



STEEL CITY SECURITIES LIMITED

Our Company was incorporated as a public limited company on February 22, 1995 under the provisions of the Companies Act, 1956 as Steel City Securities Limited with Registration No. 01-19521 and obtained certificate of commencement of business on April 20, 1995 from the Registrar of Companies, Andhra Pradesh at Hyderabad. For details of changes in the name and the registered office of our Company, see the chapter titled "History and Certain Corporate Matters" beginning on page 119.

Registered Office & Corporate Office: 49-52-5/4, Sri Kanya Towers, Shantipuram, Visakhapatnam – 530016, Andhra Pradesh.

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Contact Person: Ms. M. Srividya, Company Secretary and Compliance Officer,

E-mail: srividya.m@steelcitynettrade.com **Website:** www.steelcitynettrade.com

Corporate Identification Number: U67120AP1995PLC019521

PROMOTERS OF OUR COMPANY: MR. G. SREE RAMA MURTHY, MR. K. SATYANARAYANA AND DR. SATISH KUMAR ARYA

THE OFFER	
<p>PUBLIC OFFER OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF STEEL CITY SECURITIES LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UPTO ₹ [●] LACS CONSISTING OF A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UPTO ₹ 1500 LACS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 21,81,817 EQUITY SHARES OF THE COMPANY COMPRISING OF 8,94,809 EQUITY SHARES BY MR. G. SREE RAMA MURTHY, 5,96,540 EQUITY SHARES BY MR. K. SATYANARAYANA AND 6,90,468 EQUITY SHARES BY MR. G. RAJAGOPAL REDDY (COLLECTIVELY THE "SELLING SHAREHOLDERS") ("OFFER FOR SALE") AGGREGATING TO ₹ [●] LACS (THE "OFFER") (THE "OFFER FOR SALE" AND THE "FRESH ISSUE" ARE TOGETHER REFERRED TO AS, THE "OFFER"). OF THE OFFER, [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH FOR A CASH PRICE OF [●] PER EQUITY SHARE, AGGREGATING TO [●] LACS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION I.E. OFFER OF [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH AT AN OFFER PRICE OF [●] PER EQUITY SHARE AGGREGATING TO [●] LACS IS HERINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND [●] %, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "TERMS OF THE OFFER" BEGINNING ON PAGE 286 OF THIS DRAFT PROSPECTUS.</p>	
<p>THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH. THE OFFER PRICE IS ₹[●] PER EQUITY SHARE AND IS [●] TIMES OF THE FACE VALUE.</p>	
<p>THIS OFFER IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED FROM TIME TO TIME (THE "SEBI ICDR REGULATIONS"). FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "OFFER RELATED INFORMATION" BEGINNING ON PAGE 286 OF THIS DRAFT PROSPECTUS.</p>	
<p>In terms of the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Offer only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Offer Procedure" on page 296 of this Draft Prospectus.</p>	
RISKS IN RELATION TO THE FIRST ISSUE	
<p>This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value. The Offer Price (determined and justified by our Company, in consultation with the Selling Shareholders and the Lead Manager and as stated under the chapter "Basis for Offer Price" beginning on page 80 of this Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.</p>	
GENERAL RISKS	
<p>Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 18 of this Draft Prospectus.</p>	
ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY	
<p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Prospectus 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 or inclusion of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each Selling Shareholder accepts responsibility severally and not jointly only for statements, made expressly by it in this Draft Prospectus in relation to itself in connection with the Offer for Sale and the Equity Shares offered by it in the Offer for Sale.</p>	
LISTING	
<p>The Equity Shares of the Company, including those being offered through this Draft Prospectus, are proposed to be listed on the SME Platform of National Stock Exchange of India Limited ("NSE") i.e., "NSE EMERGE" and traded in the SME Continuous Normal Market. Our Company has received an 'in-principle' approval from NSE for the listing of the Equity Shares pursuant to the letter dated [●]. For the purpose of this Offer, the Designated Stock Exchange shall be NSE EMERGE.</p>	
LEAD MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
<h1 style="color: red;">KEYNOTE</h1>	
<p>KEYNOTE CORPORATE SERVICES LIMITED The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 Tel: +91 22 3026 6000 - 10 Fax: +91-22-30266088 Email: mbd@keynoteindia.net Website: www.keynoteindia.net Contact Person: Mr. Janardhan Wagle / Ms. Pooja Sanghvi SEBI Registration No: INM 000003606</p>	<p>BIGSHARE SERVICES PRIVATE LIMITED E-2 & 3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East) Mumbai – 400 072, Maharashtra, India Tel: +91 22 4043 0200, Fax: +91 22 2847 5201 Email: ashok@bigshareonline.com Investor Grievance E-mail: vipin@bigshareonline.com Website: www.bigshareonline.com Contact Person: Mr. Ashok S. Shetty SEBI Registration Number: INR000001385</p>
OFFER PROGRAMME	
OFFER OPENS ON: [●]	OFFER CLOSES ON: [●]



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**SECTION I – GENERAL****DEFINITIONS AND ABBREVIATIONS**

Unless the context otherwise indicates or requires the following terms in this Draft Prospectus have the meaning given below:

General Terms

Term	Description
Steel City Securities Limited / SCSL / The Company / Company / We / Us / Our / Our Company / The Issuer	Unless the context otherwise indicates or implies refers to Steel City Securities Limited a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office in the state of Andhra Pradesh.
Promoter(s)	The Promoters for our Company: <ul style="list-style-type: none"> • Mr. G. Sree Rama Murthy • Mr. K. Satyanarayana • Dr. Satish Kumar Arya
Promoter Group	Such persons, entities and companies constituting our promoter group pursuant to Regulation 2(zb) of the SEBI ICDR Regulations and Section 2(77) of Companies Act read with Rule 4 of Companies (Specification of definition details) Rules, 2014 as disclosed in the Chapter titled " <i>Our Promoter, Promoter Group and Group Companies</i> " on page no. 146 of this Draft Prospectus.
Subsidiary	<ul style="list-style-type: none"> • Company in which our company – Steel City Securities Limited has more than 51.00% shareholding, i.e, Steel City Commodities Private Limited
Group Companies	The Group Companies of our Company are: <ul style="list-style-type: none"> • Steel City Financial Services Private Limited • Steel City Infotech Limited • Steel City Health Insurance Private Limited • Steel City Insurance Private Limited

Company Related Terms

Term	Description
AOA/ Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of Steel City Securities Limited, as amended from time to time.
Auditor of the Company (Statutory Auditor)	The Statutory Auditors of Steel City Securities Limited being Sudhakar & Kumar Associates.
Audit Committee	The Audit Committee as reconstituted vide the Board meeting held on August 3, 2016.
Board of Directors / Board/ our Board/ the Board	The director(s) on our Board, unless otherwise specified. For further details of our Directors, please refer to section titled " <i>Our Management</i> " beginning on page 129 of this Draft Prospectus.
Chairman	Mr. G Sree Rama Murthy
Companies Act/ Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
Companies Act, 1956	The Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)



