5PAISA CAPITAL LIMITED

5paisa Capital Limited was originally incorporated on July 10, 2007 as a public limited company under the provisions of Companies Act, 1956, as amended, as India Infoline Finance Holdings Limited with the Registrar of Companies, Maharashtra at Mumbai. Our Company obtained the certificate for commencement of business on July 19, 2007 from the Registrar of Companies, Maharashtra at Mumbai. The name of our Company was subsequently changed to IIFL Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra at Mumbai on November 06, 2007. Thereafter, the name of our Company was changed to 5paisa Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Tamil Nadu at Chennai on August 12, 2015. For further details, please see section titled "*History and Certain Corporate Matters*" on page 86 of this Information Memorandum.

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Area, Wagle Estate, Thane - 400 604
Telephone: +91 22 41035000; **Facsimile:** +91 22 25806654;
Contact Person: Mr. Harshit Choudhary, Company Secretary and Compliance Officer;
E-mail: csteam@5paisa.com; **Website:** www.5paisa.com;
CIN: U67190MH2007PLC289249

INFORMATION MEMORANDUM
FOR LISTING OF 1,27,39,022 EQUITY SHARES OF RS. 10 EACH

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

OUR PROMOTERS: MR. NIRMAL BHANWARLAL JAIN AND MR. VENKATARAMAN RAJAMANI

GENERAL RISKS

Investments in equity and equity related security involves a degree of risk and investors should not invest in the equity shares of 5paisa Capital Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the "Risk Factors" on page 08 of this Information Memorandum carefully before taking an investment decision in the shares of 5paisa Capital Limited. For taking an investment decision, investors must rely on their own examination of the 5paisa Capital Limited including the risk involved.

THE COMPANY'S ABSOLUTE RESPONSIBILITY

5paisa Capital Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to 5paisa Capital Limited, which is material in the context of the issue of shares pursuant to the Scheme of Arrangement, that the information contained in this Information Memorandum 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 Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The equity shares of 5paisa Capital Limited are proposed to be listed on the BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). For the purposes of this listing, NSE is the designated stock exchange.

Our Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on our Company's website www.5paisa.com. The Information Memorandum would also be available on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).

REGISTRAR AND TRANSFER AGENT

LINK INTIME INDIA PVT LTD	**Link Intime India Private Limited,** C101, 247 Park, LBS Marg, Vikhroli (West) Mumbai - 400083 **Telephone:** +91 22 49186000, +91 22 49186200 **Fax:** +91 22 49186060 **Email:** ganesh.jadhav@linkintime.co.in, mt.helpdesk@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Mr. Ganesh Jadhav **SEBI Registration No.:** INR000004058

5paisa Capital Limited

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SECTION 1: GENERAL

1.1 DEFINITIONS AND ABBREVIATIONS

1.1.1 This Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies otherwise, have the meanings as provided below. References to any statute or regulations or policies shall include amendments thereto, from time to time:

Company related terms

Term	Description
"5paisa Capital Limited" or "5PCL" or "the Company", or "the Resulting Company", or "our Company"	5paisa Capital Limited, a public limited company incorporated under the provisions of the CA 1956, as amended, and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot no. B - 23, Thane Industrial Area, Wagle Estate, Thane - 400 604
"We" or "us" or "our"	Unless the context otherwise indicates or implies, refers to 5paisa Capital Limited
"IIFL Holdings Limited" or "IHL" or "the Demerged Company"	IIFL Holdings Limited, a public limited company, incorporated under the provisions of the CA 1956, as amended, and having its registered office IIFL House, Sun Infotech, Road No. 16V, Plot no. B - 23, Thane Industrial Area, Wagle Estate Thane – 400 604
5Paisa Digital Undertaking	As defined under the Scheme of Arrangement, 5Paisa Digital Undertaking means the entire business undertaking of IHL relating to set-up of 5Paisa digital business which includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5Paisa.com), software rights, brand (5Paisa) establishment, protection and support, infrastructure and facilities services etc. along with all related assets, investments in 5PCL, liabilities, employees, technology, software including specifically the following: i. all properties and assets, whether moveable or immoveable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, covenant and undertakings of IHL pertaining to 5Paisa Digital Undertaking; ii. all assets (whether moveable or immoveable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) including investments of IHL pertaining to 5Paisa Digital Undertaking and not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstanding in litigations or paid under protest, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses, registrations, domain name (5Paisa.com), trademark, logo, mobile application and source code of mobile application program, quotas,

Term	Description
	permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by IHL pertaining to the 5Paisa Digital Undertaking; iii. all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of IHL pertaining to the 5Paisa Digital Undertaking comprising of: a) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of IHL pertaining to the 5Paisa Digital Undertaking; b) the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of IHL pertaining to the 5Paisa Digital Undertaking; and c) liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the 5Paisa Digital Undertaking, being the amounts of any general or multipurpose borrowings of IHL as stand in the same proportion which the value of assets, transferred under this Clause, of the 5Paisa Digital Undertaking bears to the total value of the assets of IHL immediately before the Appointed Date. iv. all intellectual property rights, including domain name (5Paisa.com), trademark, logo, mobile application and source code of mobile application program, logo and copyrights of IHL pertaining to 5Paisa Digital Undertaking; v. all books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to 5Paisa Digital Undertaking; vi. all permanent employees employed by IHL pertaining to the 5Paisa Digital Undertaking, as identified by IHL, as on the Effective Date. vii. all earnest monies, security deposits, or other entitlements, if any, in connection with or relating to IHL pertaining to 5Paisa Digital Undertaking;

Term	Description
Appointed Date	October 01, 2016
Articles or Articles of Association	Articles of Association of our Company, as amended from time to time
Auditor	The statutory auditors of our Company i.e., M/s. V Sankar Aiyar & Co.
Board or Board of Directors	Board of directors of our Company
Capital or Share capital	Share capital of our Company
Designated Stock Exchange or DSE	NSE
Director	Director of our Company, unless otherwise specified otherwise
Effective Date	September 30, 2017
Eligible Shareholder(s)	Eligible holder(s) of the equity shares of IIFL Holdings Limited as on the Record Date
Equity Shareholder/ Shareholder	A holder of the Equity Shares
Equity Shares	Fully paid-up equity shares of the Company of face value Rs. 10/- each
Financial Statements or Restated Financial Statements	Audited financial statements of our Company for the years ended on March 31, 2015, March 31, 2016, March 31, 2017 and the six (6) months period ended on September 30, 2017
Group Companies	Unless the context otherwise required, refers to companies as enumerated in the section titled "*Our Group Companies*" on page 111 of this Information Memorandum
Memorandum or Memorandum of Association or MOA	Memorandum of Association of our Company, as amended from time to time
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the ICDR Regulations and disclosed in section titled *"Our Promoters and Promoter Group"* on page 107 of this Information Memorandum
Promoters	Our Promoters i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani
Record Date	October 18, 2017
Registrar and Transfer Agent or RTA	Link Intime India Private Limited
ROC or Registrar of Companies	Unless specified otherwise, Registrar of Companies, Maharashtra at Mumbai
Scheme or Scheme of Arrangement	The Scheme of Arrangement under Section 391 to 394 of the CA 1956 read with Section 100 and other applicable provisions of the CA 1956, between IIHL and 5PCL and their respective

Term	Description
	shareholders sanctioned by NCLT vide its order dated on September 06, 2017

Conventional and general terms or abbreviations

Term	Description
AGM	Annual General Meeting
AMFI	Association of Mutual Funds of India
ARN	AMFI Registration Number
BSE	BSE Limited
CA 1956	The Companies Act, 1956, as applicable
CA 2013	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs and in force as on the date of this Information Memorandum read with made thereunder
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Depositories	CDSL and NSDL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP or Depository Participant	Depository Participant as defined under the Depositories Act
EGM	Extra-ordinary General Meeting
EPS	Earnings Per Share
Financial Year or Fiscal or FY	Period of twelve (12) months ended March 31 of that particular year
FPI	Foreign Portfolio Investor
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GST	Goods and Services Tax
IFRS	International Financial Reporting Standards
Indian GAAP	Indian Generally Accepted Accounting Principle
NCLT	National Company Law Tribunal, Mumbai Bench

Term	Description
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Broker Regulations or Broker Regulations	SEBI (Stock-Brokers and Sub-Brokers) Regulations 1992
SEBI Depositories Regulations or Depositories Regulations	SEBI (Depositories and Participants) Regulations, 1996
SEBI ICDR Regulations or ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Insider Trading Regulations or Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations or Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI RA Regulations or RA Regulations	SEBI (Research Analyst) Regulations, 2014
SEBI Takeover Regulations or Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
United States or US	United States of America

1.2 CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

1.2.1 Certain Conventions

All references to "India" contained in this Information Memorandum are to the Republic of India.

Unless stated otherwise, all references to page numbers of this Information Memorandum are to the page numbers of this Information Memorandum.

1.2.2 Financial Data

Unless stated otherwise, the financial data in this Information Memorandum is derived from the Financial Statements of our Company as of and for the financial years ended March 31, 2015, March 31, 2016, March 31, 2017 and the six (6) months period ended September 30, 2017, prepared in accordance with Indian GAAP and the CA 2013.

In this Information Memorandum, any inconsistencies in any table between the aggregate and the total of the sums recorded are because of rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in the Information Memorandum.

Our Company's financial year commences on April 01 and ends on March 31 of each year, so all references to a particular financial year, unless stated otherwise, are to the twelve month period ended on March 31 of that year.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled "*Risk Factors*" and "*Our Business*" on pages 08 and 75, respectively, of this Information Memorandum have been calculated on the basis of the Financial Statement of our Company prepared in accordance with Indian GAAP and the CA 2013.

1.2.3 Currency and Units of Presentation

All references to "Rupees", "Rs.", "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "USD", or "US$" or "$" are to United States Dollar, the official currency of United States of America.

At certain places, our Company has presented certain numerical information in this Information Memorandum in "crores" and "lakhs" units. One lakh represents 1,00,000 or 0.1 million and one crore represents 1,00,00,000 or 10 million.

1.2.4 Industry and Market Data

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from or derived from publically available information as well as various industry publications and sources. Such published information by and large expresses that the data contained in those publications has been obtained from sources accepted to be reliable however that their exactness and completeness are not ensured and their reliability cannot be assured. Despite the fact that we accept that industry information utilized within this Information Memorandum is reliable, it has not been independently verified.

The information included in this Information Memorandum about different organizations is based on their particular annual reports and information made available by the respective organizations.

1.3 FORWARD LOOKING STATEMENTS

1.3.1 This Information Memorandum includes statements which contain words or phrases such as "will", "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue", and similar expressions or variations of such expressions, that are "forward looking statements".

1.3.2 All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

(a) General economic and business conditions in India and other countries;

(b) Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;

(c) Increasing competition in or other factors affecting the industry segments in which our Company operates;

(d) Changes in laws and regulations relating to the industries in which we operate;

(e) Fluctuations in operating costs and impact on the financial results;

(f) Our ability to attract and retain qualified personnel;

(g) Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;

(h) The performance of the financial markets in India and globally.

1.3.3 For a further discussion of factors that could cause our Company's actual results to differ, please see sections titled "*Risk Factors*" and "*Our Business*" on pages 08 and 75, respectively, of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

1.3.4 Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, and the risks, uncertainties and assumptions discussed in "*Risk Factors*" and elsewhere in this Information Memorandum, any forward-looking statement discussed in this Information Memorandum may change or may not occur, and our actual results could differ materially from those anticipated in such forward looking statement.

SECTION 2: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risk that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors.

This Information Memorandum also contains forward looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including considerations described below and elsewhere in this Information Memorandum.

2.1 INTERNAL RISK FACTORS

2.1.1 *There are outstanding legal proceedings against our Promoters and Group Companies, if determined, could have a material adverse impact on our business, results of operations and financial conditions*

There are certain outstanding legal proceedings against our Promoters and Group Companies pending at various levels of adjudication before courts, tribunals, authorities and appellate bodies. There can be no assurance that these legal proceeding will be decided in favour of our Promoters and Group Companies. Decisions in any of such proceedings adverse to our interests may have a material adverse effect on our business, future financial performance and results of operations. If the courts or tribunals rule against our Promoters and Group Companies, we may face monetary and/ or reputational losses. Furthermore, we may also not be able to quantify all the claims in which our Promoters and Group Companies are involved.

For details of litigations outstanding as on the date of this Information Memorandum, please see section titled "*Outstanding Litigations and Material Developments*" on page 236 of this Information Memorandum.

2.1.2 *We cannot assure you that we will realize the anticipated benefits from the acquisition of the 5Paisa Digital Undertaking pursuant to the Scheme of Arrangement*

Pursuant to the sanction of the Scheme of Arrangement by the NCLT through its order dated September 06, 2017 the 5Paisa Digital Undertaking of IHL was transferred to and vested in our Company. For further details, please see section titled "*Scheme of Arrangement*" on page 44 of this Information Memorandum. There is no assurance that the 5Paisa Digital Undertaking would not expose us to unanticipated risks and liabilities. If any such risks and liabilities materialize and we are unable to address them suitably, our business and results of operations may be materially and adversely affected. Moreover, we may be unable to successfully integrate 5Paisa Digital Undertaking into our operations or realize anticipated benefits thereof. The process of integration of 5Paisa Digital Undertaking may result in unforeseen operating difficulties, absorb significant management attention and require significant financial resources that would otherwise be available for the ongoing development or expansion of the Company's existing operations.

2.1.3 *We require certain statutory and regulatory approvals for conducting our business and our failure to obtain, retain or renew them in a timely manner, or at all, may adversely affect our 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 Exchange 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 that are subject to numerous conditions. If we fail to maintain such registrations and licenses or comply with applicable conditions, our certificate of registration for carrying on a particular activity may be suspended and/ or cancelled and we will not then be able to carry on such activity. This 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, licenses, registrations and permits in respect of such applications or any application made by us in the future. For more information about the licenses required by us, please see section titled "*Government and Other Approvals*" on page 263 of this Information Memorandum.

2.1.4 ***High levels of client defaults could adversely affect our business, results of operations and financial conditions***

We deal with a large number of clients. Any major defaults by our clients leading to losses beyond the risk management norms will adversely affect our business, results of operations and financial conditions.

2.1.5 ***We encounter intense competition for qualified professionals from other financial services firms and from businesses outside the industry in which we operate. Our failure to hire suitable qualified professionals and retain our existing professionals may materially impede the success and growth of our business***

Being a knowledge driven business, a significant increase in employee attrition may adversely affect our business. We encounter intense competition for qualified professionals from other companies in the financial services firms. 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 secure or successfully complete engagements, which could materially adversely affect our business and results of operations. In the event our Company is unable to hire and retain qualified personnel, our ability to service our existing and potential clients may be impaired. In addition, our Company may not be able to expand its business effectively thereby adversely affecting our revenues.

2.1.6 ***Our Company operates in a highly competitive environment. Any failure to compete effectively may have a material adverse effect on our business, results of operations and financial condition***

The areas we operate in, are intensely competitive and we expect them to remain so. 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.

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.

2.1.7 ***Pricing and other competitive pressures may impair the revenues and profitability of our brokerage business***

We derive a significant portion of our revenues from our brokerage business. Along with other brokerage firms, we have experienced intense price competition in this business in recent years. In particular, the ability to execute trades electronically or via mobile applications has increased the pressure on trading commissions, volume and spreads. We expect this trend towards alternative trading

systems to continue. We believe we may experience competitive pressures in these and other areas as some of our competitors seek to obtain market share by competing on the basis of price. In addition, we face pressure from our larger competitors, which may be better able to offer a broader range of complementary products and services to brokerage clients in order to win their trading business. We are unable to ascertain the likely impact of such competitive pressures on our results and operations. If we are unable to compete effectively with our competitors in these areas, brokerage revenues may decline and our business, financial condition and results of operations may be adversely affected.

2.1.8 ***We may not be able to successfully implement and effectively manage our strategies which could have a material adverse effect on our results of operations and financial conditions***

The success of our business will depend largely on our ability to effectively implement our business and growth strategies. Implementation of our strategies is subject to and involves risks and difficulties which may be beyond our control and accordingly, there can be no assurance that we will be able to implement them in a timely manner or at all. Any inability on our part to manage or implement our strategy effectively could have an adverse effect on our results of operations and financial conditions. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Further, we operate in a competitive industry and on account of changes in market conditions, industry dynamics, technological improvements and any other relevant factors, our strategies may undergo substantial changes or modifications including limiting or foregoing growth opportunities, if any. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long-term business outlook. We may not be able to execute our strategies in the future.

2.1.9 ***Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business and impact our profitability***

As a financial services company, our business is materially affected by conditions in the domestic and global equity, debt, currency and financial markets and economic conditions in India and throughout the world. Our revenue, level of operations and, consequently, our profitability are largely dependent on favourable market conditions, a conducive regulatory and political environment, investor sentiment and other factors that affect the volume of trading in India and the level of interest in Indian business developments. A market downturn would likely lead to a decline in the volume of transactions that we execute for our customers and will result in decline in our revenues received from our business.

2.1.10 ***Our growth will depend on our ability to develop our brand and failure to do so will have a negative impact on our ability to compete in the industry***

We believe that continuing to build our brand, particularly in our business like financial services provider. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

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

We may require additional funds in connection with future business expansion and development initiatives. In addition, to our existing available funds, we may require additional source of funding for meeting our future requirements, which may include entering into new debt facilities with lending institutions or raising additional debt through capital markets. If we decide to raise funds through incurrence of debt, we will be subject to certain interest obligations, and we may be subject to covenants which could restrict our ability to conduct our business and operations in the manner we desire. Such financing could also cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of the lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time or at all. Our failure to obtain

sufficient financing could result in the delay or abandonment of any of our business development plans and this may affect our business and future results of operations.

2.1.12 ***Our non-exclusive arrangements in relation to our operations may not result in the desired benefits and may affect our financial conditions adversely***

We have in the past entered into and may in the future enter into non-exclusive arrangements in relation to our business operations. Such operations with third parties may subject us to numerous risks, including risks associated with sharing of proprietary information, non-performance of obligations by such entities, and creating similar alliances with our competitors, any of which may materially and adversely affect our business. We may not be able to control or monitor their actions. In the event such third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

2.1.13 ***Conflicts of Interest***

Some of our Group Companies are authorized under their constitutional documents to engage in a similar line of business as us and some of our Promoters are directors in those Group Companies. We cannot assure you that our Promoters will not favour the interests of our Group Companies over our interests. Such Group Companies, including those in a similar line of business, may dilute our Promoters' attention to our business, which could adversely affect our business prospects, financial condition and results of operations.

2.1.14 ***Interest of Promoters/ Directors***

Our Promoters are interested in our Company to the extent of any transactions entered into and/ or their shareholding and dividend entitlement in our Company. Our Directors are interested in our Company to the extent of remuneration paid to them for services rendered as Directors, reimbursement of expenses payable to them and/ or their shareholding and dividend entitlement in our Company. Our Directors may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are shareholders, directors or partners.

2.1.15 ***A failure of our operational systems or infrastructure could impair our liquidity, disrupt our businesses, cause damage to our reputation and result in losses. We could be adversely affected if we fail to keep pace with technical and technological developments***

Our business is highly dependent on our ability to process a large number of transactions on our technological platform. Our technological platform, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. As we grow our business, the inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. Additionally, shortcomings or failures in our internal processes or systems could lead to an impairment of our financial condition, financial loss, disruption of our business and reputational damage. As we rely on third party vendors/ service providers for certain parts of our business, such parts of the business are also vulnerable to the risk arising from breakdown of systems, processes, human error etc. taking place in such third party operations.

Our failure to anticipate or to respond adequately to changing technology and market demands could adversely affect our business and financial results. In order to further develop and implement the new technologies, we may have to invest large amount of capital which may have an adverse impact on our cash position. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our failure to maintain or improve or upgrade our information technology systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations.

2.1.16 ***We are exposed to the risk arising from misconduct, fraud and trading errors by our employees***

We are exposed to the risk arising from misconduct, fraud or trading errors by our employees such as indulgence in unauthorized transactions by employees, misreporting of and non-compliance with various statutory and legal requirements, improper use of confidential information and operational errors. It may not always be possible to deter employees from or otherwise prevent misconduct or misappropriation of cash, and the precautions we take to detect and prevent these activities may not always be effective. Any instance of employee misconduct, fraud or improper use or disclosure of confidential information could result in regulatory and legal proceedings which if unsuccessfully defended, could materially and adversely affect our business operations, future financial performance and/ or reputation.

2.1.17 ***Our registered office and our branch offices are not owned by us***

Our registered office is not owned by us. In addition, we do not own other offices from where we conduct our business operations. All such non-owned properties are leased to us from our Group Company, namely, IIFL Facilities Services Limited, India Infoline Finance Limited and certain third parties. If the owners of these properties do not renew the agreements under which we occupy the premises or only agree to renew such agreements on terms and conditions that are unacceptable to, or if the owners of such properties withdraw their consent to our occupancy, our business operations may suffer a disruption. We may be unable to locate suitable alternate facilities on favourable terms, or at all, and this may have a material adverse effect on our business, results of operations and financial condition.

2.1.18 ***Our information technology systems may be vulnerable to security breaches, piracy and hacking leading to disruption in services to our customers***

Our information technology systems may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to our customers. Moreover, we may not operate an adequate disaster recovery system. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our services, which could result in lost revenue and dissatisfied customers. Breaches of our information technology systems, including through piracy or hacking may result in unauthorized access to our content. Such breaches of our information technology systems may require us to incur further expenditure to put in place more advanced security systems to prevent any unauthorized access to our networks. This may have a material adverse effect on our earnings and financial condition.

2.1.19 ***Our insurance coverage may not adequately protect us against losses, and successful claims against us that exceed our insurance coverage could harm our results of operations and diminish our financial position***

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. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, future financial performance and results of operations.

2.1.20 ***We have entered into, and will continue to enter into, related parties transactions***

We are involved in, and we expect that we will continue to be involved in related party transactions. While we believe that all such transactions have been conducted in the ordinary course of business and 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. For details of the related party transactions undertaken during the Fiscal 2017, please see section titled "*Related Party Transactions*"

on page 123 of this Information Memorandum.

Further, the CA 2013 has brought into effect certain significant changes providing for more stringent compliance requirements for related party transactions. SEBI has revised corporate governance guidelines by notifying the Listing Regulations, which are applicable for all listed companies.

As required under the CA 2013/ Listing Regulations, our Company is, *inter alia*, required to obtain prior approval of majority of our shareholders through a resolution for all future material related party transactions where any person or entity that is related to our Company will be required to abstain from voting on such resolutions.

We will continue to have related party transactions in the future and we may face difficulties in entering into related party transactions in future due to these requirements which may adversely affect our business and results of operations.

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

The amount of our future dividend payments, if any, is subject to the discretion of the Board of Directors, our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance as to whether our Company will pay a dividend in the future and if so the level of such future dividends.

