

Mr. Pandoo Naig
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June 13, 2011

Confidential

Dear Sir,

IPO grading of Onelife Capital Advisors Limited

Please refer to our letter dated June 13, 2011 on the mentioned subject.

2. The rationale for the IPO Grading and a short write-up for the press are given as **Annexure I** and **Annexure II** respectively. The rationale is proposed to be included in our quarterly journal 'CAREVIEW' and the write up are proposed to be issued to the press shortly.

3. We request you to peruse the Rationale and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by June 16, 2011 we will proceed on the basis that you have no comments to offer.

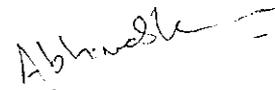
If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,



[Pankaj Naik]
Deputy Manager



[Abhinav Sharma]
Senior Manager

Encl: As above

Annexure I

Rationale

IPO Grading of Onelife Capital Advisors Limited

Grading

Particulars	No. of equity shares of (face value of Rs.10/- each)	Grading
IPO Grading	33,50,000	'CARE IPO Grade 1'

CARE has assigned a 'CARE IPO Grade 1' to the proposed Initial Public Offer (IPO) of Onelife Capital Advisors Limited (OCAL). 'CARE IPO Grade 1' indicates 'Poor Fundamentals'. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

Grading Rationale

The grading factors in OCAL's small size of operations which are currently loss making, limited track record, moderate management profile, lack of diversified revenue streams, lack of branch network, highly competitive merchant banking business, high dependence on capital markets which exposes OCAL's business to volatility in stock market which may impact its revenues and profitability.

Company Profile

Onelife Capital Advisors Limited (OCAL) was incorporated as "Onelife Corporate Advisory Services Private Limited", as a private limited company on August 31, 2007 by Mr. TKP Naig and Mr. Pandoo Naig. The name of the company was changed to "Onelife Capital Advisors Private Limited" on November 07, 2009. Subsequently, in December 2010, the company was converted into a Public Limited Company and the name of the company was changed to "Onelife Capital Advisors Limited". OCAL is a SEBI registered Category I, Merchant Banker, offering Investment Banking services and is planning to venture into Portfolio Management and Equity Broking services. The company started its business in FY2010. Currently, the company is focused on Small

and Medium Sized Enterprises (SMEs) and helps them to source capital in various forms.

Promoters and Management

Promoters of the company are Mr. Thiruvaidaimarudur Krishna Prabhakara Naig (holding a stake of 68.98%) and Mr. Pandoo Prabhakar Naig (30.52%). The relatives of the promoters hold the remaining stake. Mr. Thiruvaidaimarudur Krishna Prabhakara Naig has more than 25 years of experience in the field of Capital Market and Investment Banking activities. He held the position of President and Managing Director of Indbank Merchant Banking Services Ltd. (a subsidiary of Indian Bank). The promoters handle the day to day operations of the company. The second level of management is still evolving.

Corporate Governance

The board of directors is responsible for corporate governance practices in the company. OCAL has six directors on its board out of which three (constituting more than one third of the board) are independent directors. OCAL has constituted an Audit Committee and a Shareholders / Investors' Grievance committee which have directors of the company as members.

Litigations

There were no outstanding litigations or disputes against / filed by OCAL which would have any financial implications on the company. There are certain legal proceedings involving the promoter and the group company at different levels of adjudication. The details are given below:

- The promoter, Mr. Pandoo Naig, has filed a case against a third party. The case is pending.
- The promoter, Mr. Pandoo Naig, has been served a notice by the Income Tax Department on December 28, 2010 demanding an amount of Rs.17.6 crore. He has filed an appeal to the Commissioner against the said demand and the case is under litigation.
- One of the promoters' group entity 'Sai Broking' has been issued two show cause notices by SEBI for alleged violation of the provision of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulation, 2003 and SEBI Stock Broker and Sub Broker) Regulations, 1992 as observed during the investigations conducted by SEBI into the trading of certain scrips.

Both the issues are now resolved. As per the management, Sai Broking has incurred a liability of Rs.7 lakh for the same.

Business Operations

OCAL is a SEBI registered Category I, Merchant Banker offering Investment Banking services and planning to venture into Portfolio Management Services (PMS) and Equity Broking services with a focus on SME segment. OCAL assists companies in the SME sector with capital mobilization solutions across their business life-cycle. The company helps entities to raise capital during the seed, growth and expansion phases as well as in case of acquisitions. OCAL offers a range of services like Initial Public Offerings, Rights Issue, Buyback of Shares, Follow on Public Offering, Qualified Institutional Placements, Open Offers and other Equity Linked Financing. It also provides advisory services in mergers & acquisitions, joint ventures and sale of assets. The fee charged depends on the kind of service provided. As on June 2011, the company is holding twelve fund raising mandates. Currently, OCAL is assisting small sized companies in sectors like Oral care, Packaging, Metal recycling and Glass manufacturing.