Term	Description
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Company Secretary and Compliance Officer	Ms. M. Srividya
Corporate Social Responsibility Committee (CSR Committee)	The Corporate Social Responsibility Committee was constitute vide the Board meeting held on May 8, 2014.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depositories	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Director(s)/ our Directors	Director(s) of Steel City Securities Limited, unless otherwise specified.
Equity Shares	Equity Shares of our Company of Face Value of ₹10 /- each unless otherwise specified in the context thereof.
Equity Shareholders	Persons holding Equity Share of our Company.
General Information Document (GID)	The General Information Document for investing in Public Issues prepared and issued in accordance with SEBI circular CIR/CFD/DIL/12/2013 dated October 23, 2013 notified by SEBI read with SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015
GIR Number	General Index Registry Number
IPO Committee	The IPO Committee as re-constituted by our Board of Directors on August 3, 2016.
ISIN	International Securities Identification Number. In this case being INE395H01011.
IT Act	The Income-tax Act, 1961 as amended till date.
Indian GAAP	Generally Accepted Accounting Principles in India.
Key Management Personnel/KMP	Key management personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013. For details, see section entitled “Our Management” on page 129 of this Draft Prospectus.
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board on August 3, 2016, in accordance with the requirements of the SEBI ICDR Regulations.
MOA/ Memorandum of Association / Memorandum	Memorandum of Association of Steel City Securities Limited
Nomination and Remuneration Committee	The Nomination and Remuneration Committee re-constituted by our Board of Directors on August 3, 2016.
PML Act	Prevention of Money Laundering Act, 2002
Registered and Corporate Office	The Registered and Corporate Office of our company which is located at: 49-52-5/4, Shanthipuram, Visakhapatnam, Andhra Pradesh, Hyderabad – 530 016.
RoC/ RoC, Hyderabad	The office of the Registrar of Companies, Hyderabad situated at 2 nd Floor, Corporate Bhawan, GSI Post, Tattiannaram, Nagole, Bandalaguda, Hyderabad – 500068.
Reserve Bank of India / RBI	Reserve Bank of India constituted under the RBI Act.
SCHL	Steel City Holdings Limited
SCCPL	Steel City Commodities Private Limited
SCCSPL	Steel City Capital Services Private Limited
SCFSPL	Steel City Financial Services Private Limited
SCIPL	Steel City Insurance Private Limited



Term	Description
SCHIPL	Steel City Health Insurance Private Limited
SCITPL	Steel City Infotech Private Limited
SEBI ICDR Regulations, 2009/ SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time.
SEBI Listing Regulations, 2015/ SEBI Listing Regulations/ Listing Regulations/ SEBI (LODR)	The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
Selling Shareholders	<ul style="list-style-type: none"> • Mr. G. Sree Rama Murthy • Mr. K. Satyanarayana • Mr. G. Raja Gopal Reddy
Stakeholder's Relationship Committee	The Stakeholder's Relationship Committee re-constituted by our Board of Directors on August 3, 2016.
Stock Exchange	Unless the context requires otherwise, refers to, National Stock Exchange of India Limited.
Sub – Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application.
Allotment/ Allot/ Allotted/ Allotment of Equity Shares	Unless the context otherwise requires, the offer and allotment of Equity Shares, pursuant to the Offer to the successful applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchanges
Allottee (s)	The successful applicant to whom the Equity Shares are being / have been offered/ allotted.
Applicant/Investor	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus and the Application form.
Application	An Indication to make an offer during the Offer Period by an Applicant pursuant to submission of an Application form, to subscribe for or purchase our Equity Shares at Offer Price, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations.
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form.



Term	Description
Application Form	The form, whether physical or electronic, used by an Applicant to make an application, which will be considered as the application for Allotment for purposes of this Draft Prospectus.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by all Applicants to make an Application authorizing a SCSB to block the application amount in the ASBA Account maintained with such SCSB. Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.
ASBA Account	Account maintained by an ASBA Applicant/Investor with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of the ASBA Applicant/Investor and as defined in the Application Form.
ASBA Applicant	Any Applicant who intends to apply through ASBA Process.
Banker(s) to the Company	1. HDFC Bank Limited; 2. Karur Vysya Bank Limited; and 3. The Karnataka Bank Limited.
Banker(s) to the Offer Escrow Collection Bank/ Public Offer Account Bank/ Refund Bank	The banks which are Clearing Members and registered with SEBI as Banker to an Offer with whom the Public Offer Account will be opened and in this case being [●]
Banker(s) to the Offer Agreement	Agreement dated [●] entered into amongst the Company, Lead Manager, the Registrar and the Banker of the Offer.
Basis of Allotment	The basis on which the Equity Shares will be allotted described in the chapter titled "Issue Procedure- Basis of Allotment" beginning on page 324 of this Draft Prospectus
Broker Centres	Broker centres notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker.
Business Day	Monday to Friday (except public holidays).
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Collecting Depository Participants or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Offer made by the ASBA Applicants with the Lead Manager, the Registrar to the Offer and the Stock Exchanges, a list of which is provided on http://www.sebi.gov.in . or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their address, PAN, Occupation and Bank Account details.
Depository/ Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, being CDSL and NSDL.
Depository Participant / DP	A Depository Participant as defined under the Depositories Act, 1996.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.



Term	Description
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. www.nseindia.com
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. www.nseindia.com
Designated Date	The date on which the SCSBs shall transfer the funds from ASBA accounts into the Public Offer Account or Refund Account as appropriate after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Applicants in the Offer.
Designated Intermediaries /Collecting Agent	An SCSB's with whom the bank account to be blocked, is maintained, a syndicate member (or sub syndicate member), a Stock Broker registered with recognized Stock Exchange, a Depository Participant, a registrar to an offer and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity)
Designated Market Maker	Keynote Capitals Limited will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.
Designated Stock Exchange	SME platform of NSE i.e. NSE Emerge.
Draft Prospectus / DP	The Draft Prospectus dated [●] issued in accordance with Section 32 of the Companies Act and filed with the NSE under SEBI ICDR Regulations.
Eligible NRIs	A NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Offer and in relation to whom this Draft Prospectus will constitute an invitation to Application on the basis of the terms thereof.
Equity Shares(s)	Equity Shares of our Company of ₹10/- each.
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form.
Foreign Venture Capital Investors/FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000.
FPI/ Foreign Portfolio Investor	A Foreign Portfolio Investor who has been registered pursuant to the Securities And Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, provided that any FII or QFI who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended.
Fresh Issue	Fresh issue of [●] equity shares aggregating upto ₹1500 Lacs.
IPO	Initial Public Offering.
Issue Agreement	Agreement dated September 27, 2016 between our Company, Lead Manager and Selling Shareholders.
KCSL	Keynote Corporate Services Limited.
Key Management Personnel	The personnel listed as key management personnel in "Our Management" on page no. 129 of this Draft Prospectus.
LM/ Lead Manager	Lead Manager to the Offer, in this case being Keynote Corporate Services Limited.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the NSE Emerge.



Term	Description
Market Maker	Member Brokers of NSE who are specifically registered as Market Makers with the NSE EMERGE Platform. In our case, Keynote Capitals Limited is the sole Market Maker.
Market Making Agreement	The Market Making Agreement dated [●] between our Company and Market Maker Keynote Capitals Limited.
Market Maker Reservation Portion	The reserved portion of [●] Equity Shares of ₹[●] each fully paid up for cash at an Offer price of ₹[●]/- Each aggregating to ₹[●] Lacs to be subscribed by Market Maker in this Offer.
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Offer	The Offer (excluding the Market Maker Reservation Portion) of [●] equity Shares of [●] each at a price of [●] per Equity Share (the "Offer Price"), including a share premium of [●] per equity share aggregating to [●] Lacs.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Non-Institutional Investors/ Applicant	Investors other than Retail Individual Investors, NRIs, QFIs and QIBs who apply for the Equity Shares of a value of more than ₹2,00,000/-.
NR/Non-Resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs.
NRI(s)/Non-Resident Indian	A "person resident outside India", as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended).
NSE	National Stock Exchange of India Limited.
NSE Emerge	The SME platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter X-B of the SEBI ICDR Regulations.
OCB(s)/ Overseas Corporate Body	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Offer.
Offer Agreement	The agreement entered into on September 27, 2016 among our Company, Selling Shareholders and Lead Manager, as amended.
Offer / Offer Size / Public Offer	The Public Offer of [●] Equity Shares of [●]/- each at an offer price of [●]/- per equity share (including a premium of [●]/- per equity share aggregating to [●] Lacs only)
Offer Closing Date	The date after which the Lead Manager, Syndicate Member, Designated Branches of SCSBs and Registered Brokers will not accept any Application for this Offer, which shall be notified in a English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation as required under the SEBI ICDR Regulations. In this case being [●].
Offer Document	Draft Prospectus and Prospectus.
Offer for sale/ OFS Shares/ Offer for Sales	Equity Shares offered by Selling Shareholders.
Offer Opening Date	The date on which the Lead Manager, Syndicate Member, Designated Branches of SCSBs and Registered Brokers shall start accepting Application for this Offer, which shall be the date notified in an English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation as required under the SEBI ICDR Regulations. In this case being [●].
Offer Period	The period between the Offer Opening Date and the Offer Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.
Offer Price	The Price at which the Equity Shares are being offered and allotted by our Company



