at its meeting held on September 24, 2021, has determined the Issue Price, in consultation with the Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 2 (two) Rights Equity Share(s) for every 3 (three) Equity Share(s) held on the Record Date.

Rights of instrument holder

Each Rights Equity Share shall rank pari passu with the existing Equity Shares of the Company.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [•]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On-Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [•], [•], 2021 to [•], [•], 2021 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see “Procedure for Renunciation of Rights Entitlements – On Market Renunciation” and “Procedure for Renunciation of Rights Entitlements – Off Market Renunciation” on page 162.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date

Terms of Payment

The entire amount of the Issue Price of ₹ 22/- per Rights Equity Share shall be payable at the time of Application.

Where an Applicant has applied for additional Rights Equity Shares and is allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 2 (two) Rights Equity Share(s) for every 3 (three) Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is not in the multiple of [●] ([●]), the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company, 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 Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

The existing Equity Shares are listed and traded on BSE (Scrip Code: 523019) and under the ISIN: INE710D01010. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the Existing ISIN of the Company i.e. INE710D01010 and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights

Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to the Issue by our Promoter and Promoter Group

For details of the intent and extent of the subscription by our Promoter and Promoter Group, see “Capital Structure – Intention and extent of participation by our Promoter and Promoter Group in the Issue” on page 39.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association

General terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold such Equity Share as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. Application Forms would be required to be signed by all the joint holders to be considered valid.

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 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

Since the Allotment of Rights Equity Shares is in dematerialized form only, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in the Issue. Nominations registered with respective Depository Participant of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective Depository Participant.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialized form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be effected, unless the securities are held in the dematerialized form with a depository.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars, our Company will send, primarily through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Draft Letter of Offer will be provided, primarily through email, by the Registrar on behalf of our Company and the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to the Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

Further, our Company along with the Lead Manager will undertake all adequate steps to dispatch the physical copies of the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one (1) Telugu language daily newspaper with wide circulation at the place where our Registered Office is situated.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or the optional mechanism. Kindly note that the R-WAP mechanism is available only for Resident Individual Investors. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, and therefore will have to apply through ASBA mode. Further, the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date can apply for this Issue through ASBA facility or R-WAP. For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see "Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form" on page 164.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, the Lead Manager, and the Registrar 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.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent primarily through email before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email-to-email address if they have provided an Indian address to our Company.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to the Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by our Company, Eligible Equity Shareholders should visit <https://rights.kfintech.com>. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.bnrsecurities.com
- b) the Registrar to the Issue at <https://rights.kfintech.com>
- c) the Lead Manager at www.bajajcapital.com
- d) the Stock Exchanges at www.bseindia.com and
- e) the Registrar's web-based application platform at <https://rights.kfintech.com> ("R-WAP")

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.kfintech.com>) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and such other credentials for validation of the identity of the shareholder, as may be required. The link for the same shall also be available on the website of our Company (i.e., www.bnrsecurities.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on RWAP platform available at <https://rights.kfintech.com> and make online payment using the internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP which is available only for Resident Individual Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 168. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “Application on Plain Paper under ASBA process” on page 160.

Options available to the Eligible Equity Shareholders

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at <https://rights.kfintech.com> and link of the same would also be available on the website of our Company at (www.bnrsecurities.com). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. [●] shall not be able to apply in this Issue. Such resident Eligible Equity Shareholders must check the procedure for Application in “Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form” on page 164.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Procedure for Application through R-WAP:

Resident Individual Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “Risk Factor- The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways” on page 24.

Set out below is the procedure followed using the R-WAP:

- a) Resident Individual Investors should visit R-WAP (accessible at <https://rights.kfintech.com>) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- a) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- b) Only Resident Individual Investors are eligible to apply in this Issue through R-WAP.
- c) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- d) The Investors who are Renouncees should select the category of ‘Renouncee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- e) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.
- f) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on

submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021.

- g) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- h) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- i) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP, the optional mechanism devised by the Lead Manager and the Registrar and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility, will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "Application on Plain Paper under ASBA process" on page 160.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled "Terms of the Issue" on page 145. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "Basis of Allotment" on page 171.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialised Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using R-WAP.