2.1.22 **Risks relating to intellectual property**

We use the brand name "5paisa" and the associated logo in the ordinary course of our business and in our corporate name. The trademark relating to "5paisa" and the associated logo was held by IIFL Holdings Limited. However, due to the expiry of the trademark registration, IIFL Holdings Limited had applied to the Registrar of Trademarks, Mumbai on August 28, 2015 for the fresh registration of "5paisa" and the associated logo as a trademark in Class 36. The application for trademark registration is presently pending before the Registrar of Trademarks, Mumbai. Further, pursuant to the Scheme of Arrangement, the intellectual property rights which vested in 5paisa Digital Undertaking, including the name "5paisa" and the associated logo has been transferred and vest in our Company with the effect from the Appointed Date. In the event, we do not receive the trademark registration for "5paisa" and the associated logo, we may not be able to claim any intellectual right protection in relation to the same, which may materially and adversely affect our reputation, business operations and prospects.

2.2 EXTERNAL RISK FACTORS

2.2.1 ***Our business is substantially exposed to prevailing economic, political and other prevailing conditions in India***

Our Company is incorporated in India, and our assets and employees are located in India. As a result, we are highly dependent on prevailing economic and political conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;

- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

2.2.2 ***The CA 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced the Listing Regulations as well as changes to the listing agreement, which may subject us to greater compliance requirements and increases our compliance costs***

A majority of the provisions and rules under the CA 2013 have been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the CA 1956 ceasing to have effect. The CA 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in an offer document, corporate governance norms, accounting policies and audit matters, reporting on internal controls over financial reporting by the board of directors, specific compliance requirements such as obtaining prior approval from the audit committee, board of directors and shareholders for certain related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Subject to meeting certain specified net worth criteria, we may also need to spend, in each financial year, at least 2% of our average net profits during the three immediately preceding fiscal years towards corporate social responsibility activities or provide an explanation for not spending such amount. As a result of the changes brought about by the CA 2013 to the provisions relating to accounting policies, we are required to apply a different rate of depreciation as compared to the past. Further, the CA 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. Further, SEBI notified the Listing Regulations on September 02, 2015, pursuant to which we will be required to, *inter alia*, appoint at least one female director to our board of directors, appoint independent directors subject to terms and conditions prescribed therein, establish a vigilance mechanism for directors and employees and constitute or reconstitute certain committees in accordance with the Listing Regulations. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of the provisions under the CA 2013 which are yet to be notified.

To ensure compliance with the requirements of the CA 2013 and the Listing Regulations, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. We may incur increased costs relating to compliance with these new requirements, which may also require significant management time and other resources, or we may be subject to fines or other penalties if we are unable to comply with such requirements, which may adversely affect our business, results of operations, cash flows and financial condition.

2.2.3 ***Our business and activities will be regulated by the Competition Act, 2002 ("Competition Act") and any application of the Competition Act to us could have a material adverse effect on our business, results of operations and financial condition***

(a) The Competition Act, prohibits practices that could have an appreciable adverse effect on competition in India. 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 in India is void and may result in substantial penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access, and such practices are subject to substantial penalties and may also be subject to compensation for losses and orders to divide the enterprise. Further, the Competition Commission of India has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. There can be no assurance that we will be able to obtain approval for such future transactions on satisfactory terms, or at all.

If we or any member of our group are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the Competition Commission of India or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our business, financial results and reputation may be materially and adversely affected.

2.2.4 ***Financial instability in Indian financial markets could adversely affect our results of operations and financial condition***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries. A loss in investor confidence in the financial systems of other markets may increase volatility in Indian financial markets and, indirectly, in the Indian economy in general.

2.2.5 ***Any downgrade of credit ratings of India or Indian companies by an international rating agency could have a negative impact on our business and could materially affect our future performance and the trading price of our Equity Shares***

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

2.2.6 ***Changing laws, rules and regulations including SEBI regulations, rules, bye-laws and regulations of Stock Exchanges and legal uncertainties, including adverse application of tax laws and regulations, in India may adversely affect the business and financial performance of our Company***

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. For instance, the Government of India has implemented a comprehensive national GST regime with effect from July 01, 2017 that combines taxes and levies by the Central and State

Governments into a unified rate structure. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

2.2.7 ***The securities investment business in India may be adversely affected by changes in the present favourable tax regime***

Under the Indian income tax regime, long term capital gains received by investors in respect of listed equity shares is exempt from income tax provided STT is paid at the time of sale and purchase as well. There are certain exclusion specified for satisfaction of condition of payment of STT at the time of purchase. Short-term capital gains are subject to tax at 15% (plus applicable surcharge and education cess). STT is payable on purchases of securities at the time of purchase and sale on stock exchange at the rate of 0.1% on the value of the transaction. In addition, dividend income received by shareholders is exempt from tax except in case of certain specified resident assessee receiving dividend in aggregate exceeding Rs. 10 lakhs, where tax at the rate of 10% (plus applicable surcharge and education cess) is payable on dividend amount exceeding Rs. 10 lakhs. However, the domestic company is liable to pay dividend distribution tax at the effective tax rate of 20.36% on the amount of dividend. Any change in the present tax regime may reduce the returns we can create for our investors and therefore interest in investment in the securities market.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than twelve (12) months will not be subject to capital gains tax if STT has been paid on the transaction at the time of sale and purchase as well. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than twelve (12) months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of twelve (12) months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident.

2.2.9 ***There is uncertainty on the impact of currency demonetization in India on our business***

The Reserve Bank of India and the Ministry of Finance of the Government withdrew the legal tender status of the then in circulation Rs. 500 and Rs. 1,000 currency notes pursuant to a notification dated November 08, 2016. The short-term impact of these developments has been, among other things, a decrease in liquidity of cash and consequently, spending, in India. There is uncertainty on the long-term impact of this action. While we may expect a corresponding increase in the amount of money held within the formal banking system, and that therefore might be considered for investment, the short and long-term effects of demonetization on the Indian economy and India's capital markets are uncertain, and we cannot accurately predict its effect on our business.

2.2.10 ***The occurrence of natural disasters may adversely affect the business, financial condition and results of operation of our Company***

India has experienced natural calamities, such as tsunamis, floods, droughts and earthquakes in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Natural disasters may cause significant interruption to our operations, and damage to the environment that could have a material adverse impact on us. The extent and severity of these natural disasters determines their impact on the Indian economy. The adverse impact on Indian economy could

have an adverse impact on our business.

2.2.11 ***Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business***

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which the Equity Shares will trade. These acts may result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighbouring 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 impact on our business. Such incidents could also create a greater perception that investment in Indian companies which involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

2.2.12 ***Any future issuance of Equity Shares may dilute the shareholding of the shareholders and sales of our Equity Shares by major shareholders may adversely affect the trading price of the Equity Shares***

Any future equity issuances by us, may lead to the dilution of shareholding of the shareholders in our Company. Any future equity issuances by us or sales of our Equity Shares by the Promoters or other major shareholders of the Company may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

2.2.13 ***The price of our Equity Shares may be volatile***

The trading price of our Equity Shares may fluctuate after the listing due to a variety of factors, including our results of operations, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian capital markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares.

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

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

2.2.15 ***Our Company's ability to raise foreign capital may be constrained by Indian law***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's ability to raise foreign capital for

expansion plans or acquisitions and other strategic transactions, and could constrain our Company's ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

SECTION 3: INTRODUCTION

3.1 SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary of financial statements derived from our audited standalone financial information for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and six (6) months period ended September 30, 2017. These financial statements have been prepared in accordance with Indian GAAP and provisions under the CA 2013.

The summary financial statements presented below should be read in conjunction with financial statements for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and six (6) months period ended September 30, 2017, the audit reports, notes and annexures thereto. For further details, please see section titled "Financial Statements" on page 125 of this Information Memorandum.

1. *Summary of Standalone Statement of Assets and Liabilities*

(*in Rs. lakhs*)

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
I EQUITY AND LIABILTIES				
(1) Shareholder's funds				
(a) Share Capital	1,274	1,772	305	305
(b) Reserve and Surplus	6,384	7,197	908	1,458
Sub Total	**7,657**	**8,969**	**1,213**	**1,763**
(2) Non Current Liabilities				
(a) Long-Term borrowings	-	-	-	-
(b) Deferred Tax Liabilities (Net)	-	-	-	-
(c) Other Long-Term liabilities	-	-	-	-
(d) Long-Term Provisions	32	12	3	6
Sub Total	**32**	**12**	**3**	**6**
(3) Current liabilities				
(a) Short-Term Borrowings	-	-	231	1,483
(b) Trade Payables				
(A) total outstanding dues of micro enterprises and small enterprises				
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	1,710	932	2,945	33
(c) Other Current Liabilities	251	47	34	37
(d) Short-Term Provisions	429	284	21	149
Sub Total	**2,389**	**1,264**	**3,232**	**1,703**

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
I EQUITY AND LIABILTIES				
Total	**10,078**	**10,244**	**4,448**	**3,472**
II ASSETS				
(1) Non-current assets				
(a) Fixed Assets				
(i) Tangible Assets	38	23	13	-
(ii) Intangible Assets	69	20	10	-
(iii) Capital work in progress	0	13	5	-
(iv) Intangible assets under development)				
Sub Total	**108**	**56**	**27**	**-**
(b) Non-Current Investments	-	-	-	-
(c) Deferred Tax Assets (Net)	995	702	236	1
(d) Long-Term Loans & Advances	859	411	436	364
(e) Other Non-Current Assets	-	-	-	-
Sub Total	**1,854**	**1,113**	**672**	**365**
(2) Current assets				
(a) Current Investments	-	-	-	-
(b) Inventories	647	255	105	-
(c) Trade Receivables	3,227	533	2,309	277
(d) Cash and Bank Balances	3,876	8,112	1,283	2,807
(e) Short-Term Loans & Advances	307	158	33	10
(f) Other Current Assets	58	17	19	13
Sub Total	**8,116**	**9,076**	**3,749**	**3,106**
	10,078	**10,244**	**4,448**	**3,472**

2. *Summary of Standalone Statement of Profit and Losses*

(*in Rs. lakhs*)

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Income				

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue From Operations	642	747	(122)	1,137
Other Income				0.11
Total Revenue	**642**	**747**	**(122)**	**1,137**
Expenditure				
Employee Benefits Expense	920	777	216	202
Finance Cost	0	112	180	230
Other Expenses	1,162	1,344	250	188
Depreciation	20	27	1	-
Total Expenditure	**2,102**	**2,260**	**648**	**620**
Profit Before Tax	**(1,460)**	**(1,514)**	**(770)**	**517**
Tax Expenses				
Current Tax Expenses For Current Year		-	-	164
Deferred Tax Expenses	(294)	(466)	(235)	(0)
Short/ (excess) provision of tax for earlier year	-	(4)	15	-
Sub Total	**(294)**	**(469)**	**(220)**	**164**
Profit (Loss) For The Year	**(1,166)**	**(1,044)**	**(550)**	**353**

3. *Summary of Standalone Cash Flow Statement*

(*in Rs. lakhs*)

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash Flows From Operating Activities				
Net profit before taxation and extraordinary item	(1,460)	(1,514)	(770)	517
Adjustments for:	-	-	0	0
Net Loss/(gain) on Sale of Current Investments	(130)	(226)	(2)	(2)
Interest Income	(55)	(50)	(152)	(229)
Gratuity	4	11	(3)	0
Leave Encashment	4	5	1	2
Interest Expenses	0	112	180	229
Dividend Income	-	-	-	(11)
Total	**(176)**	**(148)**	**25**	**(10)**
Operating Profit before	**(1,636)**	**(1,662)**	**(745)**	**507**

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Working Capital Changes				
Changes in Working Capital :				
(Increase)/Decrease in Long Term Loan and Advances	(448)	25	(72)	56
Increase/(Decrease) in Other Current Liabilities	204	13	(3)	22
Decrease/(Increase) in Short Term Loans and advances	(146)	(125)	(23)	(1)
(Increase)/ Decrease in Trade inventories	(392)	(151)	(105)	1
Decrease/ (Increase) in other current assets	(41)	2	(6)	(11)
Decrease/ (Increase) in other non current assets	-	-	-	-
Increase/ (Decrease) in Short term Provision	14	248	(129)	1
Increase/ (Decrease) in Long term Provision	2	9	-	(9)
Increase/ (Decrease) in Short term & Long term Borrowings	-	(231)	(1,252)	1,483
Decrease/ (Increase) in Trade Receivable	(2,694)	1,776	(2,033)	(277)
Increase/ (Decrease) in Trade Payable	777	(2,013)	2,912	33
Increase/ (Decrease) in Other Long Term Liabilities	-	-	-	-
Total	**(2,723)**	**(447)**	**(710)**	**1,298**
Cash generated from/(Used) operations	(4,359)	(2,109)	(1,455)	1,804
Net income tax (paid) / refunds	-	4	(15)	(164)
Net cash from/(used in) operating activities (a)	**(4,359)**	**(2,106)**	**(1,470)**	**1,640**
Cash Flows From Investing Activities				
Sale / (Purchase) of Current Investments (Net)	-	0	-	-
Capital Gain on Investment	130	226	2	2
Interest received	55	50	152	229
Dividend Income	-	-	-	11
Bank Balance not considered as Cash and Cash Equivalents	(500)	(50)	2,000	(1,499)
(Purchase) /Sale of fixed assets (includes intangible assets) (net)	(61)	(29)	(27)	-

Particulars	For the six (6) months ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Net cash from/(used in) investing activities (b)	**(376)**	**197**	**2,126**	**(1,257)**
Cash Flows From Financing Activities				
Increase in share capital	-	8,800	-	-
Interest Paid	0	(112)	(180)	(229)
Net cash from/(used in) financing activities (c)	**0**	**8,688**	**(180)**	**(229)**
Net increase / (decrease) in cash and cash equivalents (a + b + c)	**(4,736)**	**6,779**	**476**	**153**
Cash and Cash equivalents at beginning of year	7,562	783	307	154
Cash and Cash equivalents at end of year	2,826	7,562	783	307
Net increase / (decrease) in cash and cash equivalents	**(4,736)**	**6,779**	**476**	**153**

3.2 GENERAL INFORMATION

3.2.1 Our Company was originally incorporated on July 10, 2007 as a public limited company under the provisions of the CA 1956 as India Infoline Finance Holdings Limited with the ROC. Our Company obtained the certificate for commencement of business on July 19, 2007 from the ROC. The name of our Company was subsequently changed to IIFL Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the ROC on November 06, 2007. Thereafter, the name of our Company was changed to 5paisa Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Tamil Nadu at Chennai on August 12, 2015. For further details, please see section titled "*History and Certain Corporate Matters*" on page 86 of this Information Memorandum.

For details of the business of our Company, please see section titled "*Our Business*" on page 75 of this Information Memorandum.

Registered and Corporate Office of our Company

IIFL House, Sun Infotech Park,
Road No. 16V, B-23, MIDC,
Thane Industrial Area, Wagle Estate,
Thane – 400 604,
Maharashtra
Tel.: +91 22 41035000
Fax: +91 22 25806654
Registration No.: 289249
CIN: U67190MH2007PLC289249

Address of the Registrar of Companies

Our Company is registered with Registrar of Companies, Maharashtra at Mumbai which is situated at the following address:

Registrar of Companies, Mumbai
100 Everest, Marine Drive,
Mumbai – 400 002
Tel: +91 22 22812627, +91 22 22020295 and +91 22 22846954
Fax: +91 22 22811977

Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Information Memorandum:

Name	Designation	DIN	Address
Dr. Archana Niranjan Hingorani	Independent Director	00028037	10, Jeevan Dhara, Dr Ambedkar Road, Bandra West, Mumbai 400 050.
Mr. Krishna Visvanath Iyer	Independent Director	03072033	Flat No. 403 Panchamrut Kasar Vadavalli Ghodbunder Road Thane West 400 601.
Mr. Mohan Radhakrishnan	Non – Executive Director	00012070	Flat No. 2003, 20th Floor B-Wing Lakshachandi Heights, Gokuldham, Goregaon (East) Mumbai 400063.
Mr. Narendra Jain	Non – Executive Director	01984467	Flat No. 202, Shri Narmada CHS Haridas Nagar,

Name	Designation	DIN	Address
			Shimpoli Road, Borivali (West) Mumbai 400 092.
Mr. Prakarsh Gagdani	Whole – Time Director	07376258	Room No. 23, Kalpit, Lane No 5, Sudama Nagar MIDC, Dombivali East, Thane – 421 203.

For further details of our Board of Directors, please see section titled "*Our Management*" on page 92 of this Information Memorandum.

Company Secretary and Compliance Officer

Mr. Harshit Choudhary
5paisa Capital Limited
IIFL House, Sun Infotech Park,
Road No. 16V, B-23, MIDC,
Thane Industrial Area, Wagle Estate,
Thane – 400 604,
Maharashtra
Tel: +91 22 41035000
Fax: +91 22 25806654
E-mail: csteam@5paisa.com

Chief Financial Officer

Ms. Ankita Lakhotia
5paisa Capital Limited
IIFL House, Sun Infotech Park,
Road No. 16V, B-23, MIDC,
Thane Industrial Area, Wagle Estate,
Thane – 400 604,
Maharashtra
Tel: +91 22 41035000
Fax: +91 22 25806654
E-mail: ankita.lakhotia@5paisa.com

Banker to our Company

Axis Bank Limited
Jeevan Prakash Building,
Sir P M Road Fort,
Mumbai, 400 001,
Maharashtra
Tel: +91 22 40867504
Fax: +91 22 40867541/ 42

Statutory Auditor

M/s. V. Sankar Aiyar & Co.
2-C, Court Chambers,
35, New Marine Lines,
Mumbai – 400 020,
Maharashtra
Tel: +91 22 22004465, +91 22 22067440
Fax: 022 22000649
Firm Registration No.: 109208W

Registrar and Share Transfer Agent

Link Intime India Private Limited
C101, 247 Park, LBS Marg,
Vikhroli (West),
Mumbai – 400 083,
Maharashtra
Tel: +91 22 49186000, +91 22 49186200
Fax No.: +91 22 49186060
E-mail: ganesh.jadhav@linkintime.co.in, rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Ganesh Jadhav
SEBI Registration No.: INR0000040588

Authority of Listing

The NCLT, through its order dated September 06, 2017, sanctioned the Scheme of Arrangement. For more details relating to the Scheme of Arrangement, please see section titled "*Scheme of Arrangement*" on page 44 of this Information Memorandum.

In accordance with the Scheme of Arrangement, the Equity Shares of our Company issued pursuant to the Scheme of Arrangement shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment of listing criteria of BSE and the NSE by our Company and also subject to such other terms and conditions as may be prescribed by BSE, NSE and SEBI at the time of application by our Company seeking listing.

Eligibility Criteria

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter III and IV of the ICDR Regulations are not applicable. Pursuant to SEBI circular dated November 30, 2015, bearing reference no. CIR/CFD/CMD/16/2015, our Company had applied for an exemption from strict enforcement of provisions of Regulation 19(2)(b) of the SCRR. SEBI through its letter dated November 06, 2017, bearing reference no. CFD/DIL-1/27233/2017, granted relaxation to our Company from the applicability of Regulation 19(2)(b) of the SCRR subject to the following conditions being complied with by our Company:

a) SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017;

b) There is no variance or deviation from conditions of the scheme sanctioned by the NCLT;

c) There is no change in the information/ facts submitted in the application till the date of listing of the shares of the company.

The Company has submitted this Information Memorandum to BSE and NSE. The Information Memorandum will also be made available on the website of BSE, www.bseindia.com and NSE, www.nseindia.com and our Company's website, www.5paisa.com.

Before commencement of trading, our Company will publish an advertisement in one English and one Hindi newspaper with nationwide circulation and one regional newspaper with wide circulation at the place where the registered office of the Company is located, containing details in accordance with the requirements set out in the SEBI circular dated November 30, 2015, bearing reference no CIR/CFD/CMD/16/2015. The advertisement will draw a specific reference to the availability of the Information Memorandum.

Prohibition by SEBI

Our Company, our Directors, our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from

accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from our Company

Our Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements to be published in relation to this Scheme of Arrangement, in accordance with the SEBI circular dated November 30, 2015, bearing reference no. CIR/CFD/CMD/16/2015, or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her or their own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information will be made available for a section of the investors, in any manner.

Designated Stock Exchange

For the purposes of this listing, NSE is the designated stock exchange.

Demat Credit

Our Company has executed tripartite agreements with the Registrar and Share Transfer Agent and the Depositories i.e. NSDL and CDSL, respectively, for admitting our Equity Shares in demat form and ISIN INE618L01018 has been allotted.

Dispatch of Share Certificates

In accordance with the Scheme of the Arrangement, fresh Equity Shares have been issued and allotted to the Eligible Shareholders of IIFL Holdings Limited on the Record Date i.e., October 18, 2017. Our Company has dispatched the physical share certificates to the Eligible Shareholders in physical form on October 24, 2017.

Credit Rating and Issue Grading

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, no credit rating is required.

Debenture Trustee

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, the appointment of a debenture trustee is not required.

Monitoring Agency

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, the appointment of a monitoring agency in terms of Regulation 16 of the ICDR Regulations is not required.

Appraisal Agency

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, the appointment of appraisal agency is not required.

Book Building Process

As this Information Memorandum relates to listing of Equity Shares allotted pursuant to the Scheme of Arrangement, book building process is not required.

Underwriting and Underwriting Agreement

Our Company has not entered into any underwriting arrangement.

Experts

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

Our Company has received written consent from our Statutory Auditors, namely **M/s. V. Sankar Aiyar & Co.**, to include their names as an "expert" as defined under Section 2(38) of the CA 2013 in relation to examination of Financial Statements and Statement of Tax Benefits included in this Information Memorandum on pages 125 and 57, respectively.

3.3 CAPITAL STRUCTURE

The share capital of our Company prior to the Scheme of Arrangement is set forth below:

Particulars	Aggregate value (in Rs.)
Authorised Share Capital	
1,80,00,000 Equity Shares of Rs. 10/- each	18,00,00,000
Total	**18,00,00,000**
Issued, Subscribed and Paid-up Capital	
1,77,16,500 Equity Shares of Rs. 10/- each fully paid up	17,71,65,000
Total	**17,71,65,000**

The share capital of our Company post to the Scheme of Arrangement is set forth below:

Particulars	Aggregate value (in Rs.)
Authorised Share Capital	
1,80,00,000 Equity Shares of Rs. 10/- each	18,00,00,000
Total	**18,00,00,000**
Issued, Subscribed and Paid-up Capital	
1,27,39,022 Equity Shares of Rs. 10/- each fully paid up	12,73,90,220
Total	**12,73,90,220**

1. Changes in Authorized Capital

The details of changes in the authorized share capital of our Company are set forth below:

Date of shareholders' resolution	Particulars
September 12, 2016	Increase in the authorized share capital of our Company from Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares having face value of Rs. 10/- each to Rs. 18,00,00,000/- divided into 1,80,00,000 Equity Shares having face value of Rs. 10/- each.