Term	Description
	being [●]/- per equity share of face value of [●]/- each fully paid.
Offer Proceeds	The proceeds of the Offer. For further information about use of the Offer Proceeds kindly refer to the chapter titled “ <i>Objects of the Offer</i> ” beginning on page 73 of this Draft Prospectus.
Other Investor	Investor other than Retails Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership, limited liability Company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Promoters Contribution	An aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters, shall be locked-in for a period of 3 (three) years from the date of Allotment and our Promoters’ shareholding in excess of 20% shall be locked-in for a period of 1 (one) year from the date of Allotment except for the Equity Shares offered and successfully Allotted as part of the Offer for Sale by the Selling Sharholders.
Prospectus	The Prospectus to be filed with the ROC, in accordance with the provisions of Section 32 of the Companies Act, 2013.
Public Offer Account	The Bank Account opened with the Banker(s) to this Offer under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Foreign Investors/ QFIs	<p>Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet ‘know your client’ requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI.</p> <p>Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.</p>
Qualified Foreign Investors Depository Participant/ QFIs DP	Depository Participant for Qualified Foreign Investors.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals) registered with SEBI, VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of ₹250 Million, the NIF, set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, Government of India.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure applications at the Designated RTA Locations in terms of circular no.



Term	Description
	CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registered Broker(s)	Broker(s) registered with the stock exchanges having its office at any of the Registered Broker Centres and shall not include Syndicate and sub-Syndicate members.
Registered Broker Centres	Broker centres as notified by the Stock Exchanges, where Applicants can submit the Application Forms to a Registered Broker. The details of such broker centres are available on the websites of BSE and NSE at http://www.bseindia.com/ and http://www.nseindia.com/ , respectively.
Registrar/ Registrar to the Offer	Registrar to the Offer being Bigshare Services Private Limited.
Registrar Agreement	The agreement dated September 21, 2016, entered into between our Company and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion.
Reservation Portion	The portion of the Offer reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009.
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than ₹2,00,000.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s).
Rule 144A	Rule 144A under the U. S. Securities Act of 1933, as amended from time to time.
SEBI (PFUTP) Regulations	SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003.
SEBI SAST/ SEBI (SAST) Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time.
Self Certified Syndicate Bank(s) / SCSBs	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries as updated from time to time.
SME Exchange	The SME Platform of NSE i.e. NSE EMERGE.
SME Platform	The SME Platform of NSE i.e. NSE EMERGE for listing equity shares offered under Chapter X-B of the SEBI ICDR Regulation which was approved by SEBI as an SME Exchange on September 27, 2011.
TRS/Transaction Registration Slip	The slip or document issued by a Designated Intermediary to the Applicant as proof of registration of the Application.
Underwriters	The Lead Manager who has underwritten this Issue pursuant to the provisions of the SEBI ICDR Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time, in this case being [●].
Underwriting Agreement	The Agreement among the Underwriters and our Company dated [●].
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI.
Working Day	Any day, other than 2 nd and 4 th Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Offer opening and Offer closing date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

**Technical / Industry related Terms**

Term	Description
ANMI	Association of National Exchanges Members of India
AMFI	Association of Mutual Funds of India
AP(IIRFC Labour Laws) Act	Andhra Pradesh (Issuance of Integrated Registration and Furnishing of Combined Returns under various Labour Laws by Certain Establishments) Act, 2015
AP(S&E) Act	Andhra Pradesh (Shops and Establishments) Act, 1988
BFSI	Banking, Financial services and Insurance
bps	basis points
CBD	Central Business District
CTCL	Computer to Computer Link Software
DC	Data centre
DIPP	Department of Industrial Policy and Promotion
DR	Data Recovery
EDEs	Emerging Market and Developing Economies
EMC	Equity Capital Market
FDI	Foreign Direct Investment
F&O Segment	Futures and Options Segment
HUPA	Housing and Urban Poverty Alleviation
IBT	Internet Based Trading
IMF	International Monetary Fund
IP Address	Internet Protocol Address
IRDA	Insurance Regulatory and Development Authority
IT	Information Technology
ITORS trading	Supplemental trading member-client agreement
MCX	Multi Commodities Exchange of India Limited
MCX-SX/ MSE	Metropolitan Stock Exchange of India Limited
MNCs	Multinational Corporations
mn sq. ft	million square feet
MPR	Monetary Policy Report
MoUs	Memorandum of Understanding
NBFC	Non-Banking Financial Companies
NCDEX	National Commodity & Derivatives Exchange Limited
NCR	National Capital Region
NIR	NSDL National Insurance Repository
NRIs	Non Resident Indians
NPS	National Pension Scheme
NSA	National Storage Affiliates Trust Stock Report
PE	Private Equity
PFRDA	Pension Fund Regulatory and Development Authority
PPP	Public-Private-Partnership
PoP	Point of Presence
ROCE	Return of Capital Employed
SAN	Storage Area Network
SEBI	Securities and Exchange Board of India
SEZs	Special Economic Zone
sq ft	Square feet



Term	Description
sq. mtrs	Square Metre
UIDAI	Unique Identification Authority of India
VM	Virtual Machine
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal

Conventional Terms / General Terms / Abbreviations

Term	Description
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
Arbitration Act	Arbitration and Conciliation Act, 1996
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
CAD	Current Account Deficit
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
C.P.C.	Code of Civil Procedure, 1908
DIN	Director Identification Number
DP	Depository Participant
ECS	Electronic Clearing System
ESI Act	Employees State Insurance Act, 1948
EOGM	Extraordinary General Meeting
EMDEs	Emerging Market and Developing Economies
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GDP	Gross Domestic Product
GoI/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	Income-tax Act, 1961, as amended from time to time
ICSI	Institute of Company Secretaries Of India
IFRS	International Financial Reporting Standards



Term	Description
IPO	Initial Public Offering
ISIN	International Securities Identification Number
KM / Km / km	Kilo Meter
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
N.I. Act	Negotiable Instruments Act, 1881
NRE Account	Non Resident External Account
NRIs	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rs. or ₹	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Sec./ S.	Section
Securities Act	U.S. Securities Act of 1933, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985.
STT	Securities Transaction Tax
TIN	Taxpayers Identification Number
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.

The words and expressions used but not defined in this Draft Prospectus will have the same meaning as assigned to such terms under the Companies Act 1956, as superseded and substituted by notified provisions of the Companies Act 2013 (the “Companies Act”), the Securities and Exchange Board of India Act, 1992 (the “SEBI Act”), the SCRA, the Depositories Act and the rules and regulations made thereunder.



Notwithstanding the following:-

- i. In the section titled "*Main Provision of the Articles of Association*" beginning on page 324 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section.
- ii. In the Section titled "*Financial Information of the Company*" beginning on page 157 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section.
- iii. In the Chapter titled- "*Statement of Tax Benefits*" beginning on page 83 of Draft Prospectus, defined terms shall have the same meaning given to such terms in that chapter.



CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY, MARKET DATA AND CURRENCY OF PRESENTATION

Unless otherwise specified or the context otherwise requires, all references to “India” in this Draft Prospectus are to the Republic of India, all references to the “U.S.”, the “USA” or the “United States” are to the United States of America, together with its territories and possessions.