Applications by Overseas Corporate Bodies

By virtue of the 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 OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity 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 be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). 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 and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., <https://rights.kfintech.com>). Such Eligible Equity Shareholders can make an Application or renounce their entitlement only after the Rights Entitlements are credited to their respective demat accounts.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

THE LEAD MANAGER, THE REGISTRAR AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stockbroker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time. The Rights

Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 2 (Two) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., [●] to [●] (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Alternatively, Eligible Equity Shareholders may also use the Application Form available online on the websites of our Company, the Registrar to the Issue, the Stock Exchange, the Lead Manager or the R-WAP to provide requisite details.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being B.N Rathi Securities Limited;
- Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- Registered Folio Number and DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹ 22/- per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR Eligible Equity Shareholders making an application with an Indian address, 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;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
- Additionally, all such Applicants are deemed to have accepted the following:

"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended ("US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof ("United States") or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act ("Regulation S"). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application 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 said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

“I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms 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, Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.kfintech.com>. Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Last date for Application

The last date for submission of the duly filled in Application Form or a plain paper Application is [●], i.e. the Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under “Terms of the Issue - Basis of Allotment” on page 171.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors 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 Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through the R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility.

Mode of payment for Non-Resident Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar.

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign

Currency Non-Resident (“FCNR”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the 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. 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.

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. In case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

Procedure for application by Resident Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company, shall be credited in a demat suspense escrow account opened by our Company.

To update respective email addresses/ mobile numbers in the records maintained by our Company, Eligible Equity

Shareholders should visit at <https://rights.kfintech.com> .

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, registered post, speed post, courier, or hand delivery or by uploading the said documents in the “Demat Account Registration” module available in the portal of the Registrar at <https://rights.kfintech.com> so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
3. The remaining procedure for Application shall be same as set out in “Application on Plain Paper under ASBA process” beginning on page 160.
4. The Eligible Equity Shareholders can access the Application Form from:
 - Our Company at www.bnrsecurities.com
 - the Registrar to the Issue at <https://rights.kfintech.com>
 - the Lead Manager at www.bajajcapital.com
 - the Stock Exchange at www.bseindia.com; and
 - the Registrar’s web-based application platform at <https://rights.kfintech.com> - (“R - WAP”)

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (<https://rights.kfintech.com>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and such other credentials for validation of the identity of the shareholder, as may be required. The link for the same shall also be available on the website of our Company (www.bnrsecurities.com).

5. The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR

THE ISSUE CLOSING DATE, AS THE CASE MAY BE.

FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 172.

General instructions for Investors

- a) Please read this Draft Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you.
- c) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- d) Application should be made only through the ASBA facility or using R-WAP.
- e) Application should be complete in all respects. The Application Form 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, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- f) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process” on page 160.
- g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for Resident Individual Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP.

- h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- i) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- j) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- k) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar and the Lead Manager.
- l) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- m) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications 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 Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.
- n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the optional facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- o) For physical Applications through ASBA at Designated Branches of SCSB, 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 any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- p) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. 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.
- q) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- r) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application

through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

- t) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their 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.
- u) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- v) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

- a) Ensure that the Application Form and necessary details are filled in.
- b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.
- d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- a) 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 dematerialized form only.
- b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

- d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Do's for Investors applying through R-WAP:

- a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment.
- d) Ensure that you receive a confirmation email on successful transfer of funds.
- e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application

Don'ts for Investors applying through R-WAP:

- a) Do not apply from bank account of third parties.
- b) Do not apply if you are a non-resident Investor.
- c) Do not apply from non-resident account.
- d) Do not apply from corporate account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar/ Depository.

- b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- e) Account holder not signing the Application or declaration mentioned therein.
- f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- i) Applications by 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.
- j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- l) Physical Application Forms not duly signed by the sole or joint Investors.
- m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- n) If an Investor is (a) debarred by SEBI; 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 Entitlements.
- o) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- p) Applications which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

- a) Applications by non-resident Investors.
- b) Payment from third party bank accounts.
- c) Application by shareholders holding in physical form without providing demat account details.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

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 and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the intimation of unblocking of ASBA Account or refund (if any) would be sent/dispatched to the address of the Investor as per the email address provided to our Company or Demographic Details received from the Depositories. The Registrar 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. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (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 Application Forms are liable to be rejected.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see "Investment by Mutual Funds" below on page 176.