Notes to the Capital Structure

2. Share Capital History of our Company

The history of the Equity Share capital of our Company is provided in the following table:

Date of Allotment	No. of Equity Shares Allotted	Cumulative Number of Equity Shares	Face Value (Rs.)	Issue price per Equity Share (Rs)	Cumulative Paid-up Equity Share Capital (Rs.)	Nature of Allotment/ Remarks	Consideration
July 10, 2007	50,000	50,000	10	10	5,00,000	Allotment to the first subscribers to the MOA[1]	Cash
November 02, 2010	30,00,000	30,50,000	10	40	3,05,00,000	Right Issue[2]	Cash
August 19, 2016	16,66,500	47,16,500	10	60	4,71,65,000	Right Issue[3]	Cash
September 30, 2016	1,30,00,000	17,7,16,500	10	60	17,71,65,000	Right Issue[4]	Cash
September 30, 2017	1,77,16,500 (*cancelled*)	Nil	10	Not Applicable	Not Applicable	Pursuant to the Scheme of	

Date of Allotment	No. of Equity Shares Allotted	Cumulative Number of Equity Shares	Face Value (Rs.)	Issue price per Equity Share (Rs)	Cumulative Paid-up Equity Share Capital (Rs.)	Nature of Allotment/ Remarks	Consideration
						Arrangement[5]	
October 20, 2017	1,27,39,022	1,27,39,022	10	10	12,73,90,220	Pursuant to the Scheme of Arrangement[6]	Not Applicable

1 50,000 Equity Shares allotted to seven (7) subscribers to the Memorandum of Association of our Company.
2 30,00,000 Equity Shares allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares.
3 16,66,500 Equity Shares allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares.
4 1,30,00,000 Equity Shares allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares.
5 1,77,16,500 Equity Shares were cancelled pursuant to the Scheme of Arrangement.
6 1,27,39,022 Equity Shares allotted to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement.

3. **Issue of Equity Shares for Consideration other than Cash**

Our Company has not issued any Equity Shares out of revaluation of reserves.

Other than the allotment of Equity Shares pursuant to the Scheme of Arrangement, our Company has not allotted Equity Shares for consideration other than cash.

4. **History of the Equity Share Capital held by our Promoters**

Upon consummation of the Scheme of Arrangement, our Promoters i.e., Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani hold 24,86,457 Equity Shares amounting to 19.52% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. Build-up of our Promoters shareholding in our Company

Set forth below is the build-up of the shareholding of our Promoters since incorporation of our Company:

Name of the Promoter	Date of allotment / Transfer	Nature of allotment/ Transfer	No. of Equity Shares	Nature of consideration	Face value per Equity Share (Rs.)	Issue Price/ Transfer Price per Equity Share (Rs.)	Percentage of the pre-Scheme capital (%)	Percentage of the Post-Scheme capital (%)
Mr. Nirmal Bhanwarlal Jain	October 20, 2017	Scheme of Arrangement*	20,50,080	Not Applicable	10	Not Applicable	Not Applicable	16.09
Mr. Venkataraman Rajamani	October 20, 2017	Scheme of Arrangement*	4,36,377	Not Applicable	10	Not Applicable	Not Applicable	3.43

* *Pursuant to the Scheme of Arrangement, with effect from the Effective Date i.e., September 30, 2017, the entire shareholding of our erstwhile promoter i.e., IIFL Holdings Limited, in our Company was vested with and transferred to the shareholders of IIFL Holdings Limited in accordance with the entitlement ratio as specified in the Scheme of Arrangement.*

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of vesting and transfer of such Equity Shares.

b. The details of the shareholding of our Promoters and members of the Promoter Group

Upon consummation of the Scheme of Arrangement, the shareholding of our Promoters and Promoter Group in our Company is as follows:

Sr. No.	Name of the Shareholder	Pre-Scheme		Post-Scheme	
		No. of Equity Shares	%	No. of Equity Shares	%
Promoters					
1.	Mr. Nirmal Bhanwarlal Jain	Nil	Nil	20,50,080	16.0929
2.	Mr. Venkataraman Rajamani	Nil	Nil	4,36,377	3.4255
Promoter Group					
3.	Ms. Madhu N. Jain	Nil	Nil	6,80,000	5.3379
4.	Ms. Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	Nil	Nil	3,60,000	2.8260
5.	Ms. Aditi Athavankar	Nil	Nil	8,000	0.0628
6.	Ardent Impex Private Limited	Nil	Nil	1,08,000	0.8478
7.	Orpheus Trading Private Limited	Nil	Nil	52,000	0.4082
Total		**Nil**	**Nil**	**36,94,457**	**29.0011**

5. **Employee Stock Options**

As on date of this Information Memorandum, our Company has in place 5paisa Capital Limited Employee Stock Options Scheme 2017 for issue of options to the eligible employees, which was approved pursuant to the resolution passed by our Board of Directors on July 19, 2017 and by our shareholders on August 21, 2017. In accordance with the 5paisa Capital Limited Employee Stock Options Scheme 2017, our Company may issue a maximum of 6,00,000 Equity Shares to the eligible employees. The 5paisa Capital Limited Employee Stock Options Scheme 2017 is formulated in accordance with SEBI (Shared Based Employee Benefits) Regulations, 2014 and is administered by the nomination and remuneration committee of the Board. As on date of this Information Memorandum, our Company has not granted any options under the 5paisa Capital Limited Employee Stock Options Scheme 2017.

6. Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company as on the date of filing of this Information Memorandum.

Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	7	3694457	0	0	3694457	29.0011	3694457	0	3694457	29.0011	0	29.0011	0	0	0	0	3694457
(B)	Public	32515	9041565	0	0	9041565	70.9753	9041565	0	9041565	70.9753	0	70.9753	0	0	NA	NA	9016635
(C)	Non Promoter - Non Public				0				0			0			0	NA	NA	
(C1)	Shares Underlying DRs	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0
(C2)	Shares Held By Employee Trust	1	3000	0	0	3000	0.0235	3000	0	3000	0.0235	0	0.0235	0	0	NA	NA	3000
	Total	32523	12739022	0	0	12739022	100.00	12739022	0	12739022	100.00	0	100.00	0	0	0	0	12714092

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights						No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)							
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Indian**																		
(a)	**Individuals/ Hindu Undivided Family**		**5**	**3534457**	**0**	**0**	**3534457**	**27.7451**	**3534457**	**0**	**3534457**	**27.7451**	**0**	**27.7451**	**0**	**0**	**0**	**0**	**3534457**
	Nirmal Bhanwarlal Jain		1	2050080	0	0	2050080	16.0929	2050080	0	2050080	16.0929	0	16.0929	0	0	0	0	2050080
	Madhu N Jain		1	680000	0	0	680000	5.3379	680000	0	680000	5.3379	0	5.3379	0	0	0	0	680000
	Venkataraman Rajamani		1	436377	0	0	436377	3.4255	436377	0	436377	3.4255	0	3.4255	0	0	0	0	436377
	Aditi Avinash Athavankar		1	360000	0	0	360000	2.826	360000	0	360000	2.826	0	2.826	0	0	0	0	360000
	Aditi Athavankar		1	8000	0	0	8000	0.0628	8000	0	8000	0.0628	0	0.0628	0	0	0	0	8000
(b)	**Central Government / State Government(s)**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(c)	**Financial Institutions / Banks**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(d)	**Any Other (Specify)**		**2**	**160000**	**0**	**0**	**160000**	**1.2560**	**160000**	**0**	**160000**	**1.2560**	**0**	**1.2560**	**0**	**0**	**0**	**0**	**160000**
	Persons Acting In Concert		**2**	**160000**	**0**	**0**	**160000**	**1.2560**	**160000**	**0**	**160000**	**1.2560**	**0**	**1.2560**	**0**	**0**	**0**	**0**	**160000**
	Ardent Impex Pvt Ltd		1	108000	0	0	108000	0.8478	108000	0	108000	0.8478	0	0.8478	0	0	0	0	108000

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Orpheus Trading Pvt Ltd		1	52000	0	0	52000	0.4082	52000	0	52000	0.4082	0	0.4082	0	0	0	0	52000
	Sub Total (A)(1)		**7**	**3694457**	**0**	**0**	**3694457**	**29.0011**	**3694457**	**0**	**3694457**	**29.0011**	**0**	**29.0011**	**0**	**0**	**0**	**0**	**3694457**
2	**Foreign**																		
(a)	**Individuals (Non-Resident Individuals / Foreign Individuals)**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(b)	**Government**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(c)	**Institutions**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(d)	**Foreign Portfolio Investor**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(e)	**Any Other (Specify)**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Sub Total (A)(2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		**7**	**3694457**	**0**	**0**	**3694457**	**29.0011**	**3694457**	**0**	**3694457**	**29.0011**	**0**	**29.0011**	**0**	**0**	**0**	**0**	**3694457**

Table III - Statement showing shareholding pattern of the Public shareholder

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Institutions**																		
(a)	**Mutual Fund**		31	286269	0	0	286269	2.2472	286269	0	286269	2.2472	0	2.2472	0	0	NA	NA	286269
(b)	**Venture Capital Funds**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(c)	**Alternate Investment Funds**		2	6940	0	0	6940	0.0545	6940	0	6940	0.0545	0	0.0545	0	0	NA	NA	6940
(d)	**Foreign Venture Capital Investors**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(e)	**Foreign Portfolio Investor**		120	2804879	0	0	2804879	22.018	2804879	0	2804879	22.0180	0	22.0180	0	0	NA	NA	2804879
	Hwic Asia Fund Class A Shares			1134501	0	0	1134501	8.9057	1134501	0	1134501	8.9057	0	8.9057	0	0	NA	NA	1134501
	Bank Muscat India Fund			503928	0	0	503928	3.9558	503928	0	503928	3.9558	0	3.9558	0	0	NA	NA	503928
	Wf Asian Reconnaissance Fund Limited			264253	0	0	264253	2.0744	264253	0	264253	2.0744	0	2.0744	0	0	NA	NA	264253
(f)	**Financial Institutions / Banks**		1	888	0	0	888	0.0098	888	0	888	0.0098	0	0.0098	0	0	NA	NA	888
(g)	**Insurance Companies**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(h)	**Provident Funds/ Pension Funds**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(i)	**Any Other (Specify)**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	Sub Total (B)(1)		154	3098976	0	0	3098976	24.3266	3098976	0	3098976	24.3266	0	24.3266	0	0	NA	NA	3098976

Table III - Statement showing shareholding pattern of the Public shareholder

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
2	Central Government/ State Government(s)/ President of India																		
	Sub Total (B)(2)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
3	Non-Institutions																		
(a)	Individuals			0	0										0		NA	NA	
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		29496	802462	0	0	802462	6.2992	802462	0	802462	6.2992	0	6.2992	0	0	NA	NA	786532
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		10	691349	0	0	691349	5.4270	691349	0	691349	5.4270	0	5.4270	0	0	NA	NA	691349
(b)	NBFCs registered with RBI		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(c)	Employee Trusts		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(d)	Overseas Depositories(holding DRs) (balancing figure)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(e)	Any Other (Specify)		2855	4448778	0	0	4448778	34.9224	4448778	0	4448778	34.9224	0	34.9224	0	0	NA	NA	4439778

Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
Trusts		**7**	**568**	**0**	**0**	**568**	**0.0045**	**568**	**0**	**568**	**0.0045**	**0**	**0.0045**	**0**	**0**	**NA**	**NA**	**568**
Foreign Nationals		**3**	**10870**	**0**	**0**	**10870**	**0.0853**	**10870**	**0**	**10870**	**0.0853**	**0**	**0.0853**	**0**	**0**	**NA**	**NA**	**10870**
Hindu Undivided Family		**869**	**16549**	**0**	**0**	**16549**	**0.1299**	**16549**	**0**	**16549**	**0.1299**	**0**	**0.1299**	**0**	**0**	**NA**	**NA**	**16549**
Foreign Companies		**1**	**3385657**	**0**	**0**	**3385657**	**26.5771**	**3385657**	**0**	**3385657**	**26.5771**	**0**	**26.5771**	**0**	**0**	**NA**	**NA**	**3385657**
FIH Mauritius Investments Ltd			3385657	0	0	3385657	26.5771	3385657	0	3385657	26.5771	0	26.5771	0	0	NA	NA	3385657
Non Resident Indians (Non Repat)		**287**	**241955**	**0**	**0**	**241955**	**1.8993**	**241955**	**0**	**241955**	**1.8993**	**0**	**1.8993**	**0**	**0**	**NA**	**NA**	**241955**
Bharat H Parajia			215471	0	0	215471	1.6914	215471	0	215471	1.6914	0	1.6914	0	0	NA	NA	215471
Non Resident Indians (Repat)		**737**	**684493**	**0**	**0**	**684493**	**5.3732**	**684493**	**0**	**684493**	**5.3732**	**0**	**5.3732**	**0**	**0**	**NA**	**NA**	**675493**
Bharat H Parajia			400000	0	0	400000	3.1400	400000	0	400000	3.1400	0	3.1400	0	0	NA	NA	400000
Satpal Khattar			246861	0	0	246861	1.9378	246861	0	246861	1.9378	0	1.9378	0	0	NA	NA	246861
Clearing Member		**166**	**8823**	**0**	**0**	**8823**	**0.0693**	**8823**	**0**	**8823**	**0.0693**	**0**	**0.0693**	**0**	**0**	**NA**	**NA**	**8823**
Bodies Corporate		**785**	**99863**	**0**	**0**	**99863**	**0.7839**	**99863**	**0**	**99863**	**0.7839**	**0**	**0.7839**	**0**	**0**	**NA**	**NA**	**99863**
Sub Total (B)(3)		**32361**	**5942589**	**0**	**0**	**5942589**	**46.6487**	**5942589**	**0**	**5942589**	**46.6471**	**0**	**46.6471**	**0**	**0**	**NA**	**NA**	**5917659**

Table III - Statement showing shareholding pattern of the Public shareholder

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		32515	9041565	0	0	9041565	70.9753	9041565	0	9041565	70.9737	0	70.9737	0	0	NA	NA	9016635

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form

									No of Voting Rights			Total as a % of (A+B+C)		percentage of diluted share capital)	No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	Custodian/DR Holder		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		1	3000	0	0	3000	0.0235	3000	0	3000	0.0235	0	0.0235	0	0.0000	NA	NA	3000
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)		1	3000	0	0	3000	0.0235	3000	0	3000	0.0235	0	0.0235	0	0.0000	NA	NA	3000

7. The list of top ten (10) shareholders of our Company and the number of Equity Shares held by them as on the date of filing this Information Memorandum, prior to the Scheme of Arrangement becoming effective i.e., prior to September 30, 2017, and two (2) years prior to the date of filing of this Information Memorandum are set forth below:

   a. *The top ten (10) shareholders of our Company as on the date of filing of this Information Memorandum are as follows:*

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	FIH Mauritius Investments Ltd	33,85,657	26.5771
2.	Mr. Nirmal Bhanwarlal Jain	20,50,080	16.0929
3.	HWIC Asia Fund Class A Shares	11,34,501	8.9057
4.	Ms. Madhu Nirmal Jain	6,80,000	5.3379
5.	Bank Muscat India Fund	5,03,928	3.9558
6.	Mr. Venkataraman Rajamani	436,377	3.4255
7.	Mr. Bharat H Parajia	4,00,000	3.1400
8.	Ms. Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	3,60,000	2.8260
9.	WF Asian Reconnaissance Fund Limited	2,64,253	2.0744
10.	Mr. Satpal Khattar	2,46,861	1.9378
Total		**94,61,657**	**74.2731**

   i. *As detailed in the section titled "Our Group Companies"-Top five group Companies and para relating to IIFL Holdings Limited on page no 112 of this Information Memorandum, in 2015, FIH Mauritius Investments Limited, with HWIC Asia Fund, I Investments Limited and FIH Private Investments Limited (collectively, the "**Fairfax Shareholders**") made an open offer for acquisition of shares of upto 26% of the equity shares of IIFL Holdings Limited ("**IHL**") and the Fairfax Shareholders submitted an undertaking on September 30, 2015 to SEBI (based on a request from SEBI) pursuant to the said open offer, stating that: (a) the Fairfax Shareholders would not exercise voting rights on resolutions placed before shareholders of IHL in excess of 25% (Twenty Five percent) of the paid up equity share capital of IHL; and (b) the Fairfax Shareholders would not acquire additional equity shares of IHL which exceeds 39.97% (Thirty Nine point Nine Seven percent) (the "**Aggregate Fairfax Threshold**") of the total equity share capital of IHL, unless the Fairfax Shareholders make an open offer or obtain the prior consent of SEBI for such acquisition. The aforesaid undertakings would not apply inter-alia to: (i) any inter-se transfer of the Equity Shares within the Fairfax group, (ii) any acquisition of Equity Shares by the Fairfax Shareholders pursuant to a rights issue upto their entitlement and/or any offering of equity shares of IHL on a public offer basis; in each case subject to the aggregate shareholding percentage of the Fairfax group in IHL not exceeding the Aggregate Fairfax Threshold of the total equity share capital of IHL.*

   Mr. Nirmal Jain (the promoter of IHL and 5paisa Capital Limited), had also submitted a separate undertaking dated September 29, 2015 in connection with the open offer of IHL on behalf of himself and the 'Promoter and Promoter Group' of IHL stating that the total of the Aggregate Fairfax Threshold and the total holding of the Promoter and Promoter Group of IHL together shall not exceed 75% of the share capital of IHL.

   ii. *In line with the above, the Fairfax Shareholders have also provided an undertaking in respect of exercise of their voting rights and shareholding with respect to 5paisa Capital Limited on November 7, 2017 on similar lines as follows:*

      (a) *they will not exercise voting rights on resolutions placed before equity shareholders of 5paisa Capital Limited in relation to such number of equity shares held by them that represent more than 25% of the paid up equity share capital of 5paisa Capital Limited at the time of voting on the relevant resolution; and*

      (b) *they will not acquire additional equity shares of 5paisa Capital Limited to exceed the Aggregate Fairfax Threshold of the total equity share capital of 5paisa Capital Limited, including by way of a creeping acquisition of upto 5% of the equity share capital under Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 unless the Fairfax Shareholders make an open offer or obtain the prior consent of SEBI for such acquisition.*

   However, the aforesaid undertakings do not apply to the following:

(a) Any inter-se transfer of equity shares within the Fairfax group, subject to the aggregate shareholding percentage of the Fairfax group in 5paisa Capital Limited not exceeding the Aggregate Fairfax Threshold and subject to compliance with other applicable laws; and

(b) Any acquisition of equity shares by the Fairfax Shareholders pursuant to a rights issue upto their entitlement and/or any offering of equity shares of 5paisa Capital Limited on a public offer basis subject to the aggregate shareholding percentage of the Fairfax group in 5paisa Capital Limited not exceeding the Aggregate Fairfax Threshold.

It has been clarified by the Fairfax Shareholders that the aforementioned undertaking has been given only in the context of the scheme of arrangement between IHL, 5paisa Capital Limited and their respective shareholders and shall not be applicable in respect of any other transactions or arrangements involving IHL and/or its group companies.

It is further clarified that any entity in the Fairfax group may sell equity shares of 5paisa Capital Limited that they own and the subsequent purchaser of such equity shares shall not be subject to the undertaking if such subsequent purchaser is not an entity within the Fairfax group. Further, if the aggregate shareholding of the Fairfax group falls below 25% of the equity share capital of 5paisa Capital Limited, any subsequent acquisition of equity shares such that the aggregate shareholding is less than 25% will not require SEBI approval and/or an open offer as per applicable SEBI regulations.

The Fairfax Shareholders are forming part of public shareholders of 5paisa Capital Limited, and are not classified as promoters of 5paisa Capital Limited and are not persons acting in concert with the promoters of 5paisa Capital Limited.

Similarly, Mr. Nirmal Jain (on behalf of the promoter group of 5paisa Capital Limited) has provided an undertaking on the same lines to 5paisa Capital Limited vide his undertaking dated November 07, 2017, to ensure compliance of the terms and conditions of the aforementioned undertaking dated September 29, 2015 in the context of the shareholding of 5paisa Capital Limited.

The above undertakings of Fairfax Shareholders and Promoter are submitted to SEBI/Exchanges and also disclosed herein.

b. The top ten (10) shareholders of our Company prior to the Scheme of Arrangement becoming effective i.e., prior to September 30, 2017 are as follows:*

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	IIFL Holdings Limited	1,77,16,494	99.99
2.	Mr. Narendra Jain (as a nominee of IIFL Holdings Limited)	1	0
3.	Mr. Mohan Radhakrishnan (as a nominee of IIFL Holdings Limited)	1	0
4.	Mr. Prabodh Agrawal (as a nominee of IIFL Holdings Limited)	1	0
5.	Mr. Gajendra Singh Thakur (as a nominee of IIFL Holdings Limited)	1	0
6.	Mr. Chintan Modi (as a nominee of IIFL Holdings Limited)	1	0
7.	Mr. Dinesh Tanwar (as a nominee of IIFL Holdings Limited)	1	0
Total		**1,77,16,500**	**100**

* *In accordance with the provisions under the CA 2013, a public limited company is required to have a minimum of seven (7) shareholders. Accordingly, prior to the Scheme of Arrangement becoming effective, our Company had seven (7) shareholders.*

c. The top ten (10) shareholders of our Company two (2) years prior to the date of filing of this Information Memorandum are as follows:*

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	IIFL Holdings Limited	30,49,994	99.99
2.	Mr. Narendra Jain (as a nominee of IIFL Holdings Limited)	1	0
3.	Mr. Mohan Radhakrishnan (as a nominee of IIFL Holdings Limited)	1	0
4.	Mr. Parag Shah (as a nominee of IIFL Holdings Limited)	1	0
5.	Mr. Mukesh Kumar Singh (as a nominee of IIFL Holdings Limited)	1	0
6.	Mr. Chintan Modi (as a nominee of IIFL Holdings Limited)	1	0
7.	Mr. Dinesh Tanwar (as a nominee of IIFL Holdings Limited)	1	0
Total		**30,50,000**	**100**

* *In accordance with the provisions under CA 2013, a public limited company is required to have a minimum of seven (7) shareholders. Accordingly, prior to the Scheme of Arrangement becoming effective, our Company had seven (7) shareholders.*

8. **Details of the Equity Shares held by our Directors and Key Management Personnel**

Sr. No.	Name	Pre-Scheme		Post-Scheme	
		No. Equity Shares	Percentage (%)	No. Equity Shares	Percentage (%)
1.	Mr. Mohan Radhakrishnan	Nil	Nil	6,800	0.0534
2.	Mr. Narendra Jain	Nil	Nil	2,220	0.0174
Total		**Nil**	**Nil**	**9,020**	**0.0708**

Except as disclosed above, none of our Directors and Key Management Personnel hold any Equity Shares as on the date of this Information Memorandum.

9. Except as disclosed in this section, and allotment of 1,27,39,022 Equity Shares and cancellation of Equity Shares, in terms of the Scheme of Arrangement sanctioned by the NCLT on September 06, 2017, none of our Promoters, Promoter Group, or Directors have purchased or subscribed or sold any securities of our Company within three (3) years immediately preceding the date of filing of this Information Memorandum which in aggregate is equal to or greater than 1% of pre-Scheme capital of our Company.

10. All Equity Shares were fully paid up as on the date of allotment.

11. Except as disclosed in the Information Memorandum, our Company has not made any public or rights issue of any kind or class of securities since its incorporation.

12. As on the date of this Information Memorandum, our Company has allotted 1,27,39,022 Equity Shares to equity shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement sanctioned by the NCLT.

13. As of the date of filing of this Information Memorandum, our Company has 32,523 shareholders.

14. Neither we, nor our Directors nor their relatives have purchased, sold or financed, directly or indirectly, any securities of our Company during the period of six (6) months immediately preceding the date of filing of this Information Memorandum.