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

Financial Data

Unless stated otherwise, the financial information in this Draft Prospectus is derived from Unconsolidated Financial Information, as restated, Consolidated Financial Information, as restated and the related notes, schedules and annexures thereto included elsewhere in this Draft Prospectus, which have been prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places and accordingly there may be consequential changes in this Draft Prospectus.

Our Financial Year commences on April 1 and ends on March 31 of the ensuing calendar year. Unless stated otherwise, references herein to a Financial Year (e.g., Financial Year 2015), are to the Financial Year ended March 31 of that particular year.

Throughout this Draft Prospectus, all the figures have been expressed in Million of Rupees, or in whole numbers, unless stated otherwise. One million represents 1,000,000.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. The reconciliation of the financial information to IFRS or U.S. GAAP financial information has not been provided in this Draft Prospectus. Any reliance by persons not familiar with Indian accounting policies, Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data included in this Draft Prospectus. For details, see *“Significant differences exist between Indian GAAP and IFRS, including with respect to valuation methods and accounting practices in the credit rating industry, which may be material to investors’ assessments of our financial condition”* on page 29 of this Draft Prospectus.

Unless the context otherwise indicates, any percentage amounts, as set forth in “Risk Factors”, “Business Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 18, 97 and 205 respectively, of this Draft Prospectus, and elsewhere in this Draft Prospectus have been calculated on the basis of the audited and Unconsolidated Financial Information, as restated and Consolidated Financial Information, as restated of our Company.

Currency of Presentation

Unless the context otherwise requires, all references to “Rupees” “₹” “Rs.” in this Draft Prospectus are to the official currency of India. All references to “US\$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America. All references to “Euro” or “€” are to Euros, the official currency of the European Union.



Market and Industry Data

Unless stated otherwise market and industry data used in this Draft Prospectus has been obtained or derived from publically available information as well as various industry publications and sources. These publications typically 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. Accordingly, no investment decisions should be made based on such information. Although we believe the industry and market data used in this Draft Prospectus is reliable, it has not been independently verified by us or any of the Selling Shareholders or the Lead Manager or any of their respective affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable.

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

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors including those discussed in section titled "Risk Factors" on page 18 of this Draft Prospectus. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, we have included in the chapter "Basis for the Offer Price" on 80 of this Draft Prospectus, information pertaining to the peer group companies of our Company. Such information has been derived from publicly available data of the peer group companies.



FORWARD LOOKING STATEMENTS

This Draft Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “contemplate”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to result”, “objective”, “plan”, “project”, “seek to”, “should”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans, prospects or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

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

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Reduction in demand for our products/ services;
- Foreign exchange fluctuations;
- Competition in our industry;
- Changes in laws, regulations and taxes; and
- Our inability to retain our management team and skilled personnel.

For a further discussion of factors that could cause our actual results to differ from the expectations, please refer section titled “*Risk Factors*” beginning on page 18 of this Draft Prospectus, and chapters titled “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 97 and 205, respectively of this Draft Prospectus. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated. We cannot assure investors that the expectation reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Neither our Company, the Directors, the Selling Shareholders nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchanges. Each Selling Shareholder will severally ensure that investors are informed of material developments solely in relation to the statements and undertakings made by such Selling Shareholder in this Draft Prospectus until the time of grant of listing and trading permissions by the Stock Exchange.

**SECTION II –RISK FACTORS**

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to the country, the industry in which our Company operates in India, our Company or our Equity Shares. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material 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 deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of an investment in this Offer.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer, including merits and risks involved.

This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in “Forward Looking Statements” on page 17 of this Draft Prospectus. To obtain a better understanding of our business, you should read this section in conjunction with other sections of this Draft Prospectus, including “Business Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 97, 205 and 157, respectively, together with all other financial information contained in this Draft Prospectus. Unless otherwise stated, the financial data in this section is derived from and should be read in conjunction with our audited restated financial statements prepared in accordance with Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

I. INTERNAL RISK FACTORS

- Our Company, our Subsidiary and one of our Group Companies, are parties to certain legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.***

Our Company, our Subsidiary and one of our Group Companies, are parties to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, etc.

Mentioned below are the details of the material proceedings pending against our Company, our Subsidiary and one of our Group Companies, as on the date of this Draft Prospectus along with the amount involved, to the extent quantifiable, based on the materiality policy for litigations, as approved by our Company in its Board meeting held on August 3, 2016:

Litigations against our Company, Subsidiary and Group Companies:

Sr. No.	Nature of Cases	No. of outstanding cases	Amount to the extent quantifiable (in ₹ Lacs)
(I) Litigations against our Company			
1.	Civil	9	101.8
2.	Income Tax	5	371.32
(IV) Litigations against our Subsidiary			
1.	Criminal	1	Unascertainable

**Litigations filed by our Company, Subsidiary and Group Companies:**

Sr. No.	Nature of Cases	No. of outstanding cases	Amount to the extent quantifiable (in ₹ Lacs)
(I) Litigations filed by our Company			
1.	Civil	6	67.8
2.	Criminal	52	97.36
3.	Tax	1	179.89
(III) Litigation by our Group Companies			
1.	Criminal	1	1.6
(IV) Litigation by our Subsidiary			
1.	Civil	1	5.3
2.	Criminal	14	15.3

There can be no assurance that these litigations will be decided in our favour or in favour of our Subsidiary and our group company, and consequently it may divert the attention of our management and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us, our Subsidiary and/or our group company, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.


2. Our Company has several contingent liabilities which if materialises may adversely affect the financial position of the Company.

The contingent liabilities not provided for, as on June 30, 2016 as disclosed in our Restated Consolidated Financial Statements our Company includes ₹ 400.00 Lacs towards Corporate guarantee given to HDFC Bank for credit facilities to its subsidiary, ₹ 2675 Lacs towards bank guarantees, ₹ 221.32 Lacs towards Disputed Demand and ₹ 85.61 Lacs towards Claims against the company at various courts. The said contingent liabilities if materialises may adversely affect the financial position / working capital requirement of the Company.

3. We require number of approvals, licenses, registration and permits for our business and failure to obtain or renew them in a timely manner may adversely affect our operations.

We require statutory and regulatory permits, licenses and approvals to operate our business. At present, our Company has all such permits, licenses and approvals necessary for the conduct of our current business. Many of these approvals are granted for fixed periods of time, while some need renewal from time to time. Non-renewal of the said permits and licenses would adversely affect our Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition. Further, these permits licenses and approvals are subject to several compliances and any non-compliance may lead to cancellation and revocation of our permits, licenses and approvals. This in turn may adversely affect the continuity of our business.

4. We do not currently have any registered trademarks. Failure to protect our intellectual property rights may adversely affect our competitive business position, financial condition and profitability.

Neither our logo  nor trademark "Steel City" has been registered under the Registrar of Trademarks, Trademarks Registry. Though the registration for the said trademark in our name is important to retain our brand equity, we do not enjoy any statutory protection under the Trade Marks Act, 1999 for the aforesaid trademark. Failure to protect our intellectual property rights may adversely affect our competitive business position, financial condition and profitability.



We had vide our application No. 1350172 dated April 11, 2005 applied for registration of our logo under trademark with Trade Mark Registry, Chennai in Class 36. The status of the same is shown as *opposed* on the website of Trademarks Registry.

Hence, we cannot guarantee that the registration of our trademark application may be allowed. In addition, the precautions we take to protect our intellectual property rights, may be inadequate and/or it is possible that third parties may copy or otherwise obtain and use our intellectual property without authorisation or otherwise infringe on our rights for which we may need to undertake expensive and time-consuming litigation to protect our intellectual property rights and this may have an adverse effect on our business, prospects, results of operations and financial condition.

Further, if our unregistered trademark is registered by a third party, we may not be able to make use of such trademark in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with our Company. Accordingly, we may be required to invest significant resources in developing a new brand.

5. We have experienced negative cash flows in previous years (period). Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial conditions.