In cases where multiple Applications are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected (other than multiple applications submitted by any of the Promoters or members of the Promoter Group as described in Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue " on page 39).

Underwriting

The Issue is not underwritten.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted.. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue schedule

Last date for credit of Rights Entitlements	[•]
Issue Opening Date	[•]
Last date for On Market Renunciation*	[•]
Issue Closing Date*	[•]
Finalising the basis of allotment with the Designated Stock Exchange (on or about)	[•]
Date of Allotment (on or about)	[•]
Date of credit (on or about)	[•]
Date of listing (on or about)	[•]

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

**Our 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). Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [•], [•] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

Basis of Allotment

- Subject to the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:
- Full Allotment to those Eligible Equity 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 its/their favor, in full or in part, as adjusted for fractional entitlement.
- As per SEBI Rights Issue Circulars, for Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity is not in multiples of 30 (thirty), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of 1 (One) additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, subject to availability of Rights Equity shares post allocation towards Rights Entitlement applied for under (a) above. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after Allotment under (a) above. If the number of Rights Equity Shares required for Allotment under this head is more than number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlement and have also applied for Additional Rights Equity Shares shall be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are unsubscribed Rights Equity Shares after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in

consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

- e) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and also have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares shall be made on a proportionate basis as part of the Issue and will not be a preferential allotment.
- f) Allotment to any other person that our Board may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.
- g) After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

- a) 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 Application;
- b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advices/Refund Orders

Our Company will issue and send/dispatch Allotment advice, refund instructions (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or unblocking the funds in the respective ASBA 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 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

In case of Applications through the R-WAP, refunds, if any, will be made to the registered bank account details in demat account. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Investors residing at centers 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 where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. 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 accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form was available only for a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., until May 10, 2019.

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor's address provided by the Eligible Equity Shareholders to our Company. 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 favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

Payment of Refund

Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

1. Unblocking amounts blocked using ASBA facility;
2. **National Automated Clearing House ("NACH")** – NACH 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 centers 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 centers 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 the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.
3. **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 Code**"), 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 our Company or with the Depository Participant while opening and operating the demat account, such MICR number and the bank account number 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.
4. **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for such refund would be borne by our Company.
5. **RTGS** – If the refund amount exceeds ₹ 200,000, 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 Application Form. In the event such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
6. For all other Investors, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
7. 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.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

Refund payment to Non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

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 or 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 or Demat Credit

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Option to receive Right Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE

ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

- The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:
- 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 each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- 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 or the Depositories.
- The responsibility for correctness of information filled in the Application Form 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 Application Form should be the same as registered with the Investor's depository participant.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat

suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders whose Equity Shares are with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar 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.

- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized 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.

Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue for further details, please refer to “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 160.

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

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. The FPIs who wish to participate in the Issue are advised to use the ASBA Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, only Category I FPIs, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons eligible to be registered as Category I FPIs; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI may transfer offshore derivative instruments to persons compliant with the requirements of Regulation 21(1) of the SEBI FPI Regulations and subject to receipt of consent, except where pre-approval is provided.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI 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 SEBI 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 SEBI 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 SEBI 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

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs.

Investment by NRIs

Investments by NRIs are governed by Rule 12 of FEMA Rules. Applications will not be accepted from NRIs in Restricted Jurisdictions.

NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per Rule 12 of the FEMA Rules read with Schedule III of the FEMA Rules, an NRI or OCI may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Investment by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

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 Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Impersonation

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

“Any person who:

1. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
2. 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
3. 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.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

Dematerialised Dealing

Our Company has entered into tripartite agreements dated June 27, 2001 and June 05, 2001 with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN: INE710D01010.