15. There will be no further issue of Equity Shares whether by way of issue of bonus shares,

preferential allotment, rights issue or in any other manner during the period commencing from filing of this Information Memorandum until the Equity Shares have been listed on the Stock Exchanges.

16. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares as on date of this Information Memorandum. For details relating to employee stock options, please see section titled "*Capital Structure – Employee Stock Option*" on page 31 of this Information Memorandum.

17. Our Company has not issued any Equity Shares out of revaluation reserves.

18. At least 25% of the post-Scheme paid-up share capital of our Company comprises of Equity Shares allotted to public shareholders.

19. There have been no financial arrangements whereby our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during a period of six (6) months preceding the date of filing of this Information Memorandum.

20. There shall be only one (1) denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

3.4 SCHEME OF ARRANGEMENT

The Scheme of Arrangement is a scheme of arrangement under Section 391 to 394 read with Section 100 and other applicable provisions of the CA 1956 for the demerger of the 5Paisa Digital Undertaking, on a going concern basis and vesting of the same in our Company. Our Board of Directors approved the Scheme of Arrangement pursuant to its resolution dated September 30, 2016. The Scheme of Arrangement was sanctioned by the NCLT by an order dated September 06, 2017. The Scheme of Arrangement came into effect on September 30, 2017.

The rationale for the Scheme of Arrangement is as follows:

1) Both IIFL Holdings Limited and our Company form part of the IIFL group.

2) The digital way of trading in securities is emerging as a new segment with potential to achieve critical mass and grow exponentially in the near future with the spread of internet and mobile penetration as also 3G/ 4G telecommunication and data services throughout India.

3) To enable our Company to acquire, service and grow the new emerging do-it-yourself customer segment, which prefers least cost for various financial products.

4) To enhance the business focus and enabling investors to invest seamlessly, on their own, from anywhere.

Unless specified otherwise, the capitalized terms used in this section have the meaning that has been given to such terms in the Scheme of Arrangement.

The text of the Scheme is as under:

I. PURPOSE OF THE SCHEME

The Scheme of Arrangement is presented under Sections 391 to 394 read with Section 100 and other applicable provisions of the Companies Act, 1956 ("the Act"), for demerger of the 5Paisa Digital Undertaking carried out by IIFL Holdings Limited ("IHL" or "the Demerged Company"), on a going concern basis and vesting in 5Paisa Capital Limited ("5PCL" or "the Resulting Company"). The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

II. RATIONALE OF THE SCHEME

Both the companies under this Scheme of Arrangement are part of IIFL Group ('the Group'). The Group business consists of Financial Services, Financing, Housing Finance, Capital Market Services, Merchant Banking, Investment Advisory, Insurance Broking, Distribution of Financial Products, Wealth Management & Asset Management Services and 5Paisa Digital Business which are carried out either by itself or through each of the subsidiaries of IHL.

IHL is engaged in Merchant Banking, Investment Advisory services including holding investments in subsidiaries. Besides the aforesaid, IHL has also over a period of time engaged in and has invested in set-up of 5Paisa Digital Business which includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5Paisa.com), software rights, brand i.e. 5Paisa establishment, protection and support, Infrastructure and facilities services etc.

5PCL is engaged in providing an online technology platform through internet terminals and mobile apps for trading of securities in National Stock Exchange of India Limited & BSE Limited, Depository Participant of CDSL, AMFI, and providing a wider basket of financial services including distribution of mutual fund bonds and debentures etc. The digital way of doing trading in securities is emerging as a new segment with potential to achieve critical

mass and grow exponentially in near future with the spread of internet and mobile penetration as also 3G/4G telecommunication and data services throughout the Country. 5paisa will acquire, service and grow the new emerging DIY (Do-it-yourself) customer segment who prefer least cost for various financial products. Their service providers operate with cutting edge technology with minimal physical infrastructure and manpower. Such organizations require a different structure and culture. This proposition will not only enhance business focus but will also enable investors to invest seamlessly from anywhere on their own. Keeping in view the above, the Board has decided to demerge 5Paisa Digital Undertaking from IHL to seize the opportunity of such new DIY customer segment.

III. PARTS OF THE SCHEME

The Scheme of Arrangement is divided into the following parts:

Part A *– Deals with the Definitions, Interpretation and Share Capital;*

Part B *– Deals with the demerger of 5Paisa Digital Undertaking from IHL into 5PCL; and*

Part C *– Deals with the General Terms and Conditions*

PART A

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

*1. **DEFINITIONS***

In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expression shall have the meanings respectively assigned against them:

*1.1 **"Act" or "the Act"** means the Companies Act, 1956, the rules and regulations made thereunder and will include any statutory modification or re-enactment thereof for the time being in force and also mean and refer to corresponding sections of the Companies Act, 2013 the rules and regulations made thereunder, as and when such corresponding sections are notified by the Central Government;*

*1.2 **"Appointed Date"** means October 1, 2016 or such other date as may be fixed or approved by the High Court or respective National Company Law Tribunal (NCLT), if and when made operational or such other competent authority.*

*1.3 **"BSE"** means the BSE Limited;*

*1.4 **"Board" or "Board of Directors"** means the Board of Directors or any committee thereof of the IHL or 5PCL or both as the context may require;*

*1.5 **"Court"** or **"High Court"** means the High Court of Judicature at Bombay and High Court of Judicature at Madras and shall include the National Company Law Tribunal, if and when made operational.*

*1.6 **"5Paisa Digital Undertaking"** means the entire business undertaking of IHL relating to set-up of 5Paisa digital business which includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5Paisa.com), software rights, brand (5Paisa) establishment, protection and support, Infrastructure and facilities services etc. along with all related assets, investments in 5PCL , liabilities, employees, technology, software including specifically the following:*

i. all properties and assets, whether moveable or immoveable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, covenant and undertakings of IHL pertaining to 5Paisa Digital Undertaking;

ii. all assets (whether moveable or immoveable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) including investments of IHL pertaining to 5Paisa Digital Undertaking and not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstanding in litigations or paid under protest, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses, registrations, domain name (5Paisa.com), trademark, logo, mobile application and source code of mobile application program, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by IHL pertaining to the 5Paisa Digital Undertaking;

iii. all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of IHL pertaining to the 5Paisa Digital Undertaking comprising of:

a) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of IHL pertaining to the 5Paisa Digital Undertaking;

b) the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of IHL pertaining to the 5Paisa Digital Undertaking; and

c) liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the 5Paisa Digital Undertaking, being the amounts of any general or multipurpose borrowings of IHL as stand in the same proportion which the value of assets, transferred under this Clause, of the 5Paisa Digital Undertaking bears to the total value of the assets of IHL immediately before the Appointed Date.

iv. all intellectual property rights, including domain name (5Paisa.com), trademark, logo, mobile application and source code of mobile application program, logo and copyrights of IHL pertaining to 5Paisa Digital Undertaking;

v. all books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to 5Paisa Digital Undertaking;

vi. all permanent employees employed by IHL pertaining to the 5Paisa Digital Undertaking, as identified by IHL, as on the Effective Date.

vii. all earnest monies, security deposits, or other entitlements, if any, in connection with or relating to IHL pertaining to 5Paisa Digital Undertaking;

Any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the 5Paisa Digital Undertaking or whether it arises out of the activities or operations of the 5Paisa Digital Undertaking or not, shall be decided by the Board of Directors of IHL or any committee thereof.

*1.7 **"Effective Date"** means the date on which the authenticated copies or certified copies of the Orders of High Court of Judicature at Bombay under Sections 391 to 394 of the Act sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra at Mumbai by IHL and 5Paisa Capital Limited at Tamil Nadu at Chennai.*

1.8 ***"5Paisa Capital Limited"*** *or* ***"5PCL"*** *or* ***"the Resulting Company"*** *means 5Paisa Capital Limited (CIN: U67190MH2007PLC289249), a company incorporated under the Companies Act, 1956 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 is engaged in trading of securities in National Stock Exchange of India Limited & BSE Limited, Depository Participant of CDSL and providing a wider basket of financial services including mutual fund distribution registered with AMFI, bonds and debentures etc. It is a wholly owned subsidiary of IIFL Holdings Limited ;*

1.9 ***"IIFL Holdings Limited"*** *or* ***"IHL" or "the Demerged Company"*** *means IIFL Holdings Limited (CIN: L74999MH1995PLC093797), a Company incorporated under the Act and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 and is engaged in Merchant Banking, Investment Advisory, investment in Subsidiaries and other financial services and it is a listed Company at NSE and BSE;*

1.10 *"****Record Date"*** *means the date to be fixed jointly by the Board of Directors of IHL and 5PCL for the purposes of determining the shareholders of IHL to whom shares would be issued in accordance with Clause 5 of this Scheme (as defined hereinafter);*

1.11 ***"Remaining business of IHL"*** *means all the undertakings, businesses, activities, operations and investments of IHL other than the 5Paisa Digital Undertaking;*

1.12 ***"Scheme"*** *or "****the Scheme****" or "****this Scheme****" means this Scheme of Arrangement in its present form as submitted to the Hon'ble High Court or this Scheme with such modification(s) / amendments, if any made, as per Clause 16 of the Scheme.*

1.13 *All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.*

Reference to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme. The singular shall include the plural and vice versa.

2. ***DATE OF TAKING EFFECT AND OPERATIVE DATE***

2.1 *The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or made as per Clause 16 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date unless the context requires otherwise.*

2.2 *Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.*

3. ***SHARE CAPITAL***

3.2 *The share capital of IHL as at March 31, 2016 is as under:*

Share Capital	***Amount (In Rs.)***
Authorized Share Capital	
600,000,000 equity shares of Rs. 2 each	*1,20 0,000,000*
TOTAL	***1,200,000,000***
Issued, subscribed and paid-up Share Capital	
316,536,853 equity shares of Rs. 2 each, fully paid up	*633,073,706*
TOTAL	***633,073,706***

Subsequent to the above Balance Sheet date and till the date of the Scheme being approved by the Board of Directors of IHL, there has been a change in the Issued, subscribed and paid up share capital

of IHL. As on the date of approval of the Scheme by the Board of Directors i.e. on September 30, 2016, the revised capital structure is as under:

Share Capital	***Amount (In Rs.)***
Authorized Share Capital	
600,000,000 equity shares of Rs. 2 each	*1,200,000,000*
TOTAL	***1,200,000,000***
Issued, subscribed and paid-up Share Capital	
317,095,853 equity shares of Rs. 2 each, fully paid up	*634,191,706*
TOTAL	***634,191,706***

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

Share Capital	***Amount (In Rs.)***
Authorized Share Capital	
10,00,000 equity shares of Rs. 10 each	*10,00,00,000*
TOTAL	***10,00,00,000***
Issued, subscribed and paid-up Share Capital	
30,50,000 Equity shares of Rs. 10 each, fully paid up	*3,05,00,000*
TOTAL	***3,05,00,000***

Subsequent to the above Balance Sheet date and till the date of the Scheme being approved by the Board of Directors of 5PCL, there has been a change in the Authorized, issued, subscribed and paid up share capital of 5PCL. As on the date of approval of the Scheme by the Board of Directors i.e. September 30, 2016, the revised capital structure is as under:

Share Capital	***Amount (In Rs.)***
Authorized Share Capital	
18,000,000 equity shares of Rs. 10 each	*180,000,000*
TOTAL	***180,000,000***
Issued, subscribed and paid-up Share Capital	
17,716,500 equity shares of Rs. 10 each, fully paid up	*177,165,000*
TOTAL	***177,165,000***

PART B

TRANSFER AND VESTING OF 5PAISA DIGITAL UNDERTAKING OF IHL INTO 5PCL

4. TRANSFER AND VESTING OF 5PAISA DIGITAL UNDERTAKING

4.1 Upon the scheme becoming effective and with effect from the Appointed Date, the whole of the undertaking and assets and properties of the 5Paisa Digital Undertaking, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred to and vested in and/or deemed to be transferred to and vested in 5PCL, so as to vest in 5PCL all the rights, title and interest pertaining to the 5Paisa Digital Undertaking, as a going concern, in compliance with Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. The transfer and vesting of 5Paisa Digital Undertaking of IHL shall happen in the following manner:

4.1.1. Any and all assets relating to the 5Paisa Digital Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recorded pursuant to this Scheme shall stand transferred and vested by IHL to 5PCL and shall become the property and an integral part of

5PCL. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly.

4.1.2. Any and all movable properties of IHL relating to the 5Paisa Digital Undertaking, other than those specified in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of the 5PCL. The investments held in dematerialized form will be transferred to 5PCL by issuing appropriate delivery instructions to the depository participant with whom IHL have an account.

4.1.3. With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of IHL relatable to the 5Paisa Digital Undertaking shall, without any further act or deed be and stand transferred to 5PCL so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of 5PCL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. After the Effective Date, 5PCL undertakes to meet, discharge and satisfy the said liabilities to the exclusion of IHL and to keep IHL indemnified at all times from and against all such liabilities and from and against all actions, demands and proceedings in respect thereto.

4.1.4. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents, trademark, logo, domain name held by IHL required to carry on operations in the 5Paisa Digital Undertaking shall stand vested in or transferred to 5PCL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of 5PCL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to 5PCL pursuant to the Scheme.

4.2 The transfer and vesting of 5Paisa Digital Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to 5Paisa Digital Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the 5Paisa Digital Undertaking.

4.3 All taxes, duties, cess payable by IHL relating to the 5Paisa Digital Undertaking including all or any refunds / credit / claims relating thereto shall be treated as the liability or refunds / credit / claims, as the case may be, of 5PCL, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds / credit / claims relating to the 5Paisa Digital Undertaking shall continue to be borne by IHL. It is specifically provided that if IHL or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the 5Paisa Digital Undertaking the same shall be on behalf of and as a trustee of 5PCL and the same shall be refunded to / paid by 5PCL.

4.4 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the 5Paisa Digital Undertaking of IHL or whether it arises out of the activities or operations of 5Paisa Digital Undertaking of IHL shall be decided by mutual agreement between the Board of Directors of IHL and 5PCL.

*5. **ISSUE OF SHARES***

5.1 Upon this Scheme becoming effective and upon vesting of the 5Paisa Digital Undertaking of IHL in 5PCL in terms of this Scheme, 5PCL shall, without any further application or deed, issue and allot equity shares ("New Equity Shares"), credited as fully paid-up, to the extent indicated below, to the members of IHL, holding fully paid up equity shares in IHL and whose names appear in the Register of

Members of IHL on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as may be recognized by the Board of Directors of 5PCL in the following manner:

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

5.2 No fractional shares shall be issued by 5PCL in respect of the fractional entitlements, if any, to which the members of IHL may be entitled on issue and allotment of Equity Shares in 5PCL as above. The Board of Directors of 5PCL or a committee thereof shall consolidate all such fractional entitlements to be rounded off, and issue and allot the Equity Shares in lieu thereof to a Director and / or Officer(s) as nominee of 5PCL on the express understanding that such Director and / or Officer(s) to whom such new Equity Shares are allotted shall sell the same in the market and pay to 5PCL the net sale proceeds thereof, whereupon 5PCL shall distribute such net sale proceeds to the members of IHL in proportion to their fractional entitlements

5.3 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of IHL, the Board of Directors of IHL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in IHL, after the effectiveness of this Scheme.

5.4 The New Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of IHL in dematerialized form, in to the account in which IHL shares are held or such other account as is intimated by the shareholders to IHL and / or its Registrar before the Record Date. All those shareholders who hold shares of IHL in physical form shall receive the equity shares, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to IHL and / or its Registrar before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form.

5.5 The New Equity Shares to be issued by 5PCL to the members of IHL pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 on all the Stock Exchanges on which shares of IHL are listed on the Effective Date. 5PCL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for 5PCL with the requirements of the said Stock Exchanges/SEBI. Upon the said allotment the resultant shareholders/shareholding pattern of 5PCL will be identical to the shareholders/shareholding pattern of IHL. The New Equity Shares of 5PCL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s). There shall be no change in the shareholding pattern or control in 5PCL between the Record Date and the listing which may affect the status of approvals received from the Stock Exchange(s). The shares so allotted shall be freely tradable and shall not have any lock in period unless contrary contained in any regulation. Post sanction of the Scheme by National Company Law Tribunal, IHL/5PCL will make necessary application(s) to NSE/BSE/ SEBI in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India vide Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 including for relaxation under sub rule 19(7) of rule 19 of Securities Contracts (Regulations) Rules, 1957.

5.6 5PCL shall and to the extent if required, increase its Authorized Share Capital to facilitate issue of equity shares under this Scheme.

5.7 Approval of this Scheme by the shareholders of 5PCL shall be deemed to be the due compliance of the provisions of Section 42 read with 62 of the Companies Act, 2013, and the other relevant and applicable provisions of the Act for the issue and allotment of New Equity Shares by 5PCL to the shareholders of IHL, as provided in this Scheme

5.8 The approval of this Scheme by the shareholders of IHL and 5PCL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 13, 14 and 186 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

6. REDUCTION OF EQUITY CAPITAL

6.1 The equity shares of the Resulting Company, held by the Demerged Company on the Effective Date shall be cancelled without any further act or deed, and without payment of consideration.

6.2 The order of the High Court sanctioning the Scheme will be deemed to be an order under Section 66 of the Companies Act, 2013 or under Section 100 of the Companies Act, 1956 (as may be applicable).

6.3 The reduction shall be effected as an integral part of this Scheme under Section 100 to 103 of the Companies Act, 1956 corresponding to Section 66 of the Companies Act, 2103 and the order of High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Companies Act, 1956 for the purpose of confirming the reduction.

7. ACCOUNTING TREATMENT

In the books of 5PCL

7.1 5PCL shall, upon the Scheme becoming effective, record all assets and liabilities relating to the 5Paisa Digital Undertaking of IHL vested in it pursuant to this Scheme, at respective book values, as appearing in the books of IHL, at the close of business on the day immediately preceding the Appointed Date.

7.2 5PCL shall credit to its Share Capital account, the aggregate face value of the New Equity Shares issued by it pursuant to this Scheme

7.3 On the Scheme becoming effective, the investment made by IHL in the equity share capital of 5PCL would get cancelled. Further, the face value of the equity share capital of 5PCL held by IHL would also get reduced.

7.4 The inter-company balances, if any, appearing in the books of accounts of 5PCL and the 5Paisa Digital Undertaking being transferred, will stand cancelled;

7.5 The difference being the excess of the net assets value (after giving adjustment to clause 7.2 above) of 5Paisa Digital Undertaking transferred to 5PCL determined as per clause 7.1 above, over the value of New Equity Shares issued and allotted as per clause 5.1 by 5PCL reduced by the face value of the equity share capital of 5PCL cancelled on the Scheme being effective would be recorded as Capital Reserve. Shortfall, if any, shall be recorded as Goodwill.

7.6 In case of any differences in accounting policy between IHL and 5PCL, the accounting policies followed by 5PCL will prevail and the difference till the Appointed Date will be quantified and adjusted in the Capital Reserve / Goodwill Account to ensure that the financial statements of 5PCL reflect the financial position on the basis of consistent accounting policy. The Treatment in this clause shall be applicable irrespective of any change in the accounting method.

In the books of IHL

7.7 Upon the Scheme becoming effective, IHL shall reduce the book value of assets and liabilities pertaining to the 5Paisa Digital Undertaking transferred to 5PCL.

7.8 The excess of the book value of assets transferred over the book value of liabilities transferred shall be first adjusted against the Capital Reserve Account and balance against General Reserve account of IHL and the balance, if any, shall be adjusted against Profit & Loss Account.

8. ***EMPLOYEE STOCK OPTION SCHEME OF IHL***

8.1 *The options granted (whether vested or not) ("**Options**") by the Demerged Company pursuant to the existing stock option scheme of the Demerged Company ("**Existing Stock Option Scheme**") to its employees (whether Transferred Employees or Remaining Employees) will continue to be governed by the provisions of the Existing Stock Options Scheme.*

8.2 *Upon the Scheme Coming into effect, the outstanding Options as on the Record Date shall be reworked by the Compensation Committee in such a manner that the employees on exercise of such Options will be entitled to the same benefit in terms of the value of equity shares of Demerged Company as they would have received on the exercise of the Options prior to the Demerger.*

8.3 *The fair value of equity share of 5PCL as on the record date as certified by the Independent Chartered Accountant/Merchant Banker will be disclosed / provided by IHL to the outstanding option grantees of IHL soon after the Record Date. In proportion to the share exchange ratio of IHL and 5PCL, the portion of the fair value of 5PCL to the corresponding per share grant price of ESOPs of IHL will stand reduced from the respective Grant Price of the outstanding options on the Record Date or such other manner as the Compensation Committee may decide keeping in the objective as mentioned in point No.8.2 above.*

8.4 *From the Effective Date, any options that may be granted by the Demerged Company under the Existing Stock Option Scheme, shall exclude the Employees of 5PCL.*

8.5 *Upon the Scheme becoming effective, Existing Stock Option Scheme shall be deemed to have been suitably modified, subject to the approvals of Board/Nominations and Remuneration Committee / approvals/permissions/compliances as may be required, if any.*

8.6 *Further, approval granted to the Scheme by the Shareholders of the Demerged Company and the Appropriate Authorities shall also be deemed to be approval granted to any modifications made to the Existing Stock Option Scheme required to give effect to the provisions of the Scheme. No further approval of the shareholders of the Demerged Company or appropriate authority would be required in connection. The variations of the Existing Stock Option Schemes made pursuant to this clause are not detrimental or prejudicial to the interests of the concerned employees.*

9. ***CONDUCT OF 5PAISA DIGITAL UNDERTAKING OF IHL TILL THE EFFECTIVE DATE***

With effect from the date of the Board of Directors of IHL and 5PCL approving this Scheme upto the Effective Date:

9.1 *IHL shall be deemed to have been carrying on and shall carry on its business and activities relating to the 5Paisa Digital Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the 5Paisa Digital Undertaking for and on account of and in trust for 5PCL. IHL hereby undertakes to hold its said assets with utmost prudence until the Effective Date.*

9.2 *IHL shall carry on and be deemed to have carried on its business and activities relating to the 5Paisa Digital Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of 5PCL, alienate charge, mortgage, encumber or otherwise deal with or dispose of the 5Paisa Digital Undertaking or part thereof.*

9.3 *All the profits or income accruing or arising to IHL or expenditure or losses arising or incurred or suffered by IHL pertaining to the Online Business Undertaking shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of 5PCL.*

9.4 *IHL shall not vary the terms and conditions of employment of any of the employees of IHL pertaining to the 5Paisa Digital Undertaking except in the ordinary course of business or without the prior*

consent of 5PCL or pursuant to any pre-existing obligation undertaken by IHL, as the case may be, prior to the Appointed Date.