The details of Cash flows of our Company based on the restated financial statements (standalone) are as follows:

Particulars	For the period ended 30 th June, 2016 (₹ in Lacs)	For the year ended 31 March (₹ in Lacs)				
		2016	2015	2014	2013	2012
Net Cash from Operating activities	313.73	820.42	(882.69)	789.62	(853.13)	(1282.18)
Net Cash used in investing activities	(10.86)	(75.56)	(48.02)	(166.97)	(114.33)	(152.67)
Net Cash from/used in financing activities	333.70	1595.81	(871.95)	1203.50	(641.52)	(479.08)
Net increase / (decrease) in cash and cash equivalents	(9.11)	(699.83)	37.28	(246.91)	(97.28)	(650.43)

Cash flow of a Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and to make new investments without raising finance from external resources. Any operating losses or negative cash flows could adversely affect our results of operations and financial conditions. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For more information, regarding Cash flows, please refer Annexure III in chapter titled “Auditor’s Report on Financial Information” on page 162 of this Draft Prospectus.

6. Our Group Companies have incurred losses in the last three fiscal years.

Some of our Group Companies have incurred losses in the last three fiscal years, as set forth below:

(₹ In lacs)

Name of the Group Company	Fiscal year		
	2014-15	2013-14	2012-13
SCHIPL	(0.09)	(0.09)	-
SCIPL	(0.04)	(0.05)	(0.09)

For further information, please see the section “Our Group Companies” beginning on page 151 of this Draft Prospectus.



7. *We are subject to extensive securities regulation and any failure to comply with these regulations could subject us to penalties or sanctions*

The industry segments in which we operate viz; Capital Market Services (including dealing in Mutual Funds, Bonds, IPO's and Fixed Deposits for our clients), E-governance and Currency Trading are subject to extensive regulation by the SEBI, the RBI, PFRDA, UIDAI and other governmental regulatory authorities. We are also regulated by stock and commodities exchanges and other intermediaries, including the BSE, NSE, MCX, MSE, NCDEX, NSDL and CDSL. The regulatory environment in which we operate is also subject to change and we may be adversely affected as a result of new or revised legislation or regulations imposed by the SEBI and other governmental regulatory authorities.

If we are found to have violated an applicable regulation, administrative or judicial proceedings may be initiated against us that may result in censures, fines, trading bans, deregistration or suspension of our business licenses, the suspension or disqualification of our officers or employees, or other adverse consequences. We could also be subject to constraints or conditions on operating our business activities and may incur fines, receive regulatory cautions or show cause notices and be barred from engaging in certain business activities. The imposition of any of these or other penalties or restrictions could have a material adverse effect on our business, reputation, financial condition and results of operations.

8. *Significant security breaches in our computer systems and network infrastructure, fraud, systems failures and calamities would adversely impact our business.*

Since we retain confidential customer information in our database, our facilities and infrastructure must remain secure. We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by our increased internet connectivity. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and networks. These concerns will intensify with our increased dependence on technology. We employ security systems, including firewalls and password encryption, designed to minimise the risk of security breaches but there can be no assurance that these security measures will be successful. Breaches of our security measures could affect the security of information stored in and transmitted through these computer systems and network infrastructure. A significant failure in security measures could have a material adverse effect on our business and our future financial performance.

Further, we have now ventured into e-governance business which is dependent on computer and information technology. Large amount of confidential / personal data of our customers may have been stored in our systems. These data may be vulnerable to various risks which include threats from hackers and their corresponding attacks. Hence, the attacker may attempt to gain the access of the E-Governance system by using fallacious identity either by stealth or by using false IP address. This could have an adverse effect on our e-governance business.

9. *We rely extensively on our information technology systems and their failure could harm our relationship with customers, expose us to lawsuits or administrative sanctions or otherwise adversely affect our provision of service to customers and our internal operations*

As part of our business strategy, we use our information systems and the Internet to deliver services to and perform transactions on behalf of our customers. Although we believe this approach is highly cost-effective, we depend extensively on the capacity and reliability of the electronic systems supporting our operations. We have not experienced widespread disruptions of service to customers, but there can be no assurance that we will not encounter disruptions in the future due to substantially increased numbers of customers and transactions or for other reasons. If we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in client use patterns, technological failure, changes to systems, linkages with third-party systems and power failures) or are unable to develop necessary technology, our business, prospects, financial condition and results of operations could be materially adversely affected. Our hardware and software are also subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events or the loss of support services from third parties



such as Internet backbone providers. We may encounter delays or other difficulties incorporating new services and businesses into our information technology systems and there can be no assurance that we will realise the efficiencies and other benefits we anticipate from doing so.

- 10. *We may face damage to our professional reputation and legal liability to our clients and affected third parties if our services are not regarded as satisfactory.***

We are into service industry are our business is dependent mainly on how we maintain our relationship with our existing clients which helps to retain existing clients and to attract the existing ones. Hence an unsatisfied client may be more damaging in our business than in other businesses.

Our activities may subject us to the risk of significant legal liabilities to our clients and aggrieved third parties. In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial intermediaries have been increasing. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Hence, we may incur significant legal expenses in defending against litigation. Substantial legal liability or significant regulatory action against us could have material financial effects on our Company or could even cause significant harm to our reputation, which could harm our business prospects.

- 11. *We do not own the Registered Office and few of the premises from where we are currently operating and the same has been taken on lease. Any failure on our part to meet the terms of those lease agreements, arrangements could jeopardise our interest severely.***

We do not own our registered office situated at Sri Kanya Towers, D.No. 49-52-5/4, 2nd Floor, Shantipuram, Vishakapatnam-530016 and the same is on lease for a period of 3 (three) years i.e from February 16, 2014 to February 15, 2017. Apart from the registered office, our Company operates through 68 centres which have been taken on lease basis.

If any of the owners of these leased/license/ arranged premises do not renew the agreements/ arrangements under which we occupy the premises or the pending litigation in this regard is decided adversely, we may suffer a disruption in our operations and might have to relocate. For further details, please see the section “Outstanding Litigations and Material Developments” beginning on page 216 of this Draft Prospectus and “Business Overview” beginning on page no 97 of the Draft Prospectus. We have been operating through the present registered office for more than 20 (twenty) years and the lease for the same have been renewed periodically. Further, we do not foresee any problem in renewing the same.

- 12. *We are dependent on our Promoter Directors and key personnel and loss of any key team member may affect our business performance***

Our business is dependent upon a core management team which includes our Promoter Directors. Our management team oversees the day-to-day operations, strategy and growth of our business along with our key personnel. If one or more members of our key management team are unable or unwilling to continue in their present positions, such persons would be difficult to replace and our business, prospects, financial condition and results of operations could be negatively affected.

In addition, our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate appropriately qualified personnel. Our failure to successfully manage our personnel needs could materially and adversely affect our business and results of operations.

- 13. *Our Promoters, Director have given personal guarantees in relation to Fund and Non Fund based facility for both short term and long term loan provided to our Company by the Karnataka Bank Limited, the Karur Vysya Bank Limited and HDFC Bank Limited. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoter's, Directors' ability to manage the affairs of our Company and consequently impact our business, prospects, financial condition and results of operations.***



Our Company has availed Fund based facility of ₹1750.00 Lakhs and Non fund based facility of ₹2900.00 Lakhs from the Karnataka Bank Limited, the Karur Vysya Bank Limited and HDFC Bank Limited for which the outstanding amount as on June 30, 2016 at Fund based facility is of ₹161.76 Lakhs and Non fund based facility is of ₹2245.00 Lakhs. Terms and conditions of the said facility stipulate that the facility shall be secured by a personal guarantee of our Promoters, Directors. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoters' ability to manage the affairs of our Company and consequently impact our business, prospects, financial condition and results of operations.