Disposal of Applications and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application. Our 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 will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the registered bank account, in case of an application using the R-WAP facility. 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 unblocked in the respective ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date and refunded in the respective bank accounts from which Application Money was received on or before T+1 day (T being the date of finalisation of Basis of Allotment), in case of applications made through R-WAP facility. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment). 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 Application Form carefully.

Utilization of Issue Proceeds

Our Board of Directors declares that:

- a) All monies received out of the Issue shall be transferred to a separate bank account;
- b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- c) Details of all unutilized 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 unutilized monies have been invested; and
- d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

- i. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- ii. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- iii. The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- iv. 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.
- v. In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- vi. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.
- vii. At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- viii. Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- ix. Our Company accepts full responsibility for the accuracy of information given in this Draft 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 this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum subscription

In accordance with proviso to Regulation 86 of SEBI ICDR Regulations amended vide SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. September 28, 2020 our company is not required to achieve minimum subscription for the Rights Issue on account of the following reason:

- 1. object of the issue involves financing other than financing of capital expenditure for a project; and
- 2. the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the BSE and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the BSE.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue anytime after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchange will also be informed promptly.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the Stock Exchange where the Equity Shares may be proposed to be listed.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter 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 16.

All enquiries in connection with this Draft Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "[●]" on the envelope to the Registrar at the following address:

KFin Technologies Private Limited

Address: Selenium, Tower- B, Plot No. 31 & 32, Financial district, Nanakramguda, Serilingampally, Karvy Selenium, Mandal, Hyderabad, Telangana, 500032

Tel No: +91 40 – 67162222/ 18003454001

Fax No: +91 40 – 23431551

Email: einward.ris@karvy.com

Website: www.kfintech.com

Investor Grievance Email: bnrsecurities.rights@kfintech.com

Contact Persons: Mr. M. Muralikrishna

SEBI Registration Number: INR000000221

CIN: U72400TG2017PTC117649

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar <https://rights.kfintech.com>. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 18003094001.

The Issue will remain open for a minimum period of 15 days. However, our 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 Closing Date).

RESTRICTION ON THE PURCHASE AND RESALE

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchange.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below:

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Draft Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Draft Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Draft Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Each person outside of the United States by accepting the delivery of this Draft Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity

Shares in an offshore transaction meeting the requirements of Regulation S.

2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” in the United States (as such term is defined in Regulation S).
3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of its jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Draft Letter of Offer with SEBI and the Stock Exchange); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Draft Letter of Offer under the heading “*Restrictions on Purchases and Resales*”.
8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
9. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers

from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Draft Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

11. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Rights Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes ("**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
12. The purchaser understands that the Exchange Information and this Draft Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchange or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Draft Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Draft Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S. SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.
13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.
14. The purchaser will not hold our Company, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.
15. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating

the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company, or to the Lead Manager, for all or part of any such loss or losses it may suffer.

16. The purchaser understands and acknowledges that the Lead Manager are assisting our Company in respect of this Issue and that the Lead Manager are acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.
17. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Draft Letter of Offer and the Application Form. The purchaser understands that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or outside of India and ineligible to participate in this Issue under applicable securities laws.
18. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that our Company and the Lead Manager, their affiliates and others (including legal counsels to each of our Company, the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Rights Equity Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Rights Equity Shares is no longer accurate, it shall promptly notify our Company in writing.

Australia

This Draft Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Draft Letter of Offer has not been lodged with the Australian Securities and Investments Commission ("ASIC") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and Rights Equity Shares under this Draft Letter of Offer may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Rights Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Draft Letter of Offer, and any offers made under this Draft Letter of Offer, you represent to the Issuer, Lead Manager that you will not provide this Draft Letter of Offer or communicate any offers made under this Draft Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or Rights Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Rights Equity Shares for on-sale that is received in Australia within 12 months after their issue by the Company, or within 12 months after their sale by a selling security holder (or a Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a

prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Rights Equity Shares should observe such Australian on-sale restrictions.