9.5 *IHL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which 5PCL may require to carry on the 5Paisa Digital Undertaking of IHL.*

10. ***EMPLOYEES***

10.1 *On the Scheme becoming operative, all staff and employees of IHL pertaining to 5Paisa Digital Undertaking in service on the Effective Date shall be deemed to have become staff and employees of 5PCL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with 5PCL shall not be less favorable than those applicable to them with reference to their employment in IHL.*

10.2 *It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff and employees of IHL pertaining to 5Paisa Digital Undertaking or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of IHL in relation to 5Paisa Digital Undertaking in relation to such Fund or Funds shall become those of 5PCL. It is clarified that the services of the staff and employees of IHL pertaining to 5Paisa Digital Undertaking will be treated as having been continuous for the purpose of the said Fund or Funds.*

11. ***LEGAL PROCEEDINGS***

11.1 *If any suit, appeal or other proceeding of whatever nature by or against IHL in relation to 5Paisa Digital Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against 5PCL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against IHL in relation to 5Paisa Digital Undertaking as if this Scheme had not been made.*

11.2 *After the Appointed Date, if any proceedings are taken against IHL in respect of the matters referred to in the Clause 11.1 above, IHL shall defend the same at the cost of 5PCL and 5PCL shall reimburse and indemnify IHL against all liabilities and obligations incurred by it in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc. which IHL may be called upon to pay or secure in respect of any liability or obligation relating to 5Paisa Digital Undertaking.*

11.3 *5PCL undertakes to have all legal or other proceedings initiated by or against IHL referred to in Clause11.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against 5PCL to the exclusion of IHL to the extent legally permissible after the Scheme being effective. To the extent such proceedings cannot be taken over by 5PCL, the proceedings shall be pursued by IHL for and on behalf of 5PCL as per the instructions of and entirely at the cost and expenses of 5PCL.*

11.4 *In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against IHL in relation to 5Paisa Digital Undertaking including litigations, suits, recovery proceedings relating to excise duty and labour issues, 5PCL shall be made party thereto and any payment and expenses made thereto shall be the liability of 5PCL. Any other litigation, suit, recovery proceedings of excise duty or labour matters pertaining to 5Paisa Digital Undertaking that may, arise after the Appointed Date, shall also stand transferred to 5PCL and no liability shall ever be vested in IHL .*

12. ***CONTRACTS, DEEDS, ETC.***

12.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to 5Paisa Digital Undertaking to which IHL is a party and which is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of 5PCL and may be enforced by or against 5PCL as fully and effectually as if, instead of IHL, 5PCL had been a party thereto.

12.2 5PCL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which IHL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. 5PCL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of IHL for the 5Paisa Digital Undertaking and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

13. REMAINING BUSINESS

13.1 It is clarified that the Remaining Business of IHL shall continue with IHL as follows:

(a) The Remaining Business of IHL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by IHL.

(b) All legal and other proceedings by or against IHL under any statute, whether pending and / or arising on or before the Appointed Date and relating to the Remaining Business of IHL (including those relating to any property, right, power, liability, obligation or duty, of IHL in respect of the Remaining Business) shall be continued and enforced by or against IHL.

(c) With effect from the date of filing of this Scheme with the High Court and up to and including the Effective Date –

i. IHL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business for and on its own behalf;

ii. all income or profit accruing to IHL or expenditure or losses arising or incurred by it relating to the Remaining Business are and shall for all purposes, be treated as the income or profit or expenditure or losses, as the case may be, of IHL.

14. SAVING OF CONCLUDED TRANSACTIONS

The transfer of the 5Paisa Digital Undertaking of IHL to 5PCL under Clause 4 above and the continuance of proceedings by or against 5PCL under Clause 11 above shall not affect any transaction or proceedings already concluded by IHL or after the Appointed Date till the Effective Date, to the end and intent that 5PCL accept and adopts all acts, deeds and things done and executed by IHL for the 5Paisa Digital Undertaking in respect thereto as done and executed on behalf of itself.

PART C
GENERAL TERMS AND CONDITIONS

15. APPLICATION TO HIGH COURT

IHL and 5PCL shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Court for seeking approval of the Scheme.

16. MODIFICATION OR AMENDMENTS TO THE SCHEME

Subject to approval of High Court, IHL and 5PCL by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any

other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board of Directors). IHL and 5PCL by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

17. ***CONDITIONALITY OF THE SCHEME***

This Scheme is and shall be conditional upon and subject to:

17.1 *The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of 5PCL and IHL as may be directed by the High Court.*

17.2 *The necessary approvals from NSE/BSE/CDSL/ SEBI as may be required as a member of NSE and BSE as well as depository participant of CDSL.*

17.3 *IHL/5PCL shall comply with all requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulation') and all the statutory directives of SEBI/NSE/BSE/NCLT in so far as they relate to sanction and implementation of this Scheme.*

17.4 *The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.*

17.5 *The sanction of the High Court under Sections 391 to 394 of the said Act in favour of IHL and 5PCL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;*

17.6 *Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the respective Registrar of Companies by IHL and 5PCL.*

18. ***EFFECT OF NON-RECEIPT OF APPROVALS***

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2017 or within such further period or periods as may be agreed upon between IHL and 5PCL by their Board of Directors (and which the Board of Directors of IHL and 5PCL agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

19. ***REPEALS AND SAVINGS***

Any matter filed with Registrar of Companies, Regional Director or the Central Government under the Companies Act, 1956, before the notification of the corresponding provisions under The Companies Act, 2013 and not fully addressed at that time shall be concluded by the Registrar of Companies, Regional Director or the Central Government, as the case may be, in terms of the Companies Act, 1956. Any direction or order given by the Hon'ble High Court under the provisions of the Companies Act, 1956 and any act done by the Company based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of The Companies Act, 2013. Accordingly, the provisions of The Companies Act, 2013, shall not apply to acts done by the Company as per direction or order of the Hon'ble High Court sanctioning the Scheme.

20. ***COSTS, CHARGES & EXPENSES***

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of IHL and 5PCL shall be borne by IHL. It shall also include all expenses incurred in connection with and implementing this Scheme and matters incidental thereto. If any stamp duty is levied pursuant to the transfer of the 5Paisa Digital Undertaking to 5PCL pursuant to this Scheme and other consequential matters shall only be borne by IHL.

3.5 STATEMENT OF TAX BENEFITS

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V. Sankar Aiyar & Co.
CHARTERED ACCOUNTANTS
2-C, Court Chambers
35, New Marine Lines
Mumbai - 400 020

STATEMENT OF TAX BENEFITS

To,

The Board of Directors
5 Paisa Capital Limited
IIFL House, Sun Infotech Park
Wagle Industrial State,
Road No. 16V, Thane,
Maharashtra – 400 604

Dear Sirs,

Sub: Statement of Possible Tax Benefits available to 5 Paisa Capital Limited and its shareholders

We report that the enclosed statement states the possible tax benefits available to 5 Paisa Capital Limited "the Company") and to the shareholders of the Company under the Income Tax Act, 1961, as amended by Finance Act, 2016. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives, the Company face in future, the Company may or may not choose to fulfill.

The possible tax benefits discussed in the enclosed statement 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 individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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 their understanding of the business activities and operations of the Company.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.109208W

G. Sankar
Partner
Membership No.46050

Place: Mumbai
Date: 14.09.2017

Delhi Office : 202-301, Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi - 110 008 • Tel.: 2570 5233 / 2570 5232 • E-mail : newdelhi@vsa.co.in
Chennai Office : 41, Circular Road, United India Colony, Kodambakkam, Chennai - 600 024 • Tel.: 044-2372 5726 & 044-2372 5730 • E-mail : chennai@vsa.co.in

STATEMENT OF TAX BENEFITS

UNDER THE INCOME TAX ACT, 1961 ("THE ACT")

BENEFITS TO THE COMPANY UNDER THE ACT:

a) Minimum Alternate Tax (MAT) Credit

- As per provisions of Section 115JB of the Act, the Company is eligible to claim credit for Minimum Alternate Tax (MAT) paid against normal income-tax payable in subsequent assessment years. The amount of credit available shall be the difference between MAT payable under section 115JB of the Act and taxes payable on total income computed under other provisions of the Act.

- MAT credit shall be allowed to be carried forward for any assessment year to the extent of difference between the tax paid under Section 115JB and the tax payable as per the normal provisions of the Act for that assessment year. Such MAT credit is available for set-off up to 15 years succeeding the assessment year in which the MAT credit arises.

b) Dividends

- As per the provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. However, as per Section 94(7) of the Act, losses arising from purchase and sale of securities, where such securities are bought or acquired within a period of three months prior to the record date and such securities are sold or transferred within three months from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt, if any.

- Any amount declared, distributed or paid by the Company to shareholders by way of dividends on or after 1 April 2003, whether out of current or accumulated profits, shall be charged to additional income tax at the rate of 15 percent (plus applicable surcharge and cess) under Section 115-O of the Act. In view of the amendment brought in by Finance (No.2) Act, 2014, for the purpose of determining the tax on distributed profits payable in accordance with Section 115-O of the Act, the amount of dividends on or after 1 April 2003 needs to be increased to such amount as would, after reduction of tax on such increased amount at the specified rate, be equal to the net distributed profits.

- Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.

- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess) up to March 31, 2014. As per Finance Act, 2014, the benefit of lower rate of 15% is extended without limiting it to a particular assessment year.

- For removing the cascading effect of dividend distribution tax, while computing the amount of dividend distribution tax payable by a Domestic Company, the dividend received from a foreign subsidiary on which income-tax has been paid by the Domestic Company under Section 115BBD of the Act shall be reduced.

- Any income received from distribution made by any mutual fund specified under Section 10(23D) of the Act or from the administrator of the specified undertaking or from the units of specified company referred to in Section 10(35) of the Act, is exempt from tax in the hands of the Company under Section 10(35) of the Act. However, as per Section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to

receive income) and sold within nine months from the record date, will be disallowed to the extent of the amount of income claimed exempt, if any.

As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

c) Carry forward and set off of losses

- As per the provisions of Section 72(1) of the Act, if the net result of the computation of income from business is a loss to the Company, not being a loss sustained in a speculation business, such loss can be set off against any other income and the balance loss, if any, can be carried forward for eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be set off against business income.

- As per the provisions of Section 72A of the Act, pursuant to business re-organisations such as demerger, etc., the successor company shall be allowed to carry forward any accumulated tax losses/ unabsorbed depreciation of the predecessor company, subject to fulfillment of prescribed conditions.

d) Capital gains

- As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer..

- Long Term Capital Gain (LTCG) arising on transfer of equity shares of a company or units of an equity oriented fund which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of a business trust as defined in Section 2(13A), is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to compliance of conditions specified in that section.

- Book Income on transfer of investment in a company is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if tax on long term capital gain resulting on sale of listed securities (other than a unit) or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax calculated at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of a business trust, are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

- STCG arising on sale of equity shares or units of equity oriented mutual fund as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D), where such transaction is not chargeable to STT is taxable at the normal rate of 30%(plus applicable surcharge and cess).

- As per Section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly ,where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference

between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

- As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

- As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long - term capital gains arising during subsequent eight assessment years.

- As per the provisions of section 54D of the Act and subject to the conditions to the extent specified therein, capital gains arising on compulsory acquisition of land & building or any right therein used by an industrial undertaking, will be exempt from tax if the capital gains are invested in — land, building, or any right therein within 3 years from the date of compulsory acquisition for the purpose of shifting / re-establishing/ setting up another industrial undertaking/ subject to lower of Capital Gain or the Cost of acquisition of new land and building

- In accordance with and subject to the conditions and to the extent specified in section 54EC of the Act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and 10(38)) if such capital gain is invested within a period of six months from the date of transfer in bonds redeemable after three years and issued by:

  i. National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and

  ii. Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

The maximum investment in the specified long term asset cannot exceed Rs. 5,000,000 during any financial year as well as capital gain arising from transfer of one or more original assets. Where the long term specified assets is transferred or converted into money at any time with in a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.

e) Other

- As per provisions of Section 35 (1) (ii) of the Act, in respect of sum paid to a research association which has as its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research to the extent of a sum equal to one and three fourth times the sum so paid.

- As per provisions of Section 35 (1) (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and one fourth times the sum so paid.

- Under Section 35 (1) (iia) of the Act, any sum paid to a company, which is registered in India and which has as its main object the scientific research and development, and being approved by the prescribed authority and such other conditions as may be prescribed, shall also qualify for a deduction of one and one fourth times the amount so paid. .

- In respect of deduction under section 35(1)(iia) and 35(1)(iii), the deduction shall be restricted to 100 per cent with effect from 01.04.2017 (i.e. from previous year 2017-18 and subsequent years). In regard to deduction under section 35(1)(ii) of the Act, weighted deduction shall be restricted to 150 per cent from 01.04.2017 to 31.03.2020 (i.e. from previous year 2017-18 to previous year 2019-20) and deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).

- As per provisions of Section 35(2AA) of the Act, any contribution made Notified Institutions i.e. National Laboratory, University, Indian Institute of Technology, specified persons as approved by the prescribed authority, is available to the extent of one and a half times of such payment made. However, the deduction under above sub-section shall be restricted to the amount so paid, if payment is made on or after 1 April 2020.

- However, weighted deduction u/s 35(2AB) of the Act shall be restricted to 150 per cent with effect from 01.04.2017 to 31.03.2020 (i.e. from previous year 2017-18 to previous year 2019-20). Deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).

- As per section 35D of the Act, the Company is entitled to amortize certain preliminary expenditure, specified under Section 35D(2) of the Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years beginning with the assessment year in which the extension of the unit is completed or the unit/ business commences production or operation

- As per the provisions of Section 35DD of the Act, any expenditure incurred by an Indian Company, on or after 1 April 1999, wholly and exclusively for the purpose of amalgamation or demerger of an undertaking, shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of five successive financial years beginning with the financial year in which the amalgamation or demerger takes place.

- As per the provisions of Section 35DDA of the Act, if a Company incurs any expenditure in any financial year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, the Company would be eligible to claim a deduction for one-fifth of the amount so paid in computing the profits and gains of the business for that financial year, and the balance shall be deducted in equal instalments for each of the four immediately succeeding financial years.

- As per the provisions of Section 35CCD of the Act, if a Company incurs any expenditure (not being in the nature of cost of any land or building) on any skill development project notified by the Central Board of Direct Taxes in this behalf in accordance with the guidelines as may be prescribed, then, the Company shall be allowed a deduction of sum equal to one and one-half times of such expenditure. However, the deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).

- As per section 115U of the Act, any income received by a person out of investments made in a venture capital company (VCC) or venture capital fund (VCF) shall be chargeable to income-tax in the same manner as if it were the income received by such person had he made investments directly in the venture capital undertaking (VCU).

- As per Section 80JJAA, Where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, there shall, subject to the conditions specified in sub-section (2), be allowed a deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

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- As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the company. Section 91 provides for unilateral relief in respect of taxes paid in foreign countries

- As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations subject to the fulfilment of the conditions specified in that section.

BENEFITS TO THE SHAREHOLDERS OF THE COMPANY UNDER THE ACT

a) Dividends

- As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the members/ shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax on the amount distributed as dividend, if any.

- However, the Finance Act 2016 has introduced Section 115BBDA which provides that the aggregate of dividends received by specified resident assessee (other than domestic company and specified fund / trust) from domestic companies in excess of INR 10 lakh will be taxed at 10 percent on a gross basis and no deduction will be available for any expenditure.

- Also, Section 94(7) of the Act provides that losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/transferred within three months after such date, will be disallowed to the extent dividend income on such shares is claimed as tax exempt, if any.

b) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Equity Shares listed on a recognized stock exchange in India held by an assessee for more than 12 months, immediately preceding the date of transfer, are considered to be long-term capital assets. Capital gains arising from the transfer of such long-term capital assets are termed as Long Term Capital Gains (LTCG).

- Short Term Capital Gains (STCG) means capital gains arising from the transfer of equity shares listed on a recognised stock exchange in India held for 12 months or less, immediately preceding the date of transfer.

- LTCG arising on transfer of a long term capital asset, being an equity share in a company shall be exempt from tax under Section 10(38) of the Act provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 on a recognized stock exchange and such transaction is chargeable to Securities Transaction Tax (STT) and subject to compliance of conditions specified in that section.

- Taxable LTCG would arise if not exempt under Section 10(38) or any other section of the Act to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of Section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

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i) Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and

ii) Expenditure incurred wholly and exclusively in connection with the transfer of shares.

- Under Section 112 of the Act, taxable LTCG are subject to tax at a rate of 20 percent (plus applicable surcharge and cess) after indexation, as provided in the Second Proviso to Section 48 of the Act. However, in case of listed securities (other than unit), the amount of such tax could be limited to 10 percent (plus applicable surcharge and cess), without indexation, at the option of the shareholder.

- In respect of a non-resident shareholder, as per the First Proviso to Section 48 of the Act, the capital gains arising from the transfer of listed equity shares of an Indian company, shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains so computed shall be reconverted into Indian currency. Further, the benefit of indexation as provided in Second Proviso to Section 48 is not available to non-resident shareholders.

- As per the provisions of Section 111A of the Act, STCG arising from the transfer of a listed equity share in a Company as specified under Section 10(38) of the Act, is subject to tax at the rate of 15 percent provided that the transaction of sale of such equity share or unit is chargeable to STT. If the provisions of Section 111A are not applicable, the STCG would be taxed at the normal rates of tax (plus applicable surcharge and cess) applicable to resident investor.

- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against STCG as well as LTCG. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Further, long term capital loss arising during a year is allowed to be set-off only against LTCG. Balance loss, if any, shall be carried forward and set-off against LTCG arising during subsequent eight assessment years.

- If the shareholder is a company liable to pay tax on book profits under Section 115JB of the Act, the capital gain on transfer of equity shares, if long term shall be exempt in terms of Section 10(38) of the Act but the book gain shall form part of book profits while computing the book profit under Section 115JB of the Act.

- The characterization of the gain/ losses, arising from sale/ transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. The Central Board of Direct Taxes (CBDT) has vide a circular clarified that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed under the head "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

- Under section 36(1)(xv) of the Act, STT paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession".

(ii) Exemption of capital gain from income-tax:

- As per Section 54EC of the Act, LTCG arising on transfer of shares of the company (other than sale referred to in Section 10(38) of the Act) is exempt from capital gains tax to the extent the same is invested within a period of six months after the date of such transfer, in specified bonds issued by NHAI and REC, subject to conditions specified therein.

- Where a part of the capital gain is reinvested, the exemption shall be available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed INR 50 lakhs per assessee during any financial year.

- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempt shall be taxable as capital gains in the year of transfer/conversion.

- As per the provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before or two years after the date of transfer, for purchase of a new residential house, or for construction of a residential house property, in India, within three years from the date of transfer, subject to conditions and to the extent specified therein.

Tax treaty benefits

As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial, while deciding taxability in India (subject to furnishing of Tax Residency Certificate & information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013.). However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

d) Requirement to furnish PAN under the I.T. Act

- Section 139A (5A) requires every person from whose income; tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.

- Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB (deductee) to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:

  i) at the rate specified in the relevant provision of the I.T. Act; or

  ii) at the rate or rates in force; or

  iii) at the rate of twenty per cent.

- As per sec 206AA(7), with effect from June 1 2016, the provisions of section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of:

  i) Payment of interest on long-term bonds as referred to in section 194LC; and

  ii) Payment in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, subject to fulfillment of conditions specified vide Notification no.53/2016 dated 24th June 2016.

e) Non-resident Indian taxation

Special provisions in case of Non-Resident Indian ('NRI') in respect of income/ LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:

- NRI means an individual being a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

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- In accordance with section 115E, income from investment or income from LTCG on transfer of assets other than specified asset shall be taxable at the rate of 20 percent (plus applicable cess). Income by way of LTCG in respect of a specified asset (as defined in Section 115C(f) of the Income-tax Act, 1961), shall be chargeable at 10 percent (plus applicable cess). Specified foreign exchange assets include shares of an Indian company which are acquired / purchased/ subscribed by NRI in convertible foreign exchange.

- As per the provisions of Section 115F of the Act, LTCG [not covered under Section 10(38) of the Act] arising to an NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is reinvested in specified assets or in savings certificate referred to in Section 10(4B) of the Act within six months of the date of transfer, subject to the extent and conditions specified in that Section. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently; if the specified assets or saving certificates referred in Section 10(4B) of the Act are transferred or converted into money within three years from the date of their acquisition.

- Under the provisions of Section 115G of the Act, it shall not be necessary for an NRI to furnish his return of income if his only source of income is investment income or LTCG or both and tax deductible at source under provisions of Chapter XVII-B has been deducted from such income.

- Under the provisions of Section 115H of the Act, where a person who is an NRI in any previous year, becomes assessable a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

- Under the provisions of Section 115-I of the Act, an NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under Section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and the tax liability arising thereon.

Benefits available to Foreign Institutional Investors ("FIIs") under the Act:

a) Dividends exempt under Section 10(34) of the Act

- As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the shareholder from a domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15 percent (plus applicable surcharge and cess) on the amount distributed as dividend. However, as per Section 94(7) of the Act, losses arising from purchase and sale of securities, where such securities are bought or acquired within a period of three months prior to the record date and such securities are sold or transferred within three months from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt, if any.

- In view of the amendment brought in by Finance (No.2) Act, 2014, for the purpose of determining the tax on distributed profits payable in accordance with Section 115-O of the Act, the amount of dividends needs to be to be increased to such amount as would, after reduction of tax on such increased amount at the specified rate, be equal to the net distributed profits. Resultantly, the effective rate of tax will be 17.647 percent (plus applicable surcharge & Cess) of the amount of dividends declared, distributed or paid by the Company.

b) Capital gains

- In Finance Act (No.2), 2014 it was provided that any securities held by a FII which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be capital asset. Consequently, the income arising to a FII from transactions in securities would always be in the nature of capital gains.

- In accordance with Section 115AD, FIIs will be taxed at 10 percent (plus applicable surcharge and cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if STT is not payable on the transfer of the shares.

- LTCG arising to shareholder on transfer of long term capital asset being listed equity shares of the company will be exempt from tax under Section 10(38) of the Act provided that the transaction is entered in on or after 1 October 2004 and STT has been paid on such transfer and subject to compliance of conditions specified in that section.

- As per the provisions of Section 111A of the Act, STCG arising on sale of short term capital asset, being listed equity shares in a company, shall be chargeable to tax at the rate of 15 percent (plus applicable surcharge and cess) provided the transaction is chargeable to STT. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at the rate of 30% (plus applicable surcharge and cess), as applicable.

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O of the Act) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20 percent (plus applicable surcharge and cess).

- The benefits of exemption under Section 54EC of the Act mentioned above in case of the Company are also available to FIIs.

- The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

- Indirect Transfer Provision u/s 9(1)(i) of the Act - The Central Board of Direct Taxes (CBDT) issued a clarification vide Circular No. 41 of 2016 dated December 23, 2016, stating that if an FPI has more than 50 per cent of its assets in India, with a value greater than Rs. 10 crore, then any investor with a greater than five per cent interest in or contribution to the assets under management (AUM) of the FPI will be covered by the indirect transfer rules and will be subject to Indian tax whenever this investor sells or redeems its shares in the FPI/fund.