OCAL has obtained its Brokerage and Clearing Member License from BSE on September 24, 2010. It has also received its eligibility confirmation letter from SEBI for PMS License in December 2010. The company is yet to pay the entire amount of Rs.10 lakh to BSE as license fee for the securities brokerage business and has paid only Rs.1.0 lakh. It is yet to start the Brokerage and PMS business. The company has no branch network and currently has a small client base of eight.

The company has a dedicated employee to look after deal sourcing. Generally the company gets business from a network of consultants. The company has a corporate office in Mumbai and the current employee strength is eleven.

IPO Issue Details

OCAL proposes to issue 33,50,000 shares through the IPO. The objective of the issue is to purchase a corporate office, development of Portfolio Management Services and Brand Building. Pre issue 100% shareholding is with the promoters. Post issue promoters will hold 74.93% while the rest will be non-promoters.

Purpose of the issue (IPO)

Particulars	Amount (Rs. crore)
Purchase of Corporate Office	7.00
Development of Portfolio Management Services	11.58
Brand building	7.70

Particulars	Amount (Rs. crore)
General Corporate purpose and Public Issue Expenses	Balance amt

Financial Performance (Rs. lakh)

P & L	FY09	FY10	H1FY11
	A	A	A
Income from Operations	0.00	61.32	22.00
Other income	0.00	0.36	0.39
Total Income	0.00	61.67	22.39
Total Expense	0.41	38.88	46.47
PBT	(0.43)	20.47	(25.24)
PAT	(0.43)	13.49	(18.26)
Balance Sheet			
Net Worth	0.25	504.54	1030.70
Total Debt	1.75	0.00	0.00
Security Deposits	0.00	400.00	400.00
Sundry Debtors	0.0	44.83	56.67
Cash and Bank Balance	1.52	53.03	567.22
Total Assets	2.06	514.95	1042.10
Ratios			
Growth in Total Assets	(39.7)	NM	102.4
Growth in Tangible Net worth	(61.8)	NM	104.3
Growth in Total Income	NM	NM	NM
Overall Gearing (times)	6.86	0.0	0.0
PAT Margin	NM	21.9	(81.6)

OCAL started its operations in FY2010, hence there is no income reflected in FY09. Income from operations consists principally of income from investment banking and related services, which includes fee-based income from merchant banking, corporate advisory (including research services), debt syndication services and professional fees. In FY10, the company earned a total income of Rs.61.7 lakh comprising professional fees and consultancy charges. Other income is the interest earned on bank deposits. Employee cost, rent and office expenses were the major expenses in FY10. The company generated a PAT of Rs.13.5 lakh at a margin of 22%. During H1FY11, the company incurred a loss of Rs.18.3 lakh due to lower income generation and increase in staff cost and general administrative expenses. Net worth jumped to Rs.5.0 crore in FY10 due to infusion of equity by the promoters. Further in the six month period ended September 30, 2010, Mr. Pandoo (promoter) was allotted 5.5 lakh shares at a premium of Rs.90 which led to further increase in the net worth. OCAL has given a security deposit of Rs.4.0 crore to a group entity, Mint Street Estate

Private Limited, for the premises that it is using as its office. OCAL had provided advisory services to a company in FY10 and is yet to receive payment for these services. Out of the total debtors of Rs.56.7 lakh, 80% are outstanding for more than six months. However, the company expects to receive the payment of Rs.44.8 lakh in FY12.

Industry Outlook

A transparent, efficient and well developed stock market facilitates investment and economic growth and is an important factor in development of financial markets like India. India's stock market has evolved over the years and has seen structural reforms in system as well as regulation and supervision in recent times, particularly after the establishment of Securities Exchange Board of India (SEBI) as the market regulator. Stringent regulations put forth by SEBI periodically and improving technology led to well regulated highly systems enabled capital market in India. System based trading and settlement has helped market-determined prices and allocation of resources, screen-based nation-wide trading, T+2 settlement, scrip less settlement and electronic transfer of securities, rolling settlement and derivatives trading leading to improved regulatory framework and efficiency of trading and settlement. Presently, there are 22 recognized stock exchanges in India and the stock markets now have various players including mutual funds, FIIs, hedge funds, corporate and other institutions and retail public. OCAL's performance is dependent on performance of the domestic and global financial markets. An upward trend in the market would result in higher demand for the investment banking and advisory services offered by the company.

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DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure II

Press Release

CARE assigns 'CARE IPO Grade 1' to the proposed IPO of Onelife Capital
Advisors Limited (OCAL)

Grading

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the company is focused on supporting Small and Medium Sized Enterprises (SME) to mobilise capital in various forms.

The company has a corporate office in Mumbai and the current employee strength is eleven. It has no branches as on today.

Analyst Contact

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