

Date: October 18, 2023

To,

BSE Limited

25th floor," Phiroze Jeejeebhoy Tower",

Dalal Street, Mumbai-400 001

BSE Code- 505725

Sub: – Receipt of Observation Letter from BSE Limited for the Scheme of Arrangement amongst Growth Securities Private Limited ('Demerged Company'), Algoquant Investments Private Limited (Formerly Mandelia Investments Private Limited) ('Amalgamating Company') and Algoquant Fintech Limited (Formerly Hindustan Everest Tools Ltd) ('Resulting Company' / 'Amalgamated Company') and their respective shareholders and creditors under Sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 ("Scheme")

Ref: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulation").

Dear Sir / Madam,

This is with reference to our letter dated March 10, 2023, informing about the decision of the Board of Directors of Algoquant Fintech Limited ("**Company**") approving the Scheme, subject to receipt of applicable regulatory and other approvals.

In this regard, we would like to inform you that the Company has received an Observation Letter with "no adverse observations" dated October 17, 2023, from the BSE Limited in relation to the Scheme.

A copy of observation letter is enclosed.

The Scheme remains subject to applicable regulatory and other approvals.

Please take the above information on record.

Thanking You,

**For Algoquant Fintech Limited
(Formerly Hindustan Everest Tools Ltd)**

**Yogesh Gusain
Chief Financial officer**

Algoquant Fintech Limited (Formerly Hindustan Everest Tools Limited)

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DCS/AMAL/JL/R37/2942/2023-24

The Company Secretary,
Algoquant Fintech Ltd
705, 7th Floor, Iscon Elegance,
Prahlad Nagar, Ahmedabad,
Gujarat, 380015

October 17, 2023

Dear Sir/ Madam,

Sub: Observation letter regarding the Scheme of Arrangement for Amalgamation of Growth Securities Private Limited ("Demerged Company"), Algoquant Investment Private Limited ("Amalgamating Company") and Algoquant Fintech Ltd (Amalgamated / Resulting Company) and their respective Shareholders and Creditors

We are in receipt of the Scheme of Arrangement for Amalgamation of Growth Securities Private Limited ("Demerged Company"), Algoquant Investment Private Limited ("Amalgamating Company") and Algoquant Fintech Ltd (Amalgamated / Resulting Company) and their respective Shareholders and Creditors filed by Algoquant Fintech Limited as required under SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 94(2) of SEBI (LODR) Regulations, 2015; SEBI vide its letter dated October 16, 2023 has inter alia given the following comment(s) on the draft scheme of Amalgamation:

- a) "Company shall disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme."
- b) "Company shall ensure that additional information, if any, submitted by the Company after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- c) "Company shall ensure compliance with the SEBI circulars issued from time to time."
- d) "The entities involved in the Scheme shall duly comply with various provisions of the Circular and ensure that all the liabilities of Transferor Company are duly transferred to the Transferee Company."
- e) "Company is advised that the information pertaining to all the Unlisted Companies involved, if any, in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval."
- f) "Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old."
- g) "Company is advised that the details of the proposed scheme under consideration as provided by Company to the stock exchange shall be prominently disclosed in the notice sent to the shareholders."

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- h) “Company is advised to disclose the following as a part of explanatory statement or Notice or Proposal accompanying resolution to be passed to be forwarded by the Company to its shareholders while seeking approval u/s 230 to 232 of the Companies Act, 2013:
- Details of Assets & Liabilities of Demerged Company, pre and post demerger.
 - Details of Assets & Liabilities of Amalgamating Company, pre and post demerger.
 - Details of Assets & Liabilities of Resulting & Amalgamated Company, pre and post demerger and amalgamation.
 - Impact of scheme on revenue generating capacity of Demerged Company.
 - Need for the demerger, Rationale of the scheme, Synergies of business of the entities involved in the scheme, Impact of the scheme on the shareholders and cost benefit analysis of the scheme.
 - The pre scheme and post scheme shareholding of the members of Promoter and Promoter Group (individual).
 - SEBI may take appropriate action against Growth Securities Private Limited if violation with Rule 8(3)(f) of Securities Contracts Regulations (Rules) 1957 is found at a later stage.
- i) “Stock Exchange shall ensure that applicable additional information, if any to be submitted to SEBI along with draft scheme of arrangement as advised by email dated September 22, 2023 shall form part of disclosures to the shareholders.”
- j) “Company is advised that the proposed equity shares to be issued in terms of the ‘Scheme’ shall mandatorily be in demat form only.”
- k) “Company shall ensure that the “Scheme” shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document.”
- l) “Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI.”
- m) “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before Hon’ble NCLT and the Company is obliged to bring the observations to the notice of Hon’ble NCLT.”
- n) “Company is advised to comply with all applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme.”
- o) “It is to be noted that the petitions are filed by the company before Hon’ble NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”
- p) “Growth Securities Private Limited is registered with SEBI as a stock broker and depository participants and demerging its broking and DP activity and vesting the same in Algoquant Fintech Limited. Therefore, prior to demerger, the resultant entity needs to be registered as a stock broker and depository participant under Regulation 32(1) of SEBI (Stock-Brokers) Regulations, 1992 and Regulation 32(1) of SEBI

(Depositories and Participants) Regulations, 2018 respectively read with SEBI Circular number SEBI/HO/MIRSD/DOR/CIR/P/2021/46 dated March 26, 2021.”

- q) “The resultant entity should ensure that it shall not engage in any other business activity other than capital market activity as stipulated in Rule 8(1)f and 8(3)f of SCRR and the same shall be reflected in the main objects clause of MOA of the entity.

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any

contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the**

Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,



Manu Thomas
Additional General Manager



Tanmayi Lele
Assistant Manager

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