- After the issue of the aforementioned circular, representations have been received from various FPIs, FIIs and VCFs and other stakeholders. The stakeholders have presented their concerns stating that the circular does not address the issue of possible multiple taxation of the same income. The representations made by the stakeholders are currently under consideration and examination by CBDT. Pending a decision in the matter the operation of the above mentioned circular in kept in abeyance for the time being.

c) Tax Treaty benefits

In accordance with the provisions of Section 90 of the Act, FIIs being non-residents will be entitled to choose the provisions of Act or the provisions of tax treaty entered into by India with other foreign countries, whichever are more beneficial, while deciding taxability in India (subject to furnishing of Tax Residency Certificate & information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013.). However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

d) Computation of book profit under Section 115JB

An explanation has been inserted in Section 115JB stating that, the provisions of Section 115JB shall not be applicable and shall be deemed never to have been applicable to a foreign company if-

i) It is a resident of a country or a specified territory with which India has a tax treaty referred to in sub-section (1) of Section 90 and it does not have a permanent establishment in India; or

ii) It is a resident of a country with which India does not have a tax treaty and it is not required to seek registration under any law for the time being in force relating to companies.

Benefits available to Venture Capital Companies/ Funds under the Act:

In terms of Section 10(23FB) of the Act, all venture capital companies/ fund registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on any income from investment in a venture capital undertaking. Further, the Finance Act, 2015 has inserted a proviso providing that nothing contained in this clause shall apply in respect of any income of a venture capital fund or venture capital company, being an "investment fund" of the previous year relevant to the assessment year beginning on or after 1st April 2016.

"Investment fund" has been defined under in clause (a) of Explanation 1 to Section 115UB of the Act to mean any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992.

Benefits available to Investment Fund under the Act:

The Finance Act, 2015 has inserted Chapter XII-FB in the Act which provides for special taxation regime for Category I and Category II Alternative Investment Funds referred to as "investment fund" as per clause (a) of Explanation 1 to Section 115UB of the Act. Further, the said Act has also inserted Section 10(23FBA) in terms of which income of any investment fund other than income chargeable under the head "Profits and gains of business or profession" shall be exempt from income tax.

Benefits available to Mutual Funds under the Act:

- In terms of Section 10(23D) of the Act, all Mutual funds set up by public sector banks or public sector financial institutions or Mutual Funds registered under the Securities and Exchange Board of India Act/ Regulations there under or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income taxes on all their income, including income from investment in the shares of the company.

- However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of Section 115R of the Act. However, w.e.f. 1 October 2014, for the purpose of determining additional income tax, the amount of distributed income shall be increased to such amount as would after reduction of additional income tax on such increased amount at the rate specified be equal to the amount of income distributed by mutual fund.

Where the Shareholder is a person located in a Notified Jurisdictional Area (NJA) under section 94A of the I.T. Act

- All parties to such transactions shall be treated as associated enterprises under section 92A of the I.T. Act and the transaction shall be treated as an international transaction resulting in application of transfer pricing regulations including maintenance of documentations, benchmarking, etc.

- No deduction in respect of any payment made to any financial institution in a NJA shall be allowed under the I.T. Act unless the assessee furnishes an authorization in the prescribed form authorizing the

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS

CBDT or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution (Section 94A(3)(a) read with Rule 21AC and Form 10FC).

- No deduction in respect of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a NJA shall be allowed under the I. T. Act unless the assessee maintains such documents and furnishes such information as may be prescribed (Section 94A(3)(b) read with Rule 21AC).

- If any assessee receives any sum from any person located in a NJA, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee (Section 94A(4)).

- Any sum payable to a person located in a NJA shall be liable for withholding tax at the highest of the following rates:

  i) at the rate or rates in force;

  ii) at the rate specified in the relevant provision of the I.T. Act; or

  iii) at the rate of thirty per cent.

- No jurisdiction has been notified as **Notified Jurisdictional Area (NJA)** on the date of issue of the prospectus.

General Anti-Avoidance Rule ('GAAR):

In terms of Chapter XA of the Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the Act. By this Rule, any arrangement entered into by an assessee where the main purpose of the arrangement is to obtain a tax benefit may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be *inter alia* denial of tax benefit, applicable w.e.f. FY 2017-18.

The Central Board of Direct Taxes (CBDT) vide Notification No. 49/2016, dated 22 June 2016, has amended the GAAR. GAAR provisions are not applicable to any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of investment made 1 April 2017. Further, GAAR provisions are applicable to any arrangement (if held as impermissible avoidance agreement), irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from an arrangement on or after 1 April 2017.

UNDER THE WEALTH TAX ACT, 1957

The Finance Act, 2015 has abolished the levy of wealth tax under the Wealth Tax Act, 1957 with effect from 1 April 2016.

UNDER THE GIFT TAX ACT, 1958

Gift made after 1 October 1998 is not liable for any gift tax, and hence, gift of shares of the company would not be liable for any gift tax. However, receipt of the sum of money or any "property" including securities (as defined in section 56(2)(x) of the Income Tax Act, 1961) by any person without consideration or for inadequate consideration in excess of ₹ 50,000 shall be chargeable to tax in the hands of the recipient under the head "Income from other sources" to the extent the consideration is less than Fair Market Value or Stamp duty value, as the case may be, unless specifically exempted under the provisions of the Act.

Notes:

a) All the above benefits are as per the current direct tax laws relevant for the Assessment Year 2018-19 (considering the amendments made by Finance Act, 2017).

b) The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.

c) The possible tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.

d) 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

e) The above Statement of Tax Benefits 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

f) The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

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SECTION 4: ABOUT OUR COMPANY

4.1 INDUSTRY OVERVIEW

The information in this section has been extracted from publically available information/ documents, including officially prepared materials from the Government of India and its various ministries, trade, industry or general publications and other third party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information may not be consistent with the other information complied by third parties within or outside India. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this section, it has not been independently verified by us or any of our advisors, and should not be relied on as if it had been so verified. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions, which may prove to be incorrect. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Information Memorandum. Accordingly, investment decisions should not be based on such information.

Overview of the Indian Economy

India remains one of the fastest growing large economies in the world. India's GDP grew at 7.1% in Fiscal 2017, despite slowdown in the second half of the year. First half of the Fiscal 2017 grew at 7.7%, while the latter half of Fiscal 2017 grew at a substantially lower rate of 6.5% (*source: Central Statistics Office (CSO), 2017*).

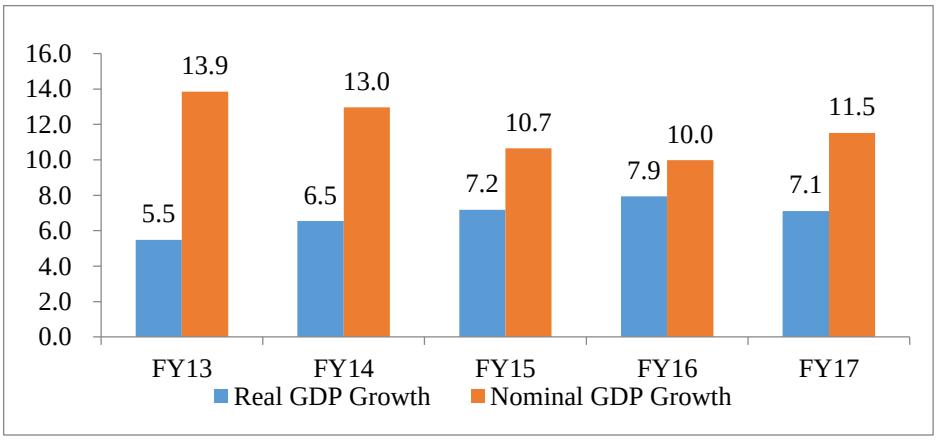

Figure 1: Growth in Real and Nominal GDP (source: IIFL Estimates)

Consumer inflation moderated to 4.5% in Fiscal 2017 *vis-à-vis* 4.9% in Fiscal 2016; and is likely to remain below 5% in Fiscal 2018 (*source: RBI*). Due to the moderation in inflation and normal monsoons, RBI reduced the repo rate by 50 basis points during Fiscal 2017 (*source: RBI*). Low commodity prices have helped push current account deficit to less than 1% of GDP (*source: RBI*). The Central Government continues to be on the path of fiscal consolidation and aims to reduce fiscal deficit to 3.2% of GDP in Fiscal 2018 from 3.5% in Fiscal 2017 (*source: Union Budget 2017*).

The Economic Survey, 2017 describes the implementation of GST regime as '*a bold new experiment in the governance of India's cooperative federalism*' (*source: Ministry of Finance*). Despite initial roadblocks, GST is expected to push India's GDP going forward.

Overview of Global Financial Situation

Growth in major economies has remained subdued in past few years. In April 2017, International Monetary Fund in its report highlighted that the global economy grew at 3.1% in the year 2016. Economic activity in both advanced economies, and emerging markets and developing economies ("**EMDE**") is predicted to accelerate in the year 2017, with global growth projected at 3.5%. Further, in its report, International Monetary Fund stated that the projected pickup in growth in EMDEs would be responsible for strengthening of global economy (*source: International Monetary Fund's report titled "World Economic Outlook"*).

Overview of Recent Trends in Financial Services Sector

India is one of the fastest growing major economies of the world, yet its financial sector remains under developed. The financial services industry in India has traditionally maintained high barriers of entry to new players, caused in part by its conservative business sense. Technologies such as artificial intelligence, machine learning, and blockchain have a wide range of potential use in the financial industry. While these technologies have been around for some time and have even seen adoption in western economies over the past decade, they have remained in a nascent state in the Indian landscape. However, as the sector enters a technological revolution, a shift in the mindset of the ecosystem has been witnessed (*source: PWC FinTech Trends Report, 2017*).

Overview of Capital Markets

Trends in Primary Markets

During Fiscal 2017, Rs. 62,067 crore was mobilized through 122 public and 12 rights issues as against Rs. 57,866 crore raised in the year Fiscal 2016 through 94 public and 13 rights issues. Fiscal 2017 was the year of the initial public offering ("**IPO**") market as there was a quantum jump in the number of IPOs and the amount mobilized by them. While this indicates the gradual rise of capital market as a mode of finance among large and small corporates, it also provides an enormous opportunity for investors to invest in a cross-section of firms which represent the growth economy. The amount raised through IPOs in Fiscal 2017 nearly doubled by 96.4% to Rs. 29,104 crore as compared to Rs. 14,815 crore during Fiscal 2016. The share of public issues in the total resources mobilized increased to 94.5% in Fiscal 2017 from 84.0% in Fiscal 2016, while the share of rights' issues decreased from 16.0% to 5.5 % during the same period (*source: SEBI Annual Report, 2017*).

Investment Type	Fiscal 2016		Fiscal 2017	
	No of issues	Amount (in Rs. crores)	No of issues	Amount (in Rs. crores)
Public Issues	**94**	**48,627**	**122**	**58,651**
Equity/ PCD/ FCD	74	14,815	106	29,104
-IPOs	74	14,815	106	29,104
-FPOs	0	0	0	0
Bond/ NCD	20	33,812	16	29,547
Rights Issues	**13**	**9,239**	**12**	**3,416**
Total Issues	**107**	**57,866**	**134**	**62,067**

Figure 2: Resource Mobilization through Public and Rights' Issues (source: SEBI Annual Report, 2017)

Trends in Secondary Markets

Fiscal 2017 witnessed the benchmark indices rising significantly backed by resurgence post the demonetization, political outcomes in state elections and rising foreign inflows even as the international developments were not very encouraging. There were a multitude of global events in the Fiscal 2017 which influenced the markets including the slowdown in Chinese economy, weak global trade growth, the Brexit, US presidential elections, policy normalization by the Federal Reserve and the attendant uncertainties around each of these events. Nonetheless, the domestic macro-economic and political conditions remained favourable. Strong growth rates, benign inflation and contained twin

deficits despite the recovery of global crude oil prices, positive policy actions including implementation of key structural reforms like demonetization, progress on the GST, Aadhar linked public policy initiatives, return to a normal monsoon rainfall, and reduced external vulnerabilities were vital for institutional investors' confidence in the India growth story and also in its markets (*source: SEBI Annual Report, 2017*).

Reflecting increased activity in the market, NSE's turnover increased from Rs. 42,36,983 crores in Fiscal 2016 to Rs. 50,55,913 crores in Fiscal 2017, an increase of 19.3%. Similarly, BSE too witnessed an increase in turnover of 34.9% from Rs. 7,40,089 crores to Rs. 9,98,261 crores during the same period. In consonance with the market uptrend, market capitalization surged at both the exchanges. The market capitalization at BSE increased by 28.3% to Rs. 1,21,54,525 crores in Fiscal 2017 from Rs. 94,75,328 crores in Fiscal 2016. On the other hand, market capitalization at NSE increased by 28.7% to Rs. 1,19,78,421 crores in Fiscal 2017 from R.s 93,10,471 crores in Fiscal 2016 (*source: SEBI Annual Report, 2017*).

Reflecting strong macro-economic outlook, in Fiscal 2017, the foreign portfolio investors invested about Rs. 484 billion with net investments of Rs. 557 billion in equities and net sales of Rs.73 billion in bonds (*source: SEBI Annual Report, 2017*). There were about 27.8 million demat accounts in India in Fiscal 2017 (*source: NSDL, CDSL*) representing less than 1% of Indian population. Rising infrastructure costs coupled with reducing margins compress the profitability of the sector thereby affecting the expansion *(source: BW Business World*).

Consolidation in Stock Broking Industry

While the cash market turnover has witnessed an increase in the past five (5) years from Rs. 13200 crores in Fiscal 2013 to Rs. 24400 crores in Fiscal 2017 (*source: Bloomberg, IIFL Research*), the number of registered sub-brokers has declined from 70,178 in Fiscal 2013 to 30,909 in Fiscal 2017 (*Figure 3, source: SEBI*). Sub-brokers are a vital part of broking value chain bridging the gap between brokers and customers. The rapid decline in sub-brokers points to the consolidation in the industry.

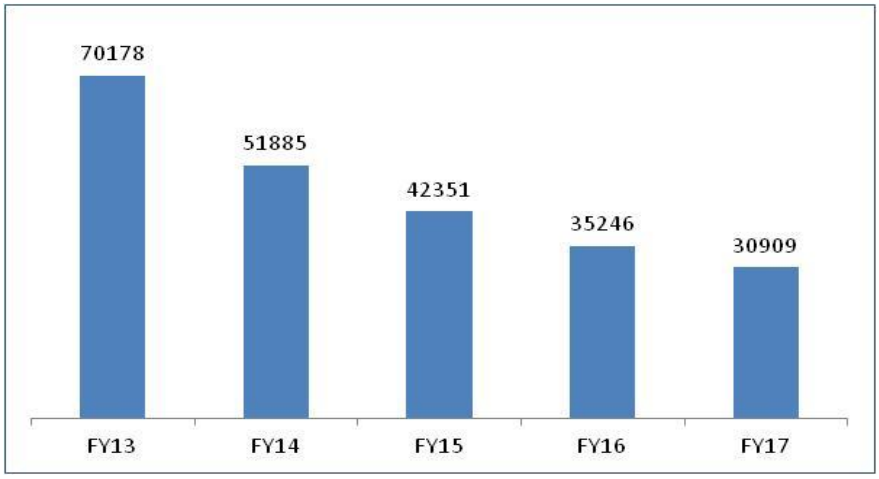

Figure 3: Decline in registered Sub-Brokers (source: SEBI)

The stock broking industry in India can broadly be classified into full service brokers and discount brokers. Full service brokers represent the traditional brokers which offer investment advisory, human support and trading platform for trades. Whereas, the discount brokers on the other hand focus on charging flat brokerage fees regardless of the transaction volume. Discount brokers typically offer their services at a lower price point as compared to full service brokers. Recently, discount brokers such as Zerodha, RKSV Securities and Trade Smart Online have gradually increased in size, capturing ~14% market share (*source: IIFL Estimates*), thus reflecting change in client mindset.

Further, robot advisory services, which offer real-time analytics, lists a number of stocks under various criteria such as price trends, options analysis, high-low breakers, abnormal volume shocker and bullish-

bearish strategies on the mobile screen helping in real-time decision making (*source: DNA Research*).

Overview of Depository Services in India

In India, presently there are two depositories namely, NSDL and CDSL. Depository participants act as an interface between investor and depositories. The investor has to open an account through a depository participant to avail of the services offered by the depository participant.

	NSDL			CDSL		
Year	**Number of company**	**Demat quantity (in million)**	**Demat value (in Rs. crores)**	**Number of company**	**Demat quantity (in million)**	**Demat value (in Rs. crores)**
2014-15	13,992	9,27,357	1,17,48,315	9,399	2,06,012	13,94,264
2015-16	15,638	11,00,209	1,17,15,667	10,021	2,27,549	13,26,797
2016-17	17,835	13,17,625	1,46,48,687	9,887	2,55,151	17,70,245

Figure 4: Increase in volumes for depositories (source: SEBI Annual Report, 2017)

Overview of Mutual Fund Industry in India

The mutual fund sector has tripled in last five (5) years from Rs. 5.9 trillion in Fiscal 2012 to Rs. 17.5 trillion in Fiscal 2017 (*Figure 5, source: AMFI*). While the growth has been impressive, the sector is relatively under-developed as compared to other developed and developing economies, accounting for assets under management to GDP ratio of 12% (*source: Economic Times, 2017*). While technology has played an important role with development of a seamless technological platform for investment, the online investment has not picked up in a meaningful way mainly due to reluctance of clients in accessing the platform (*source: Morningstar Research*). SEBI's investor survey states that in spite of majority of schemes being available online, internet is not the preferred source for investing in mutual funds mainly due to lack of trust and knowledge for investors (*source: SEBI Survey Report, 2015*).

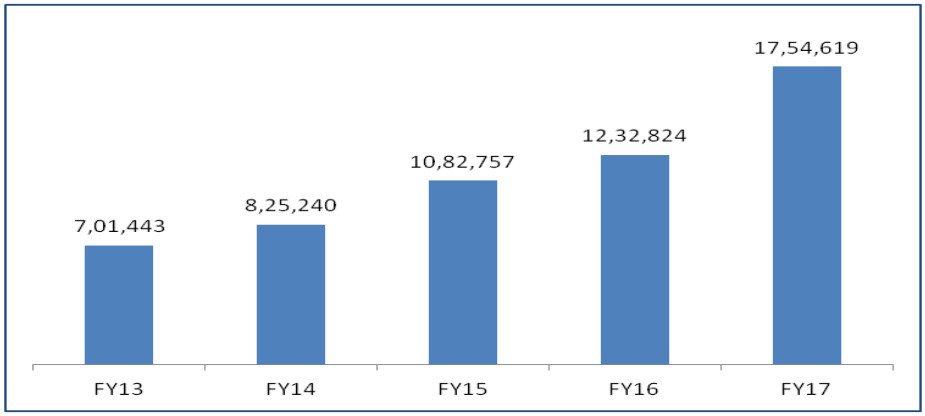

Figure 5 - Mutual Fund Asset under Management in India in Rs. crores (Source: AMFI, IIFL Research)

To overcome the shortcomings, robot advisory helps in addressing the concerns by assessing risk, understanding client's financial situation and needs and thereby making appropriate portfolio recommendations, all with minimal human intervention. Robot investing in India is currently operated in the below mentioned models (*source: Mint Research*):

Model type	Operating model
Automated investments	Selection into pre-defined category of funds and stay invested
Direct plans	Investment in direct mutual funds with flexibility of goal based investing

Model type	Operating model
Goal-oriented investments	Goal-based investing with do-it-yourself option
Full-service adviser	Automated personal finance adviser advising on investment, liquidity and other parameters

Figure 6: Various Robot Advisory Models in India

Comparison with Major Economies:

Unlike the United States, where the entire process is fully automated, Indian companies currently operate on providing solutions leaving the decision to carry out such investment onto the client. Moreover, due to the financial crisis in the year 2008, United States mutual fund industry has witnessed a gradual shift towards passive investing instead of active investing. Currently, major investments in mutual funds (both offline and robot advisory based) are focused on active funds rather than passive funds in India. (*source: Hindu Business Line*).

4.2 OUR BUSINESS

In this section, "the Company", "our Company", "we", "us" and "our" refers to 5paisa Capital Limited.

Overview

We are engaged in providing financial products through our online technology platform and our mobile applications. We are registered with SEBI as a stock broker, depository participant and research analyst and are also registered with AMFI as a mutual fund distributor. We have been active in financial services sector and our main focus is on emerging investor class beyond metro cities and about 64% of our clientele is based out of Tier II and Tier III cities.

Our Company was originally incorporated on July 10, 2007 as a public limited company under the provisions of the CA 1956 as India Infoline Finance Holdings Limited with the ROC. Our Company obtained the certificate for commencement of business on July 19, 2007 from the ROC. The name of our Company was subsequently changed to IIFL Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the ROC on November 06, 2007. Thereafter, the name of our Company was changed to 5paisa Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Tamil Nadu at Chennai on August 12, 2015. For further details, please see section titled "*History and Certain Corporate Matters*" on page 86 of this Information Memorandum.

Our offering broadly includes the following:

1. A trading platform for all types of investors in which we provide equity broking services;

2. As part of our integrated services offering, we also provide clearing and depository services to our clients;

3. A mutual fund platform in which our client can subscribe to a host of mutual fund products offered by various asset management companies and can avail the services of our robot advisory tool to help them select the mutual fund products based on their risk profile and goals;

4. Distribution of other financial products.

Our services are targeted at retail investors and high volume traders who actively invest and trade in securities markets and seek DIY (Do-it-Yourself) services at a low cost. We provide an online technology platform to our clients through internet terminals and mobile applications for trading in securities in NSE and BSE. We offer advisory services to our clients through the research undertaken by a team of fundamental and technical research analysts. We also offer depository related services to our clients as part of our integrated services offering.

We are backed by one of India's prominent financial services company i.e., IIFL Holdings Limited, which caters, by itself and/ or through its subsidiaries, to about 2.9 million customers across various business segments. Our experience in financial markets, understanding of customer needs and expertise in implementing complex technological solutions has enabled us in providing a seamless user experience. We are a technology driven company and believe that our brand, reputation and strong and stable management team have enabled us in offering quality services to our customers at a low cost.

We mainly have an online presence and are currently operating out of five (5) offices. We believe that our online presence allows us to capitalize on opportunities to grow our financial product offerings. For further details, please see section titled "*Our Business – Property"* on page 80 of this Information Memorandum.

For the years ended March 31, 2015, March 31, 2016, March 31, 2017 and the six (6) months period ended September 30, 2017, our total revenue from operations was Rs. 1137.14 lakhs, Rs. (121.76) lakhs, Rs. 746.68 lakhs and Rs. 642.48 lakhs, respectively, and our profit after tax was Rs. 353.06

lakhs, Rs. (549.79) lakhs, Rs. (1044.48) lakhs and Rs. (1166.03) lakhs, respectively.

Key Strengths

We believe that the following are our key strengths:

1. ***Effective Technological Platform***

   Technology is the heart of our organization. We are tech based financial service provider. Our consistent effort in building robust Trading platform, advanced mobile app, Artificial Intelligence powered Robo Advisory platform, Paperless Account opening platform are some examples of Tech superiority. As a company we strongly believe in making entire investing experience of a customer seamless and hence we have significantly invested in creating an efficient technological architecture comprising of our product offering, customer satisfaction as well as operational processing. We believe that our focus on innovation and understanding customer behaviour provides us with a significant competitive advantage.

2. ***One Stop Investment Platform***

   The main focus of our Company is to provide a technology platform to offer wide range of financial products under one umbrella. We believe that our wide range of services and products under one umbrella enables us to build strong relationship with our clients and to increase volume of business offered.