14. *We often extend credit to our clients for dealing in securities and any default by a client coupled with a downturn in the market, could result in substantial losses.*

We allow some of our clients (depending on their profile) to trade in the stock market and take position on particular stocks by depositing only upfront margin amount. The client is then required to pay/ deposit with us the balance amount, before the pay-in date. In case, the said client is not able to pay the balance amount to us before the pay-in date of the exchange for the said transaction, we, at times extend credit to such clients at the applicable market (interest) rate for honouring the pay-in of the stock exchange. Stock markets are prone to volatility. Hence, in case of highly volatile market or adverse movements in share price, it may be possible that the client may not honour their commitment.

Hence, by permitting our customers to purchase securities on margin, we are subject to risks inherent in extending credit, especially during periods of rapidly declining markets in which the value of the collateral held by us could fall below the amount of a customer's indebtedness. In the event of an occurrence of any unforeseen magnitude our business may have a negative impact due to increase in Bad Debts and simultaneous increase in our losses.

Management Proposal

We have implemented standard practices to minimize the risk involved in dealing with such losses. We have in place an effective real time On-line Risk Management System (RMS), which facilitates in decision making in fields of operation, compliance and legal reporting. These systems are constantly reviewed to keep abreast of the changing needs of the market, scenario. In case of operational risks, every order of a client goes through an automatic validation process against the available limits and order gets routed to exchange only if the order is within the predefined limits. On reaching the limit, prescribed client account gets frozen and only orders that would bring down the position would be permitted by the system. The risk mitigation plans are well thought out and implemented due to which the adverse impact of risk is avoided or kept at minimum levels.

15. *We require working capital for our smooth day to day operations of business and any discontinuance or our inability to acquire adequate working capital timely and on favorable terms may have an adverse effect on our operations, profitability and growth prospects.*

We have been availing the working capital facility amounting to ₹1750 lacs, sanctioned by our bankers. We propose to raise ₹ 700 lacs from the Fresh Issue to finance our working capital requirement. However, in future if there are insufficient cash flows to meet our working capital requirement or we are unable to arrange the same from other sources or there are delays in disbursement of arranged funds, or we are unable to procure funds on favorable terms, it may result into our inability to finance our working capital needs on a timely basis which may have an adverse effect on our operations, profitability and growth prospects.

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

We have, in the course of our business, entered into transactions with related parties including entities forming part of our Promoter, Subsidiary and Group Companies. There can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Such related party transactions may give rise to potential conflicts of interest with respect to dealings between us and the related parties. Furthermore, it is likely that we will continue to enter into related party transactions in



the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For details of related party transactions entered into by us please see “Auditor’s Report – Related Party Transaction” on page 177 of this Draft Prospectus.

17. *Our insurance coverage may not adequately protect us against certain operating risks and this may have as adverse effect on the results of our business.*

Operating financial services involves many risks and hazards which may adversely affect our profitability, including breakdown, failure or substandard performance of network equipment, third party liability claims, employee frauds, infrastructure failure and terrorist activities. While we maintain stock brokers’ indemnity policy in relation to incomplete transactions in compliance with the requirements of the Stock Exchanges, we have not subscribed to directors’ and officers’ liability insurance policies. Further, our insurance may not provide adequate coverage in certain circumstances including those involving claims by third parties and litigation and is subject to certain deductibles, exclusions and limits on coverage. We are also exposed to potential liability risks that are inherent in the provision of financial services. We cannot assure you that the operation of our business will not be affected by any of the incidents and risks listed above. If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our financial condition and results of operations may be affected.

18. *Our Promoters, Directors and Key Managerial Persons may have interest in our Company, other than reimbursement of expenses incurred or remuneration.*

Apart for receipt of remuneration and re-imburement of expenses incurred by them, our Promoters, Directors and key management personnel may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Company, and benefits deriving from their directorship in our Company. For further details, please refer to the chapters titled “Business Overview” , “Our Promoters and Promoter Group” and “Our Management”, beginning on page 97, 146 and 129 respectively and the Annexure titled “Related Party Transactions” under chapter titled “Restated Financial statements’ beginning on page 177 of this Draft Prospectus.

19. *There is no monitoring agency appointed by our Company and the deployment of funds is at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.*

As per SEBI ICDR Regulations, 2009, as amended, appointment of monitoring agency is required only for Offer size above ₹ 50,000 Lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Offer proceeds in terms of SEBI Listing Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Offer proceeds to the NSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

20. *Our funding requirements and deployment of the proceeds of the Offer are based on management estimates and have not been independently appraised.*

We intend to use the proceeds of the Offer for purposes described in the section “Objects of the Offer” beginning on page 73 of this Draft Prospectus. Except as disclosed in the section “Objects of the Offer”, our funding requirements and the deployment of the proceeds of the Fresh Issue are based on management estimates, current quotations from suppliers and our current business plans and such fund requirements and intended use of proceeds have not been appraised by any bank or financial institution. Because of the competitive and dynamic nature of the businesses that we operate, we may need to revise our expenditure and fund requirements due to changes in the cost structure, changes in estimates, changes in quotations and external factors, which may not be within the control of our management. In the event of an increase in expenditure and fund requirements, we intend to try and meet these increased requirements through our internal accruals and additional debt or equity arrangements. This may entail rescheduling or revising the



planned expenditure and fund requirements and increasing or decreasing the expenditure for a particular purpose at the discretion of our Board.

- 21. *Our Promoter and the members of our Promoter Group will continue to retain significant control in the Company after the Offer, which will enable them to influence the outcome of matters submitted to shareholders for approval. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.***

Presently, our Promoter and the members of our Promoter Group hold approximately 79.36% of the issued equity share capital of the Company. After completion of the Offer, our Promoter and the members of our Promoter Group will hold [●] % of the equity shares capital of the Company and continue to retain a significant control of the Company. As a result, our Promoter and our Promoter Group will have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. In addition, for so long as our Promoter and the members of our Promoter Group continue to exercise significant control over the Company they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

- 22. *Employee misconduct is difficult to detect and prevent and may have an adverse effect on our businesses***

Although we have not experienced any significant employee misconduct to date, there have been a number of publicized cases involving fraud or other misconduct by employees in the financial services industry. It is not always possible to deter or prevent employee misconduct. The precautions that we take to prevent and detect such activities may not be effective in all cases. Hence, on an event of any such employee misconduct or fraud the reputation of our Company may be effected and may also lead to financial losses to us as well as our clients.

- 23. *Error in Punching of trade orders***

Some of the orders by our clients are placed over the phone. Thus, we sometimes face the risk of making errors in punching the orders. The entire risk/ loss incurred by our client due to error on our part is borne by us.

- 24. *Risks associated with our franchisees***

We face several risks associated with our franchisees, including whether our franchisees have the experience and financial resources to be effective operators and remain aligned with us on operating, promotional and capital-intensive initiatives, especially during periods of underperformance, and the potential impact on us if they experience other operational problems or project a brand image inconsistent with our values, particularly if our contractual and other rights and remedies are limited, costly to exercise or subject to litigation.

- 25. *We depend on third party vendors and service providers.***

We rely on third parties for some of our technological infrastructure, including the data centers that support our e-governance and our capital market businesses. Failure to continue to access these third party technologies on commercially acceptable terms could limit our ability to offer competitive service offerings and adversely impact our future operating results. We also rely on several local service providers for delivering our e-governance services and any failure to continue this sub-contracting arrangement on commercially acceptable terms could adversely impact our future operating results



26. We may face general risks relating to the nature of our e-governance business

Our e-governance business segment may face general risks relating to its nature. Some of the typical risks that we may face are; reliance on technology, threat of disclosure of confidential public information to a third party, temporarily non-availability of the required infrastructure/ services viz; internet services, electricity, etc. In case such risks/ problems appear on a continuous basis at any of our office/ branch, our business and our financial performance may be negatively affected.

27. Some of the immovable properties in which we operate our offices may have irregularities, as a result of which our operations may be impaired.