Bahrain

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Draft Letter of Offer or the performance of the Rights Entitlements or the Rights Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Draft Letter of Offer is only intended for accredited investors as defined by the Central Bank of Bahrain. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Entitlements or the Rights Equity Shares and this Draft Letter of Offer will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain has not reviewed, nor has it approved, this Draft Letter of Offer or the marketing thereof in the Kingdom of Bahrain. The Central Bank of Bahrain is not responsible for the performance of the Rights Entitlements or the Rights Equity Shares.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

China

This Draft Letter of Offer may not be circulated or distributed in the People's Republic of China ("PRC") and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Rights Equity Shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Draft Letter of Offer are required by the Issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Dubai International Financial Centre

The Rights Entitlements and the Rights Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

- i. an "**Exempt Offer**" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and
- ii. made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), neither the Rights Entitlements or the Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlements and the Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlements and the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- b) to fewer than 150 natural or legal persons per Member State (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or
- c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlements or the Rights Equity Shares shall require the Issuer or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. This Draft Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation. The Issuer does not authorize the making of any offer of Rights Entitlements and/or the Rights Equity Shares in circumstances in which an obligation arises for the Issuer to publish a prospectus for such offer.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any Rights Entitlements or the Rights Equity Shares in any Relevant State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and Rights Entitlements or any Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for those securities, and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Hong Kong

The Rights Entitlements and the Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “**prospectus**” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Rights Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948 as amended) (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “**qualified institutional investor**” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the “**Qualified Institutional Investor**”), the Rights Entitlements and Rights Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Rights Entitlements and the Rights Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To receive the Rights Entitlements and subscribe the Rights Equity Shares (the “**QII Rights Entitlements and the QII Equity Shares**”) such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Rights Entitlements and the QII Equity Shares other than to another Qualified Institutional Investor.

Kuwait

This Draft Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Rights Equity Shares in the State of Kuwait. The Rights Entitlements and the Rights Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Rights Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait (“**Kuwait Securities Laws**”). No private or public offering of the Rights Entitlements or the Rights Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Rights Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Rights Equity Shares in the State of Kuwait.

Luxembourg

The Rights Entitlements and the Rights Equity Shares offered in this Draft Letter of Offer may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Draft Letter of Offer is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Rights Entitlements and the Rights Equity Shares. Distribution of this Draft Letter of Offer to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Draft Letter of Offer or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Rights Entitlements and the Rights Equity Shares. The Rights Entitlements and the Rights Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Rights Entitlements and the Rights Equity Shares directly or indirectly to anyone in Malaysia

Mauritius

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Both this Draft Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Rights Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Draft Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Rights Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Draft Letter of Offer has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “**FMC Act**”). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Rights Entitlements and the Rights Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or
- d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Rights Entitlements or the Rights Equity Shares are issued or sold elects to sell any Rights Entitlements or Rights Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable

Oman

This Draft Letter of Offer and the Rights Entitlements and the Rights Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in the Sultanate of Oman (“**Oman**”) without the prior consent of the Capital Market Authority (“**Oman CMA**”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Rights Entitlements and the Rights Equity Shares, no Prospectus has been filed with the Oman CMA. The offering and sale of the Rights Entitlements and the Rights Equity Shares described in this Draft Letter of Offer will not take place inside Oman. This Draft Letter of Offer is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof does not constitute a public offer of the Rights Entitlements or the Rights Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the “**CMAL**”), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of CMA. Additionally, this Draft Letter of Offer and the Rights Entitlements and the Rights Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Draft Letter of Offer and the Rights Entitlements and the Rights Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar

This Draft Letter of Offer is provided on an exclusive basis to the specifically intended recipient, upon that person’s request and initiative, and for the recipient’s personal use only and is not intended to be available to the public. Nothing in this prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of the Rights Entitlements or the Rights Equity Shares in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre. This Draft Letter of Offer and the underlying instruments have not been reviewed, approved, registered or licensed by the Qatar Central Bank, The Qatar Financial Centre Regulatory Authority, The Qatar Financial Markets Authority or any other regulator in the State of Qatar. Any distribution of this Draft Letter of Offer by the recipient to third parties in Qatar or the Qatar Financial Centre beyond these terms is not authorised and shall be at the liability of the recipient.