   Through our technology platform, our clients can avail equity broking services and can select various mutual fund and other financial products which makes us a one stop investment platform. Through our focus on innovation, over a period of time we have developed our services to provide a seamless user experience to our client.

3. ***Low Cost of Services and Effortless User Experience***

   We are one of the low cost financial service providers and charge as low as Rs. 10/- per order. We believe in providing an effortless user experience to our customers throughout the lifecycle of the investment at a low cost. Beginning from on-boarding of the client to execution of trades to after trade support, our interactive user interface with minimal human intervention, enhances the customer experience which is backed by real-time data analytics to help them take informed investment decisions.

4. ***Established Brand***

   One of our key strengths is our affiliation and our relationship with one of India's prominent financial services company i.e., IIFL Holdings Limited which, by itself and/ or through its subsidiaries, has interests in various financial sector services such as broking, wealth management services, distribution of financial products, non-banking financial company and other activities in financial services. We leverage IIFL Holdings Limited's experience in various facets of the financial sector services which allows us to understand the market trends and mechanics and helps us design our services to suit the requirements of our target customer bases as well to address opportunities that arise out of the changes in the market trends. We believe that by leveraging on our existing relationship and synergies with IIFL Holdings Limited, we will be able to further expand our services. Further, we believe that our relationship with IIFL Holdings Limited provides us instant brand recognition.

5. ***Robust Risk Management***

   Management of risk is essential in financial services business and we believe that we have in place robust mechanism to manage our risk. 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

strategies, position and trading limits and automatic squaring off positions. These procedures cover our internal control system, customer margin requirement and overall risk management. We have dedicated and experienced risk management which oversees our risk management functions from our registered office. We periodically review and modify such procedures, as necessary or appropriate. Our risk management team monitors real-time market conditions and our client's positions and informs our clients the potential risks and takes action accordingly.

6. ***Strong Management Team and Corporate Governance***

Our Company has an experienced Board that oversees and guides our strategy and operations. Our Directors have experience in areas relevant to our business. Similarly, the members of our experienced management team and our employees share common vision of excellence. We believe that the extensive relevant experience and financial acumen of our management and executive provide us with a distinctive competitive advantage. For further details on our Board, please see section titled "*Our Management*" on page 92 of this Information Memorandum.

Our strict adherence to regulatory and supervisory norms and diligent Board are a few examples of how our policies reflect our strong corporate governance. Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. The corporate governance framework is based on an effective independent Board, separation of supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

Our Business Strategy

Our vision is to use technological innovation and to be the leader in meeting our clients' board based investment needs through our technology platform at a low cost. We intend to continue increasing our revenues and market share and profitability through the following key strategies:

1. ***Product Development***

We aim to develop a comprehensive range of products which would enable various facets of investment cycle i.e., decision making to the execution of trades. Increasing the range of our product offering is key to maintain and growing our market share in the Indian financial services market. Further, we seek to capture relevant insights into client's behaviour, financial strength and goals which will enable us to provide an effective advice to our clients based on defined exhaustive data driven algorithmic approach, assessing the targets on periodic basis and optimizing their performance by providing recommendations. We believe that technological innovations will improve our user experience, efficiency of our technology platform and will help in creating a long lasting relationship with our clients.

2. ***Low Pricing***

We aim to offer our services at a low cost to our client. Minimal human intervention and robust technological infrastructure will enable us to minimize our overhead expenses and help us optimize our costs. By minimizing overhead expenses and optimizing our costs, our Company aims to pass on the benefits to our clients in the form of low pricing for our services.

3. ***Expand Reach***

We believe that increase in internet penetration will enable our Company in expanding its client base. Our Company aims on increasing its presence by leveraging technological innovations and focusing on investor segments which are currently ignored by traditional channels and help in channelization of investment in financial assets. With seamless user experience at the core of our strategy, we aim to ensure client retention and expansion. We

further aim to strengthen our existing robust customer care services to enhance our client experience.

4. ***Pursue selective acquisitions, partnerships opportunities and inorganic growth***

We believe that the financial services market in India offers opportunities for inorganic growth in order to complement our existing client experience, and we will actively seek out for such opportunities that, in our assessment, are aligned to our existing services. These opportunities could be by way of strategic acquisitions, collaborations, joint ventures, new partner tie ups and asset purchases. We will pursue such opportunities where we believe that they will add value to our business, our stakeholders and our clients.

5. ***Continue to attract and develop talent***

We currently have access to a talent pool of experienced professionals, who have significant experience in financial services market. The quality of our management team has been instrumental in our growth and we believe that the management team provides strategic direction towards growth and profitability.

We will seek to actively recruit, develop and retain talent. We believe that these steps will enable us enhance our management capabilities in longer term, while improving efficiency and profitability in the near term as well.

6. ***Continue to upgrade Risk Management Procedures and related systems***

We view risk management as a crucial part of our business. Therefore, we will continue to focus on monitoring and strengthening our risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, market risk and operational risk. We believe that prudent risk management policies will allow us to expand our financial services business without experiencing significant increases in non-performing assets.

Our Services

Our services are classified under the following heads:

A. ***Broking services***

We offer discount broking services to our clients through our technology platform at a low cost. Our registered clients can avail our online trading facilities on our website at www.5paisa.com and through our mobile application named "5paisa Trading and Robo Advisory". Our broking services are based on DIY (Do-it-Yourself) model, which is supported with call and trade facility to enable our clients to trade over a phone call. Though our technology platform, our clients can trade in cash segment, equity derivative segment and currency derivatives segment of BSE and NSE.

B. ***Depository services***

Depository participant is an agent of the depository and can offer depository related services only after obtaining a certificate of registration from SEBI. We offer depository services to our broking clients as well as to non-broking clients, as a value-added service. We are a depository participant registered with CDSL. Our broking clients have the facility to settle their trades in a secure and paperless manner through our depository services.

C. ***Clearing services***

We are registered as a trading cum clearing member of BSE and NSE. We provide clearing services in relation to the trades executed by our clients in cash segment, equity derivative

segment and currency derivatives segment of BSE and NSE.

D. ***Research services***

Our Company is also registered as a research analyst with SEBI. Our research team services our retail clients. We provide research services on both fundamental, technical and quantitative side. We employ qualified and experienced analysts who track economy, industries and companies on a regular basis. Our research team focus on providing in-depth insightful research that is timely and valuable to our clients.

E. ***Distribution of financial products***

We are registered with the AMFI as a mutual fund distributor and are registered as mutual fund intermediary (MFI) and mutual fund distributor (MFD) with BSE's STaR MF segment, which enables us to provide our clients access to the mutual funds products offered by about thirty nine (39) SEBI registered asset management companies/ mutual funds. We are also in the distribution of personal loans. In this regards, we have partnered with India Infoline Finance Limited, a RBI registered non-banking financial company, through whom we provide paperless disbursement of loans to our existing clients.

Intellectual Property

We believe that the brand "5paisa" benefits from the trust of our clients and enhances our market visibility. The trademark relating to "5paisa" and the associated logo was held by IIFL Holdings Limited. However, due to the expiry of the trademark registration, IIFL Holdings Limited had applied to the Registrar of Trademarks, Mumbai on August 28, 2015 for the fresh registration of "5paisa" and the associated logo as a trademark in Class 36. The application for trademark registration is presently pending before the Registrar of Trademarks, Mumbai.

Pursuant to the Scheme of Arrangement, the intellectual property rights which vested in 5paisa Digital Undertaking, including the name "5paisa" and the associated logo, domain name (5paisa.com), mobile application, source code of mobile application and copyright has been transferred and vest in our Company with effect from the Appointed Date.

Human Resources

We have experienced management team whom we rely upon to anticipate industry trends and to capitalize on new business opportunities that may emerge. As on September 30, 2017, we have 542 employees out of which 485 are permanent and 57 are on contractual basis.

Risk Management and Internal Control Systems

We have adopted a risk management policy which *inter alia*, sets out our approach towards risk assessment, risk management, and risk monitoring. Our risk management policy is periodically reviewed by the Board, after taking into consideration changes in market conditions, regulatory changes and our internal business strategies. Through our risk management policy, we seek to constantly monitor and address risks such as technology obsolescence, attrition of talent, competition, and various other business risks, including financial, political, legal and regulatory risks. We believe that by monitoring and identifying risks on a regular basis, we can refine our internal risk management procedures and mitigate potential financial and non-financial loss to our Company.

Information Technology

Our Company has invested considerable resources in deploying the latest technologies in the areas of wide area networking using multi-protocol label switching, automated dialers, thin clients and customer relationship module tools and software. We also made significant strides in using cloud technology for customer-facing servers providing rapid and inexpensive ramp-up or down of capacity in line with business requirements.

Our trade station is comprehensive trading tool with superior charting, analytical tools, lightning execution speed and a more user friendly interface. We are also using the latest technology for real time web functionality for market feeds. Our client on boarding process is completely online and is integrated with Aadhaar, digital signature and PAN service which has eased up the process for clients and acquisition teams.

Our Company is aware of increasing threats in the information security domain and has taken several steps to ensure that our systems are safe guarded against hacking attacks, data leakage and security breaches. Our Company has committed significant investments in terms of technology, systems and manpower in the aforesaid initiative and continuously developing the same.

Competition

The market for financial services is highly competitive. Our primary competition comprises of companies which provide a digital/ online platforms for broking services and investment in financial products. We believe that we have been able to gain a competitive edge over our competition as a result of constant technological innovation and our technical expertise. Be that as it may, we anticipate our competition to grow as the demand for these services increases and we also expect other additional companies to enter the space we are currently operating in. If we are unable to manage our business, it might impede our competitive position and profitability. We intend to continue competing vigorously to capture more market share and to manage our growth in an optimal way.

Insurance and Liability

As on date of this Information Memorandum, our Company has taken the adequate cover under stock brokers' indemnity insurance. Further, CDSL has taken an insurance cover on behalf of its depository participants (which includes our Company) for professional indemnity (which covers, *inter alia*, errors and omissions in professional services, liability arising due to system failure, error resulting into non-execution and/ or incorrect execution of the instruction) and crime (which convers, *inter alia*, fraud, forgery, counterfeiting, extortion, in advert breach of trust and in advert breach of fiduciary duty).

Litigations

As on date of this Information Memorandum, our Company does not have any outstanding litigations pending against it.

Properties

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

Sr. No.	State	Address	Lease expiry
1.	Maharashtra	1) IIFL House, Sun Infotech Park, Road No. 16v, Plot no. B-23, Thane Industrial Area Wagle Estate, Thane, Maharashtra, India – 400 604	November 30, 2018
		2) Hubtown Solaris, Office No. 1, Ground. Floor, N.S. Phadke Marg, Near East-West Flyover, Andheri (E), Mumbai, Maharashtra, India – 400 069	September 30, 2018
2.	Haryana	IIFL House, 98, Phase-IV, Udyog Vihar-4, Gurugram, Haryana, India – 122 016	October 05, 2020
3.	Karnataka	Soma Merit, First Floor No 9, Venkataswamy Naidu Street, Taskar Town, Shivaji Nagar, Bangalore, Karnataka, India – 560 001	July 16, 2020
4.	Puducherry	India Infoline Finance Limited, No. 221, First	July 20, 2018

Sr. No.	State	Address	Lease expiry
		Floor, M.G. Road, Puducheery – 605 001	

4.3 REGULATIONS AND POLICIES

The following is an overview of the important sector specific laws and regulations which are relevant to our business in India, which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of laws and regulations set out below is not exhaustive and are only intended to provide general information, and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For information on regulatory approvals obtained by us, please see section titled "Government and Other Approvals" on page 263 of this Information Memorandum.

Our Company is engaged in the business of provide services of a stock broker, mutual fund distributor, depository participant and a research analyst. Our Company's primary business is in relation to the securities markets and the activities related to securities markets are regulated by SEBI and primarily governed by the provisions under the SCRA, SEBI Act, Depositories Act and the rules and regulations promulgated thereunder. In light of this, the important regulations governing or Company are detailed below:

Securities and Exchange Board of India Act, 1992

SEBI Act was enacted to provide for the establishment of SEBI whose function is to protect the interest of investors and to promote the development of, and to regulate the securities market, and for matters connected therewith and incidental thereto. The SEBI Act regulates the functioning of SEBI and enumerates its powers. It also provides for the registration and regulation of the function of various market intermediaries such as stock brokers, merchant bankers, portfolio managers etc. In terms of the provisions under the SEBI Act, SEBI has the power to and has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it under the SEBI Act. 1992.

Securities Contracts (Regulations) Act, 1956

SCRA seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities and other related matters. The SCRA provides for grant of recognition for stock exchanges and clearing corporations by the Central Government (which has been delegated to SEBI). Every recognized stock exchange and clearing corporation is required to have in place a set of rules relating to its constitution and bye-laws for the regulation and control of contracts. It also deals with recognition, de-recognition, regulation/ control on the stock exchanges and clearing corporations and empowers the stock exchanges for making its own bye laws, rules and the provisions pertaining to listing of securities, delisting of securities and dealing in securities.

Depositories Act, 1996

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

SEBI (Stock-Brokers and Sub-Brokers) Regulations 1992

The Broker Regulations states that no person shall carry on activity as a stock broker unless he holds a certificate granted by SEBI under the Broker Regulations. Further, the Broker Regulations provides the eligibility criteria and conditions required to be satisfied in order to obtain the certificate of registration. It further provides the procedure for obtaining the certificate of registration to carry on business as a stock broker and/or a sub-broker who is required to be affiliated to a stock broker registered under the

Broker Regulations. On registration, a stockbroker and a sub-broker are required to adhere to a code of conduct prescribed under the Broker Regulations. In addition, a stock broker and/ or a sub-broker are required to abide by the rules, regulations and bye-laws of the stock exchanges of which it is a member. The penalties for failure to comply with the regulations are also laid down. SEBI has the authority to inspect the books of accounts of the intermediaries and take such appropriate action as it deems fit after giving an opportunity for hearing. Apart from the registration of stock brokers and sub-brokers, the Broker Regulations provide for registration of trading or clearing members and self-clearing members. In terms of the Broker Regulations, a clearing member is a person having clearing and settlement rights in any recognized clearing corporation and shall include any person having clearing and settlement rights on a commodity derivatives exchange. Further, self-clearing member is defined under the Broker Regulations to mean a member of a clearing corporation who is also a stock broker and clears and settles trades on its own account or on account of its clients only and includes any person having clearing and settlement rights on a commodity derivatives exchange.

SEBI (Depositories and Participants) Regulations, 1996

The Depositories Regulations provide, *inter alia*, the eligibility criteria and the procedure for obtaining the certificate of registration to carry on business as a depository participant. They also provide various rights and obligations of the depository participants. On registration, the depository participant is required to adhere to a code of conduct prescribed under the Depository Regulations. The depository is deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. The depository does not have any voting rights or any other rights in respect of securities held by it. The beneficial owner of the securities is entitled to all the rights and benefits and is subjected to all the liabilities in respect of his securities held by a depository.

Unified AMFI Guidelines for AMFI Registered Mutual Fund Advisors

SEBI through its circular dated November 28, 2002, bearing reference no. MFD/CIR/20/23230/2002, on the subject of registration of intermediaries, prescribed the parameters for ensuring compliance with its earlier circulars and stated that "*all mutual funds and intermediaries are advised to follow it strictly and should not indulge in any practice contravening it directly or indirectly i.e. paying commissions in any form or by allotting intermediary codes to investors or their associates for paying them commission on their own investments, etc.*" SEBI had advised the AMFI to formulate specific guidelines and modalities within these parameters. Accordingly, AMFI in consultation with SEBI, had issued certain circulars to assist the asset management companies to ensure compliance with SEBI guidelines both by intermediaries distributing their products and through them, sub-brokers acting on behalf of such intermediaries in letter and spirit. Thereafter, with a view of issue a consolidated circular covering all aspects on the subject with suitable modification, wherever necessary, to ensure more clarity and to facilitate easy references by the asset management companies, AMFI guidelines were issued on June 18, 2002. In terms of the AMFI guidelines, no person or an entity would be entitled to sell units of mutual funds unless that person is registered with AMFI. AMFI has made provisions for issuing an ARN and photo identity card for individual intermediaries and certification of registration for corporate/non-individual intermediaries. Further, mutual funds are restricted from empaneling any intermediary to distribute mutual fund units who are not registered with AMFI.

AMFI certification is the sole criteria for allotting an ARN to an individual intermediary and employees of the corporate intermediaries. The corporate intermediaries can obtain an ARN by undertaking to ensure that all personnel engaged in sales and marketing pass the AMFI certification test and register with AMFI and obtain a photo-identity, with their corporate ARN. In terms of the AMFI Guidelines, the corporate intermediaries entering the business of mutual fund sales after the date of the SEBI circular and for personnel hired by exiting intermediaries, all such employees proposed to be engaged in the sales and marketing of mutual funds, are required to be registered with AMFI. In the case of a fresh corporate entrant, this would mean that despite obtaining an ARN it would not be able to do business until the first employee recruited for sales/ marketing holds AMFI certification and all subsequent employees recruited for engaging in sales/ marketing are also registered with AMFI and have obtained photo identity cards.

SEBI (Research Analyst) Regulations, 2014

The RA Regulations are applicable to all persons who prepare or publish the content of a research report or offer an opinion concerning a public offer and includes intermediaries registered with SEBI who are engaged in merchant banking, investment banking or brokerage or underwriting services and issuance of a research report or research analysis. In terms of the RA Regulations, no person shall act as a "research analyst" or a "research entity" or hold itself out as a research analyst unless he has obtained registration from SEBI. The RA Regulations specify conditions of registration, certification, capital adequacy norms, educational and certification requirements, limitations on trading by research analysts, limitations on compensations of research analyst, various disclosure which are to be made during public appearance and during making recommendations through public media, code of conduct etc.

SEBI (Prohibition of Insider Trading) Regulations, 2015

The Insider Trading Regulations govern the law with respect to insider trading in India. The Insider Trading Regulations, *inter alia*, prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information ("**UPSI**"). It further prohibits an insider from communicating, counselling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities. Information is said to be price sensitive if it is likely to, directly or indirectly, materially affect the price of the securities of the company to which it relates. Under the Insider Trading Regulations, the concept of an insider is related to those of a connected person or is in possession of or having access to unpublished price sensitive information. Further, in terms of the Insider Trading Regulations, the board of directors of a market intermediary is required to formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with the Insider Trading Regulations, adopting the minimum standards set out in the Schedule B of the Insider Trading Regulations, without diluting the provisions of the Insider Trading Regulations in any manner.

Other applicable laws

The list of other laws and regulations that may be applicable to our Company includes the following:

1. Apprentices Act, 1931
2. Child Labour (Prohibition and Regulation) Act, 1986
3. Companies Act, 2013
4. Consumer Protection Act, 1986
5. Contract Labour (Regulation and Abolition) Act, 1970
6. Employees' Provident Fund and Miscellaneous Provisions Act, 1952
7. Employees' State Insurance Act, 1948
8. Equal Remuneration Act, 1976
9. Goods and Services Tax Act, 2017
10. Income Tax Act, 1961
11. Information Technology Act, 2000
12. Maharashtra Labour Welfare Act, 1953
13. Maharashtra Shops and Establishment Act, 1948

14. Maternity Benefits Act, 1961
15. Micro, Small and Medium Enterprises Development Act, 2006
16. Minimum Wages Act, 1948
17. Payment of Bonus Act, 1965
18. Payment of Gratuity Act, 1972
19. Payment of Wages Act, 1936
20. Prevention of Money Laundering Act, 2002
21. Professional Tax Act, 1975
22. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
23. Trade Marks Act, 1999
24. Wealth Tax Act, 1957

4.4 HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally incorporated on July 10, 2007 as a public limited company under the provisions of the CA 1956 as India Infoline Finance Holdings Limited with the ROC. Our Company obtained the certificate for commencement of business on July 19, 2007 from the ROC. The name of our Company was subsequently changed to IIFL Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the ROC on November 06, 2007. Thereafter, the name of our Company was changed to 5paisa Capital Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Tamil Nadu at Chennai on August 12, 2015.

Changes in Registered Office

Date of change of registered office	Details of the address of registered office
April 24, 2010	Our Company shifted its registered office from 75, Nirlon Complex, off western Express highway, Goregaon, Mumbai – 400 063, Maharashtra to IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane, Industrial Area, Wagle Estate, Thane, 400 604, Maharashtra
August 04, 2011	Our Company shifted its registered office from IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane, Industrial Area, Wagle Estate, Thane, 400 604, Maharashtra to 143 MGR road, Perungudi, Chennai – 600 096, Tamil Nadu.
January 03, 2017	Our Company shifted its registered office from 143 MGR road, Perungudi, Chennai – 600096, Tamil Nadu to IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane, Industrial Area, Wagle Estate, Thane, 400 604, Maharashtra.

The changes in the registered office were made to ensure greater operational efficiency and to meet growing business requirements.

Main Objects of our Company

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

"*To act as the financial consultants, management consultants, financial advisors and provide advisory services, consultancy services in fields including, general, administrative, secretarial, commercial, financial, legal, economic, technical, scientific, man power, direct and indirect taxation, commodities markets, capital market, business information, investment information, portfolio management, organizational behaviour, merchant banking, business management, statistical data on industries, economy, corporate within and outside India, administration, costing, financial management and marketing activities and other levies, statistical, accountancy, quality control and data processing to the industry, business, government and non-government institutions, corporate, financial institutions, individuals or any other bodies and to carry on the business of providing marketing and distribution services relating to financial products.*"

To act as the asset management company, fund managers, financial intermediaries to manage and mobilise funds and assets of various companies, mutual fund, individual investors, trusts, HUF's, associations and other bodies corporate and carry on the activities of raising funds for and managing mutual funds, venture capital funds, unit trusts, offshore funds, pension funds, provident funds, insurance funds or any other funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of or for mutual funds, venture capital funds, unit trusts, offshore funds, pension funds, provident funds, insurance funds or any other funds formed or established in

India or elsewhere by the Company or any other person (whether incorporated or not) or by any government, state, local authority, association, institution (whether incorporated or not) or any other agency or organisation.

To set up provide and or participate in providing venture capital, technology funds, private equity or any other funds for seed capital, risk capital foundation including giving guarantees or such other financial assistance as may be conducive for development of new enterprises, innovative methods of production and development of existing new technology, to identify projects, projects ideas, to prepare project profiles, project reports, market research, feasibility studies and reports, pre-investment studies and investigation of industries on micro and macro level; to undertake appropriate service to identify scope or potential for economic and industrial development in any particular geographical area or location whether in India or abroad; to act as lead managers in respect of project assignments by undertaking follow-up, supervision and co-ordination work at instance, behest or on behalf of banks, financial institutions, companies, bodies corporate and to monitor the same to the participants; to act as the adviser in the management of undertakings, business, enterprises, offices, trade, occupations, calling or professions by introducing modern methods and techniques and systems and render all assistance as may be necessary including by acting as agent for recruitment of personnel, technical, skilled technical, skilled, unskilled supervisory managerial or otherwise ,to act as an advisor in selection of technical process, economic size, source of plant and machinery, and other utilities for business entrepreneurs and to render insurance services including insurance broking and insurance agency business.