Certain of the immovable properties we lease or use under license arrangements may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements. In addition, there may be certain irregularities in title in relation to some of our leased or licensed properties. For example, some of the agreements for such arrangements may not have been duly executed or adequately stamped or registered in the land records of the local authorities. We cannot assure you that we will be able to continue our use of all such properties or enforce our rights under such agreements, which may impair our operations and adversely affect our financial condition.

II. RISKS RELATED TO OUR EQUITY SHARES AND EQUITY SHARE HOLDERS

28. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

Our revenues are dependent on various factors such as future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements. Our business is capital intensive and we may plan to make additional capital expenditures undertake new projects. Our ability to pay dividends is also restricted under certain financing arrangements that we have entered into and expect to enter into. The combination of these factors may result in significant variations in our revenues and profits and thereby may impact our ability to pay dividends.

29. You may be subject to Indian taxes arising out of capital gains on sale of Equity Shares.

Under current Indian tax laws and regulations, 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 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, 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 12 months or less will be subject to short term capital gains tax in India. For more details, please refer to “Statement of Tax Benefits” on page 83 of this Draft Prospectus.

30. We cannot assure you that our Equity Shares will be listed on the SME Platform of NSE in a timely manner or at all, which may restrict your ability to dispose of the Equity Shares.

In terms of Chapter XB of the SEBI ICDR Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of our Equity Shares issued. We have applied to NSE (SME Platform – NSE EMERGE) to use its name as the Stock Exchange in this Offer Document for listing our Equity Shares on the SME Platform of NSE. Permission for listing of the Equity Shares will be granted only after the Equity Shares offered in this Offer have been allotted. Approval from NSE will require all relevant documents authorizing the issuing of the Equity Shares to be submitted to it. There could be a failure or delay in listing the Equity Shares on the SME Platform of NSE. Further, certain procedural and regulatory requirements of SEBI and the Stock Exchanges are required to be completed before the Equity Shares are



listed and trading commences. Trading in the Equity Shares is expected to commence within 6 (six) Working Days from the Offer Closing Date. However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

31. *The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.*

Prior to this Offer, there has been no public market for our Equity Shares. Keynote Capitals Limited is acting as Market Maker for the Equity Shares of our Company. However, the trading price of our Equity Shares may fluctuate after this Offer due to a variety of factors, including our results of operations and the performance of our business, 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. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Offer, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

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

Subsequent to listing, our Company may be subject to a daily circuit breaker imposed on listed companies by the NSE, which does not allow transactions having crossed certain volatility limit in the price of its 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 Company's circuit breaker is set by the NSE based on certain factors such as the historical volatility in the price and trading volume of the Equity Shares. The NSE is not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker, if imposed, would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot assure that the shareholders will be able to sell the Equity Shares at desired prices.

33. *Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets*

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. Accordingly, the price and liquidity of the Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

III. EXTERNAL RISK FACTORS

34. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.*

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. Please refer to the section "Key Industry Regulations and Policies" on page 110 of this Draft Prospectus for details of the laws currently applicable to us. There can be no assurance that the Government



may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations.

The GoI has proposed a comprehensive national goods and services tax ("GST"). This will combine taxes and levies currently imposed by the central and state governments into one unified rate structure. We are unable to provide any assurance on the implementation schedule and impact of the GST or any other aspect of the tax regime following the implementation of the GST. The implementation of this rationalized tax structure might be affected by any disagreement between certain state governments, which could create additional uncertainty.

Further, our e-governance business is mainly dependent the GoI's policy of outsourcing of data processing to the private corporate/ set-ups. In the event GoI changes/ amends the policies if not be favorable to us, it may affect our business prospects and profitability.

35. *Intense competition from existing and new entities may adversely affect our revenues and profitability*

The financial services industry is rapidly evolving, intensely competitive and has few barriers to entry. We face significant competition from companies which are in the similar line of business, including traditional and online brokerage firms, mutual fund companies, etc, having wide presence and a strong brand name. As we enter newer markets, we are likely to face additional competition from those who may be better capitalised, have longer operating history, have greater retail and brand presence, and better management than us. Many of our competitors have significantly greater financial, technical, marketing and other resources than we do. Some of our competitors also offer a wider range of services and financial products than we do and have greater name recognition and a larger client base. These competitors may be able to respond more quickly to new or changing opportunities, technologies and client requirements. They may also be able to undertake more extensive promotional activities, offer more attractive terms to clients, and adopt more aggressive pricing policies. If we are unable to manage our business it might impede our competitive position and profitability.

Further, we have now ventured into e-governance business which by nature is a low investment proposition. Hence, we may also face intense completion from the existing players, though few in numbers and also the new entrants who may be attracted to its higher RoCE. Hence, in future we expect competition to continue and intensify all the segments in which we operate. Incase we are not be able to compete effectively with current or future competitors and competitive pressures faced by us may negatively harm our business.

36. *Fluctuations in the exchange rate of the Rupee and other currencies could have a material adverse effect on the value of the Equity Shares, independent of our financial results.*

The Equity Shares will be quoted in Indian Rupees on the NSE. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and subsequently converted into appropriate foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate of the Rupee has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.



37. *Significant differences exist between Indian GAAP and IFRS, including with respect to valuation methods and accounting practices in the credit rating industry, which may be material to investors' assessments of our financial condition.*

As stated in the reports of the Auditor included at page 157 of this Draft Prospectus, the restated financial statements included in this Draft Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations and no attempt has been made to reconcile any of the information given in this Draft Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as IFRS. Significant differences exist between Indian GAAP and IFRS, including with respect to valuation methods and accounting practices in the credit rating industry, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Prospectus. Accordingly, the degree to which the financial information included in this Draft Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

38. *The global financial crisis and global and domestic economic conditions may have a material adverse effect on our business, financial condition.*

In the past, global financial markets experienced a period of unprecedented turmoil and upheaval characterized by extreme volatility like the crises in Europe and a weak recovery in the developed markets, sharp declines in prices of securities across geographies, diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse, nationalization or sale of financial institutions and an unprecedented level of governmental intervention. The Indian economy and financial markets were also significantly impacted by such global economic, financial and market conditions. Due to the conditions in the global and domestic financial markets, we cannot be certain that our clients will continue with their expansion and investment plans, which are critical to the opportunities created for us and we may be unable to effectively implement our strategy.

39. *Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.*

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The Government has in recent years sought to implement economic reforms and the current government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous governments. There can be no assurance that liberalization policies will continue in the future. The rate of economic liberalization could change and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. A newly elected government (as a result of the upcoming general elections) may announce new policies or withdraw existing benefits, which may be applicable to our industry. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally and our business, prospects, financial condition and results of operations, in particular.

40. *Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.*

Foreign ownership of Indian securities is subject to Government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances, the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet the requirements of the RBI Circular dated October 4, 2004, as amended by the RBI Circular dated May 4, 2010 and July 15, 2014. The RBI must approve the conversion of the Rupee proceeds from any such sale into



foreign currency and repatriation of that foreign currency from India unless the sale is made on a stock exchange in India through a stock broker at the market price. As provided in the foreign exchange controls currently in effect in India, the RBI has provided the price at which the Equity Shares are transferred based on a specified formula and a higher (or lower, as applicable) price per share may not be permitted. There are also restrictions on sales between two non-residents if the acquirer is impacted by the prior joint venture or technical collaboration. The approval from the RBI or any other government agency may not be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

- 41. *Terrorist attacks, civil unrests and other acts of violence in India and around in the world could adversely affect the financial markets, result in a loss of consumer confidence and adversely affect our business, financial condition and cash flows.***

Terrorist attacks, civil unrests and other acts of violence or war in India and around in the world may adversely affect worldwide financial markets and result in a loss of clients confidence and ultimately adversely affect our business, financial condition and cash flows. India has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that an investment in Indian companies involves higher degrees of risk and on our business and price of our Equity Shares.

- 42. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business***

Any adverse revision to India's credit rating 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 is available. This could have an adverse effect on our financial performance and our ability to obtain financing to fund our growth on favourable terms or at all.