Saudi Arabia

This Draft Letter of Offer may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the Saudi Arabian Capital Market Authority (“**CMA**”) pursuant to resolution number 3-123-2017 dated 27 December 2017 as amended by resolution number 1-104-2019 dated 30 September 2019, as amended (the “**CMA Regulations**”). The CMA does not make any representation as to the accuracy or completeness of this Draft Letter of Offer and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Draft Letter of Offer. Prospective purchasers of the Rights Entitlements and the Rights Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Rights Entitlements and the Rights Equity Shares. If you do not understand the contents of this Draft Letter of Offer, you should consult an authorized financial adviser.

Singapore

This Draft Letter of Offer has not been registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, neither this Draft Letter of Offer nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlements or the Rights Equity Shares may be circulated or distributed, nor may the Rights Entitlements and the Rights Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) existing holders of Rights Equity Shares in the Company pursuant to Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”), or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 of the Securities and Futures Act and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or where applicable, Section 276 of the Securities and Futures Act.

Any reference to the Securities and Futures Act is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B of the Securities and Futures Act: The Rights Entitlements and the Rights Equity Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Korea

We are not making any representation with respect to the eligibility of any recipients of this Draft Letter of Offer to acquire the Rights Entitlements and the Rights Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the “FSCMA”). Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Rights Entitlements and the Rights Equity Shares, except (i) where relevant requirements are satisfied, the Rights Entitlements and the Rights Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Rights Entitlements and the Rights Equity Shares may not be re-sold to Korea residents unless the purchaser of the Rights Entitlements and the Rights Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Rights Entitlements and the Rights Equity Shares.

United Arab Emirates

This Draft Letter of Offer has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the “UAE”) or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and the Rights Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. This Draft Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

United Kingdom

In the United Kingdom, this Draft Letter of Offer and any investment or investment activity to which this Draft Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Order or (iii) to whom it can otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). Persons who are not relevant persons should not take any action on the basis of this Draft Letter of Offer and should not act or rely on it or any of its contents.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the Registered Office of our Company between 11.00 a.m. to 2.00 p.m. on any Working Day from the date of the Letter of Offer until the closure of the subscription list.

A. MATERIAL CONTRACTS

- (i) Issue Agreement dated October 25, 2021 entered into between our Company and the Lead Manager.
- (ii) Registrar Agreement dated October 25, 2021 entered into between our Company and the Registrar to the Issue.
- (iii) Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
- (iv) Tripartite Agreement dated June 27, 2001 between our Company, NSDL and the Registrar to the Issue.
- (v) Tripartite Agreement dated June 05, 2001 between our Company, CSDL and the Registrar to the Issue.

B. DOCUMENTS FOR INSPECTION

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Certificate of incorporation dated September 30, 1985 in the name of 'Lark Leasing Limited'.
- (iii) Fresh certificate of incorporation dated September 15, 1994 pursuant to change of name of our Company to 'B.N. Rath Securities Limited'.
- (iv) Certificate of commencement of business dated October 14, 1985.
- (v) Resolution of the Board of Directors dated September 24, 2021 in relation to the Issue including Issue Price and the Rights Entitlement Ratio.
- (vi) Resolution of the Rights Issue Committee dated October 27, 2021 approving and adopting the Draft Letter of Offer.
- (vii) Resolution of the Board of Directors dated [●] approving the Letter of Offer.
- (viii) Consent of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Bankers to the Issue, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Letter of Offer in their respective capacities.
- (ix) Annual Reports of the Company for the past five years i.e., 2021, 2020, 2019, 2018 and 2017.
- (x) Limited Review Financial for period ended 30th June, 2021.
- (xi) Statement of Tax Benefits dated October 25, 2021 from the Statutory Auditor included in this Draft Letter of Offer.
- (xii) In principle listing approval dated [●] issued by BSE.

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 Equity Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XI - DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY



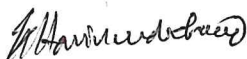
Sri. Laxminiwas Sharma
(Chairman)



Sri Hari Narayan Rathi
(Managing Director)



Sri Chetan Rathi
(Whole-Time Director & CFO)



Sri Harishchandra Prasad Kanuri
(Director)



Smt. Shanti Sree Bolleni
(Director)

Date: October 27, 2021
Place: Hyderabad, Telangana