To act as a member of stock exchange(s) and to carry on the business as stock broker, sub-broker, underwriters, sub-underwriters, broker, agent in and to otherwise deal and/or trade and/or invest in stocks, shares, securities, debentures, bonds, depository receipts, derivative options, obligations, mutual funds, units, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, and to carry on the business of providing services of depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market to conduct de-materialisation and re-materialisation of shares and to perform all related, incidental, ancillary and allied services."

For more information on our business, please see section titled "*Our Business*" on page 75 of this Information Memorandum.

Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

Date of shareholders' resolution	Particulars
September 13, 2007	a) The name clause was changed from India Infoline Finance Holdings limited to IIFL Capital Limited b) The main object clause III (A) was substituted with the existing clause and also clause 4, 5 and 6 were inserted in clause no.: III (B) of objects incidental or ancillary to the attainment of the main objects
October 19, 2010	Object clause no. 3A stating "*to act as a member of stock exchange(s) and to carry on the business as stock broker, sub-broker, underwriters, sub-underwriters, broker, agent in and to otherwise deal and/or trade and/or invest in stocks, shares, securities, debentures, bonds, depository receipts, derivative options, obligations, mutual funds, units, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, and to carry on the business of providing services of depository participant, custodian of securities,*

Date of shareholders' resolution	Particulars
	credit rating agency or any other intermediary associated with the securities market to conduct de-materialisation and re-materialisation of shares and to perform all related, incidental, ancillary and allied services" was added
March 24, 2011	The situation clause was changed from the state of Maharashtra to the state of Tamil Nadu
July 28, 2015	The name clause was changed from IIFL Capital Limited to 5paisa Capital Limited
September 12, 2016	The authorised share capital was increased from Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares having face value of Rs.10/- each to Rs.18,00,00,000/- divided into 1,80,00,000 Equity Shares having face value of Rs.10/- each
November 30, 2016	The situation clause was changed from the state of Tamil Nadu to state of Maharashtra

Major events and milestones of our Company

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

Calendar year	Particulars
2007	Our Company was incorporated as India Infoline Finance Holdings Limited
2011	Our Company became a member of the Stock Exchanges and was granted a certificate of registration as a "stock broker" by SEBI
2015	Our Company was registered with AMFI as a "mutual fund distributor" and was allotted an AMFI registration number
2015	Our Company obtained approval from the Stock Exchanges for its internet trading application i.e., 5paisa Trade Station
2016	Our Company obtained approval from the Stock Exchanges for its mobile application i.e., 5paisa Trading and Robo Advisory
2016	Our Company launched the discount brokerage business offering execution of trades at flat Rs. 10/- per order
2016	Our Company became a member of CDSL and was granted a certificate of registration as a "depository participant" by SEBI
2017	Our Company was granted a certificate of registration as a "research analyst" by SEBI

Other details regarding our Company

For details regarding the description of our activities, the growth of our Company, strengths, strategies, technology, infrastructure, the standing of our Company in relation to the prominent competitors with reference to its products, management, marketing and competition, please see sections titled "*Our Business*" and "*Industry Overview*" on pages 75 and 70 of this Information Memorandum, respectively.

For details regarding our management, please see sections titled "*Our Management*" on page 92 of this Information Memorandum.

Our Company does not have any foreign operations.

Strikes, lock-outs, injunctions, and restraining orders

There have been no lock-outs or strikes at any time in our Company and our Company is not operating under any injunction or restraining order.

Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, if any

Except as disclosed in section titled "*Scheme of Arrangement*" on page 44 of this Information Memorandum, our Company has neither acquired any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets.

Capital raising activities through equity and debt

Except as mentioned in "*Capital Structure*" on page 29 of this Information Memorandum, our Company has not raised any capital through equity. For details on the debt facilities of our Company, please see section titled "*Financial Indebtedness*" on page 218 of this Information Memorandum.

Defaults or rescheduling of borrowings with financial institutions/banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions/ banks in respect of our current borrowings from lenders. None of our outstanding loans have been converted into Equity Shares.

Changes in the activities of our Company during the last five (5) years

Except as stated in this Information Memorandum**,** there has been no change in the activities of our Company during the last five (5) years which may have a material effect on the profit/ loss account of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

Injunction or restraining order

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

Our shareholders

As on date of this Information Memorandum, our Company has 32,523 shareholders. For further details regarding our shareholders, please see the section titled "*Capital Structure*" on page 29 of this Information Memorandum.

Strategic or financial partners

Our Company does not have any strategic or financial partner.

Details of public/ rights issues made in the past five (5) years

Except as disclosed in "*Capital Structure*" on page 29 of this Information Memorandum, our Company has not made public/ rights issues in the past five (5) years.

Our holding company

As on date of this Information Memorandum, our Company does not have a holding company.

Our subsidiaries and associate companies

As on date of this Information Memorandum, our Company does not have any subsidiaries and associate companies.

Joint ventures of our Company

As on date of this Information Memorandum, our Company does not have any joint ventures.

Summary of key agreements

Unless otherwise defined or repugnant to the context thereof, defined terms used in the descriptions below have the meanings given to such terms under the respective agreements:

1. Investment Advice Transmission Agreement

Our Company entered into the Investment Advice Transmission Agreement with Willaim O'Neil on July 11, 2017 for availing investment advice services from Willaim O'Neil ("**Marketsmith**"). Pursuant to this agreement, Marketsmith agreed to regularly provide non-client specific content to our Company which is primarily divided into two (2) categories i.e., premium content and free content. Marketsmith agreed to provide our Company an exclusive facility to receive premium content for a continuous period of six (6) months with the exclusion of all other market brokerage intermediaries. The content categorized as free content is provided to our Company on non-exclusive basis. The Marketsmith has the complete ownership of the products and services and it does not grant our Company any right or license, express or implied, in the products and services being provided pursuant to this agreement. Further, the agreement restricts our Company from producing, developing and/ or marketing any products and services, which are wholly or partially in competition with the products and services being provided pursuant to this agreement, or has features and/ or attributes partly or wholly similar to the products and services being provided pursuant to this agreement. The term of this agreement is twenty four (24) months from July 11, 2017, unless extended for a further period duly agreed by both the parties in writing or terminated earlier in accordance with provisions of the agreement. This agreement may be terminated by either party by giving ninety (90) days prior written notice to the other party. In the event of breach of any provisions of agreement and/ or if a winding up order is passed by any competent authority in relation to any party, the other party can terminate the agreement forthwith with fifteen (15) days' notice. Upon termination of the agreement, Marketsmith will withdraw access from the products and services.

2. Referral Agreement

Our Company entered into the Referral Agreement with IIFL Asset Management Limited ("**Portfolio Manager**") on July 10 2017. Pursuant to this agreement, our Company can refer its clients, who are interested in availing portfolio management services, to the Portfolio Manager. In return of such referral, the Portfolio Manager will pay our Company a referral fee for the introduction of clients. This is a non-exclusive agreement, and both our Company and the Portfolio Manager can enter into similar agreements with other parties. This agreement is effective for a continuous period unless terminated by either party. The parties may review the terms and conditions of this agreement from time to time by mutual consent in addition to reviewing the commercial terms at mutual convenience. Either party have the right to terminate this agreement forthwith, upon **(i)** breach of terms and conditions of this agreement, **(ii)** if a party engages in fraud or other illegal or unethical activities, or in any activities which the first party, in its reasonable judgement, believes could adversely affect the reputation of the first party; and **(iii)** if a party enters into liquidation whether compulsory or voluntarily or makes an assignment for the benefit of, or compounds with, its creditors or has a manager or

receiver appointed in respect of all or parts of its business or a petition for winding-up or other party ceases to carry on any part of its business or threatens to do any of these things.

3. Software Development Agreement

Our Company entered into the Software Development Agreement with Dion Global Solutions Limited ("**Dion**") on November 26, 2015 to utilize Dion's services in connection with the design and development of a software namely, fundboss, which provides a complete mutual fund back office solutions. The software calculates portfolio, allocation, returns and commissions. Pursuant to this agreement, Dion shall provide necessary assistance and cooperation for development of expertise through appropriate training with regards to the use of the software and its maintenance. Dion has granted our Company a non-exclusive and non-assignable permanent license linked with payment of annual maintenance contract to use the software subject to certain terms and conditions. Dion reserves the right to evaluate the feasibility of customization requests and has the right to refuse requests that it deems unfeasible. Prior to commencement of any customization services, the parties shall discuss and mutually agree on and execute acceptable service levels by way of statement of work, the number of resources, work hours, material required for completion, fees, warranty period and consequences of termination of the requirement for customization of the software prior to completion thereof and the same shall be deemed to form part of the separate schedule of this agreement.

Pursuant to this agreement, Dion is required to provide certain upgrades, maintenance and support to our Company in a timely manner without any delay and lag time. Our Company has the right to access the documents related to design and development specifications, if our Company feels that Dion has failed to provide continuous and timely services. However, this does not include access to source code of the software. All intellectual property rights in and title to the software, present or future modifications/ upgrades thereof or improvements, enhancements variations or additions thereto shall remain the property of Dion. This agreement does not and shall not transfer any ownership or proprietary interest in the software. The term of this agreement is three (3) years from November 30, 2015, unless terminated or extended in terms of the provisions of this agreement. Either party may terminate the agreement by writing to each other if **(i)** either party is declared insolvent, **(ii)** either party ceases to carry on the whole or substantial part of its business, **(iii)** either party compounds or makes any voluntary arrangement with its creditors, **(iv)** a resolution is passed (otherwise than for the purposes of amalgamation or reconstruction) or an order is made for the winding up, and **(v)** a receiver is appointed over all or any of either party's assets or undertaking. Further, either party shall have the right to terminate this agreement without assigning any reasons by giving sixty (60) days written notice to the other party. During the notice period, Dion shall ensure uninterrupted operations. In the event our Company terminates the agreement on account of Dion's breach of obligations, Dion is required to support our Company for transitioning to another software provider in case our Company requires on time and effort basis.

Guarantees

None of our Promoters have furnished personal guarantees to guarantee the repayment of credit facilities availed by our Company.

4.5 OUR MANAGEMENT

As per our Articles of Association, our Company is required to have not less than three (3) and not more than fifteen (15) directors. As on the date of this Information Memorandum, our Company has five (5) directors out of which two (2) are independent directors.

The following table sets forth details of our Board of Directors as on the date of this Information Memorandum:

Sr. No	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeship
1.	**Dr. Archana Niranjan Hingorani** ***Designation:*** Independent Director ***Occupation:*** Professional ***Address:*** 10, Jeevan Dhara, Dr Ambedkar Road, Bandra West, Mumbai 400 050 ***Nationality***: Indian ***Term:*** Five (5) years with effect from June 07, 2017 ***DIN:*** 00028037 ***Date of appointment/ reappointment:*** June 07, 2017	52	• Alembic Pharmaceuticals Limited • PNB Metlife India Insurance Company Limited • Edmobile Labs Private Limited
2.	**Mr. Krishna Visvanath Iyer** ***Designation:*** Independent Director ***Occupation:*** Professional ***Address:*** Flat No. 403, Panchamrut Kasar Vadavalli, Ghodbunder Road, Thane West 400 601 ***Nationality:*** Indian ***Term:*** Five (5) years effective from March 31, 2017 ***DIN:*** 03072033 ***Date of appointment/ reappointment:*** March 31, 2017	49	• KVA Management Advisors Private Limited • Iserve Financial Private Limited • Sibia Analytics And Consulting Services Private Limited
3.	**Mr. Mohan Radhakrishnan** ***Designation:*** Non-Executive Director ***Occupation:*** Service ***Address:*** 2003, 20th Floor, B-Wing	52	• IIFL Facilities Services Limited • IIFL Alternate Asset Advisors Limited • IIFL Asset

Sr. No	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeship
	Lakshachandi Heights, Gokuldham, Goregaon (East), Mumbai 400 063 ***Nationality:*** Indian ***Term:*** Liable to retire by rotation ***DIN:*** 00012070 ***Date of appointment/ reappointment:*** July 10, 2007		Reconstruction Limited • IIFL Trustee Limited • IIFL Investment Adviser and Trustee Services Limited • India Infoline Limited
4.	**Mr. Narendra Jain** ***Designation***: Non-Executive Director ***Occupation:*** Service ***Address:*** Flat No. 202, Shri Narmada CHS Haridas Nagar, Shimpoli Road, Borivali (West), Mumbai 400092. ***Nationality:*** Indian ***Term:*** Liable to retire by rotation ***DIN:*** 01984467 ***Date of appointment/ reappointment:*** November 02, 2010	46	• IIFL Alternate Asset Advisors Limited • IIFL Asset Reconstruction Limited • IIFL Management Services Limited • India Infoline Media and Research Services Limited • India Infoline Limited
5.	**Mr. Prakarsh Gagdani** ***Designation:*** Whole-Time Director ***Occupation:*** Service ***Address:*** Room No. 23, Kalpit, Lane No 5, Sudama Nagar MIDC, Dombivli East, Thane – 421 203 ***Nationality:*** Indian ***Term:*** Three (3) years with effect from December 22, 2015 ***DIN:*** 07376258 ***Date of appointment/ reappointment:*** December 22, 2015	36	• India Infoline Insurance Brokers Limited

Relationship between our Directors

None of our Directors are related to each other.

Brief Biographies of Directors

Dr. Archana Niranjan Hingorani, aged 52 years, is an Independent Director of our Company. She holds a MBA and Ph.D. in finance from the University of Pittsburgh, United States. She has over thirty (30) years' experience in the asset management business, teaching and research. In the recent past, she was associated with IL&FS Investment Managers since 1994 for about twenty three (23) years and resigned after heading it the last nine (9) years of her time there. She has rich experience in fund raising, investing, nurturing investments through four different economic cycles, carving exit paths etc. She has overseen various investments catering to the consumer goods, retail sector, infrastructure, education, healthcare, logistics, clean energy and financial services and have consequently built strong entrepreneur relationships. She has also been involved in mentoring and nurturing smaller start-ups in the technology, education, financial inclusion and encouraging start-ups run by women entrepreneurs. She has been named as the most influential women in India by various publications, including Business Today in the year 2011, 2012 and 2013, Asian Investor in the year 2014, and Fortune India in year 2014, 2015 and 2016.

Mr. Krishna Visvanath Iyer, aged 49 years, is an Independent Director in our Company. He holds a B.com degree from Sydenham College, Mumbai and holds a post graduate diploma in management from Indian Institute of Management, Ahmedabad. In the past, he was associated with ICICI Limited and ICICI Securities Limited and Cognizant Technology Solutions. He co-founded Fin Eng Solutions Private Limited in 1997 and co-founded Iserve Financial Private Limited in 2015.

Mr. Mohan Radhakrishnan, aged 52 years, is a Non-Executive Director of our Company. He is a qualified chartered accountant. He has about twenty seven (27) years of experience in financial services and capital market regulations and compliances. He is associated with the IIFL group as the chief compliance officer since last twelve (12) years and is involved new and developmental initiatives and setting up regulatory systems and processes across the financial services activities of the IIFL group. In the past, he was associated with SEBI as a general manager and served for a period of over twelve (12) years. He had held various positions in the regulations, supervision, market surveillance and investigation functions at SEBI. During his tenure at SEBI, he also served as the member secretary of the "Group for Review of Portfolio Managers Regulations" in 2000, coordinator for the "Committee on Strengthening of Disclosures in the Offer Documents of Companies" in 2001, member of "Working Group to prepare Pilot Policy Statement on Takeover/ Merger and Transfer of Shares of Banks" set up by RBI in 2003. Prior to joining SEBI, he was associated with Carborundum Universal Limited, wherein he was involved in the areas such as corporate finance and taxation for five (5) years.

Mr. Narendra Jain, aged 46 years, is a Non-Executive Director in our Company. He holds a B.Com degree from University of Mumbai and is a qualified chartered accountant. He has over twenty one (21) years of experience in financial services in areas such as operations, taxation, internet banking and finance. He has handled various key positions in the India Infoline Group and has handled support functions such as back office operations, depository participant operations, know your client quality, customer service risk, audit administration and branch operations. In the past, he was associated with ICICI Brokerage Service Limited, where he has worked in areas like operations, risk, compliance and design and development of systems and processes. He was also associated with Hindustan Petroleum Corporation Limited wherein he was involved in areas such as indirect taxation and marketing analytics.

Mr. Prakarsh Gagdani, aged 36 years, is a Whole-Time Director in our Company. He holds a post graduate diploma degree in business management and has done his bachelors in Business Management from Mulund College of Commerce, Mumbai University. He has about fifteen (15) years of cross-functional experience in sales, advisory, product development and business development. He has gained expertise in retail equity broking domain and is a keen strategist with expertise in managing the entire business and ensuring optimal utilization of resources. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

Confirmation

None of our Directors is or was a director of any listed company during the last five (5) years preceding the date of this Information Memorandum, whose shares have been or were suspended from being traded on the BSE or NSE.

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 are or were associated as a director of any other company against which SEBI has initiated any proceedings or investigations during the tenure of their directorship in such other company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/ her or by the firm or company in which he/ she is interested, in connection with the promotion or formation of our Company.

Terms of appointment of the Executive Directors

Mr. Prakarsh Gagdani, pursuant to a Board resolution dated December 22, 2015 and shareholders' approval dated July 21, 2016, was appointed as the Whole-Time Director of our Company for a period of three (3) years from December 22, 2015. Set out below are the details of salary and benefits which Mr. Prakarsh Gagdani is entitled to:

Particulars	Amount (in Rs. lakhs)
Basic salary	26.16
Perquisites (inclusive of bonus)	26.76
Total	**52.92**

Payment or benefit to Directors of our Company

The sitting fees or other remuneration paid to our Directors in the Fiscal 2017 are as follows:

1. *Remuneration to Executive Directors*

   Our Company has paid a sum of Rs. 52.92 lakhs as remuneration in the Fiscal 2017.

2. *Remuneration to Independent Directors*

   Our Company has not paid any remuneration or made any reimbursement to any Independent Director for attending meeting of our Board and committees thereof during Fiscal 2017.

3. *Remuneration to Non-Executive Directors*

   Our Company has not paid any remuneration or made any reimbursement to the Non-Executive Directors of our Company for attending meeting of our Board and committees thereof during Fiscal 2017.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

The shareholding of our Directors as of the date of filing this Information Memorandum is set forth below:

Name of Director	Number of Equity Shares	Percentage (%)
Mr. Mohan Radhakrishnan	6,800	0.0534
Mr. Narendra Jain	2,220	0.0174
Total	**9,020**	**0.0708**

Shareholding of Directors in our subsidiaries and associate companies

As on the date of filing of this Information Memorandum, our Company does not have any subsidiaries and associate companies.

Appointment of relatives of Directors to any office or place of profit

None of the relatives of our Directors currently hold any office or place of profit in our Company.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board of Directors.

Interest of Directors

All Directors may be deemed to be interested to the extent of their shareholding and dividend entitlement in our Company, fees payable to them for attending meetings of our Board or a committee thereof, to the extent of other remuneration and reimbursement of expenses, if any, payable to them, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

1. *Interest in the property*

   Our Directors have no interest in any property acquired by our Company two (2) years prior to the date of this Information Memorandum, or proposed to be acquired by our Company, or in any transaction for acquisition of land, construction of buildings and supply of machinery.

2. *Business interest*

   Except as stated in "*Related Party Transactions*" on page 123 of this Information Memorandum, and to the extent of their shareholding in our Company, if any, our Directors do not have any other interest in our business or our Company.

3. *Payment of benefits*

   No amount or benefit has been paid or given within two (2) preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

4. *Loans to Directors*

   No loans have been availed by the Directors from our Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

5. *Bonus or profit sharing plan for the Directors*

   None of the Directors are party to any bonus or profit sharing plan of our Company, except for Mr. Prakarsh Gagdani who may be entitled to bonus in accordance with the terms of his employment.

6. *Service contracts with Directors*

Except in respect of statutory benefits upon termination of their employment in our Company or on retirement, no officer of our Company, including our executive director and the Key Management Personnel have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

7. *Interest in promotion of our Company*

Our Directors have no interests in the promotion of our Company as at the date of this Information Memorandum.

Changes in the Board in the last three (3) years

Name	Date of appointment/ change/ cessation	Reason
Mr. Vishal Rana	March 10, 2014	Appointed as an additional Director
Mr. Vishal Rana	May 10, 2014	Appointed as a Whole-Time Director
Mr. Vishal Rana	July 29, 2014	Confirmation of appointment as Director and Whole-Time Director
Mr. Vishal Rana	December 22, 2015	Resigned as Whole-Time Director
Mr. Prakarsh Gagdani	December 22, 2015	Appointed as an additional Director and Whole-Time Director
Mr. Prakarsh Gagdani	July 21, 2016	Confirmation of appointment as Director and Whole-Time Director by shareholders
Mr. Krishna Visvanath Iyer	March 31, 2017	Appointed as an additional Independent Director
Mr. Krishna Visvanath Iyer	July 19, 2017	Confirmation of appointment as Independent Director by shareholders
Dr. Archana Niranjan Hingorani	June 07, 2017	Appointed as an additional Independent Director.
Dr. Archana Niranjan Hingorani	July 19, 2017	Confirmation of appointment as Independent Director by shareholders

Borrowing Powers of the Board

Our Articles of Association, subject to the provisions of the CA 2013, authorize our Board at its discretion to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our Board has been authorized to borrow money from banks, financial institutions or any other lending institutions or persons or such other corporates or entities as the Board may deem fit, notwithstanding that the money to be borrowed, together with the money already borrowed by our Company will exceed aggregate of its paid up share capital and free reserves, apart from temporary loans obtained from our Company's bankers in the ordinary course of business, up to a limit not exceeding in the aggregate Rs. 1,500 crores.

Corporate Governance

The provisions relating to corporate governance prescribed under the Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. In respect of corporate governance, we are in compliance with the requirements of the applicable laws including

Listing Regulations, equity listing agreement with the Stock Exchanges, the CA 2013, and the rules made thereunder. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees and formulation of policies, each as required under law, including the Listing Regulations.

Our Board has been constituted in compliance with the CA Act, 2013, the Listing Regulations and in accordance with best practices in corporate governance. The Board functions either as a full board, or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board of Directors periodic reports on the performance of the Company.

Currently, our Board has five (5) Directors. In compliance with the Listing Regulations, we have one (1) Executive Director, and two (2) Non-Executive Directors and two (2) Independent Directors on our Board.

Committees of the Board

In addition to the committees of the Board detailed below, our Board may, from time to time, constitute committees for various functions.

1. *Audit Committee*

The members of the audit committee are:

Name of the member	Designation
Mr. Krishna Visvanath Iyer	Chairman
Mr. Mohan Radhakrishnan	Member
Dr. Archana Niranjan Hingorani	Member

The audit committee was constituted by a resolution of our Board dated March 31, 2017 and was re-constituted on June 07, 2017 by passing a circular resolution. The scope and function of the Audit Committee is in accordance with Section 177 of the CA 2013 and Regulation 18 of the Listing Regulations, and its terms of reference are as follows:

a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   i) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the CA 2013;

   ii) Changes, if any, in accounting policies and practices and reasons for the same;

   iii) Major accounting entries involving estimates based on the exercise of judgment by management;