- 43. *Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.***

India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. The erratic progress of a monsoon would also adversely affect sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities in the future could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

PROMINENT NOTES:

- Our Company was originally incorporated on February 22, 1995 as a public limited company under the name "Steel City Securities Limited" under the Companies Act, 1956 and obtained certificate of commencement of business on April 20, 1995 issued by the Registrar of Companies, Andhra Pradesh at Hyderabad.
- Public issue of [•] Equity Shares for cash at a price of ₹ [•] per Equity Share (including share premium of ₹ [•] per Equity Share) aggregating upto ₹ [•] Lacs. The Issue consists of a Fresh Issue of [•] Equity Shares aggregating up to ₹ 1500 Lacs and an Offer for Sale of upto 21,81,817 Equity Shares by the Selling Shareholder aggregating up to ₹ [•] Lacs, respectively. The Issue will constitute [•] % of the post-Issue paid-up equity share capital of our Company.
- The average cost of acquisition of Equity Shares by our Promoters is given below:

Sr. No	Name of the promoter	Average Cost of Acquisition per Equity Shares (₹)
1.	G. Sree Rama Murthy	1.79
2.	K. Satyanarayana	3.53



Sr. No	Name of the promoter	Average Cost of Acquisition per Equity Shares (₹)
3.	Dr. Satish Kumar Arya	6.34

4. Our Company's net worth, on standalone and consolidated basis, as of June 30, 2016 was ₹ 4950.92 Lacs and ₹ 5895.08 Lacs, respectively.
5. Our Company's net worth, on standalone and consolidated basis, as of March 31, 2016 was ₹ 4865.43 Lacs and ₹ 5774.39 Lacs, respectively.
6. The book value per Equity Share as on June 30, 2016 on standalone and consolidated basis was ₹ 39.99 and ₹ 47.61, respectively.
7. The book value per Equity Share as on March 31, 2016 on standalone and consolidated basis was ₹ 39.30 and ₹ 46.63, respectively.
8. For details of the related party transactions entered into by our Company, please refer to the section "*Related Party Transactions*" on page 177 of this Draft Prospectus.
9. There has been no financing arrangement whereby our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during the period of 6 (six) months immediately preceding the date of filing of this Draft Prospectus.
10. Except as stated on the page 67 of the Draft Prospectus, our Promoters/ Promoter Group/Directors have not purchased / sold / financed / acquired any shares of our Company during the past six months from the date of the Prospectus.
11. Our Company and the Lead Manager will update the Offer Document in accordance with the Companies Act and the SEBI ICDR Regulations and our Company and the Lead Manager will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchange.
12. For interest of our Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to sections titled "*Risk Factors*", "*Our Promoters*", "*Our Management*", "*Related Party Transactions*" and "*Financial Statements*" beginning on page nos. 18, 146 177 and 157 of this Draft Prospectus.
13. Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Offer. Any clarification or information relating to this Offer shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the , with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, application amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form has been submitted by the ASBA Investor. For contact details please see "*General Information*" on page no 48.



SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

Indian economy

The Indian economy is one of the largest in the world. It is amongst the fastest growing major economies in the world, with expected GDP growth rate of 7.6% in financial year 2016 as compared to 7.2% in financial year 2015 recording the highest percentage increase in the last five years. This year, India became the fastest growing major economy, surpassing China in terms of GDP growth. The economic reforms introduced by the government, a stable macro-economic environment and the falling commodity prices are some of the factors that have helped India achieve robust economic growth estimates. In recent years, India has become a global preferred destination for FDI, owing to its large consumer market and efforts by the government to position it as one of the front-runners of the rapidly growing Asia Pacific region.

Buoyed by measures to enhance foreign direct investment - including raising the ceiling for investment in several important sectors such as broadcasting and defence, as well as rationalizing and simplifying procedures - net flows of foreign direct investment surged to an estimated \$32 billion, nearly 26% higher than in the previous year. FDI inflows were primarily driven by investments in infrastructure and the services sector. Inflows in the form of deposits by non-resident Indians also remained strong, growing to nearly \$15 billion in FY 2015-16. These inflows and continuing business and government loan inflows increased gross international reserves by \$9.2 billion in FY 2015-16 to over \$350 billion.

Indian Service Sector

The striking aspect of India's recent growth has been the dynamism of the services sector. The services sector accounted for a share of 64 percent in the GDP in 2015-16 as reflected in the new series of national accounts.

The Indian financial services industry has experienced significant growth in the last few years. There has been a considerable broadening and deepening of the Indian financial markets due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in the recent years and the entry of sophisticated domestic and international players. Sectors such as banking, asset management and brokerage have been liberalized to allow private sector involvement, which has contributed to the development and modernization of the financial services sector. This is particularly evident in the non-banking financial services sector, such as equities, derivatives and commodities brokerage, residential mortgage and insurance services, where new products and expanding delivery channels have helped these sectors achieve high growth rates.

Capital Market

During 2015 – 16, the primary securities market seems to have come out of its lull. Both the total number of issues and the resources mobilized from the primary securities market have gone up. IPOs and public debt issues have contributed to this performance more than rights issues.

During 2015-16, 108 companies have accessed the capital market and raised ₹58,167 crore compared to ₹19,203 crore raised through 88 issues during 2014-15. There were 95 public issues which raised ₹48,928 crore and 13 rights issues which raised ₹9,239 crore during 2015–2016. Among the public issues, there were 74 IPOs and 21 public debt issues.

Mutual Fund

The MF industry pumped in significant funds in debt and equity funds leading to assets under management (“AUM”) reaching ₹ 13,53,444 Crore as in FY 2015-16, an increase of 13.86 % over ₹ 11,88,690 Crore in FY 2014-15. With new features and continuous innovations to meet customer needs, the model of investment and redemption of mutual fund units through an exchange-provided infrastructure has gained tremendous response in the market.



Depository

A depository is an organization which holds securities (like shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form at the request of the investors through a registered depository participant. It also provides services related to transactions in securities. In the depository system, securities are held in depository accounts, which is more or less similar to holding funds in bank accounts. Transfer of ownership of securities is done through simple account transfers. This method does away with all the risks and hassles normally associated with paperwork. Consequently, the cost of transacting in a depository environment is considerably lower as compared to transacting in certificates. The minimum net worth stipulated by SEBI for a depository is ₹100 crore.

At present two Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are registered with SEBI.

E-Governance

E-governance is the application of information & communication technologies to transform the efficiency, effectiveness, transparency and accountability of informational & transactional exchanges within government, between govt. & govt. agencies of National, State, Municipal & Local levels, citizen & businesses, and to empower citizens through access & use of information.

Recognizing the increasing importance of electronics, the Government of India established the Department of Electronics in 1970. The subsequent establishment of the National Informatics Centre (NIC) in 1977 was the first major step towards e-Governance in India. Advances in communications technology further improved the versatility and reach of computers, and many Government departments started using ICT for a number of applications like tracking movement of papers and files, monitoring of development programmes, processing of employees' pay rolls, generation of reports etc.

However, the main thrust for e-Governance was provided by the launching of NICNET in 1987 – the national satellite-based computer network. This was followed by the launch of the District Information System of the National Informatics Centre (DISNIC) programme to computerize all district offices in the country for which free hardware and software was offered to the State Governments. NICNET was extended via the State capitals to all district headquarters by 1990.

In the ensuing years, with ongoing computerization, teleconnectivity and internet connectivity, came a large number of e-Governance initiatives, both at the Union and State levels. A National Task Force on Information Technology and Software Development was constituted in May 1998. While recognising Information Technology as a frontier area of knowledge per se, it focused on utilizing it as an enabling tool for assimilating and processing all other spheres of knowledge. It recommended the launching of an 'Operation Knowledge' aimed at universalizing computer literacy and spreading the use of computers and IT in education. In 1999, the Union Ministry of Information Technology was created. By 2000, a 12-point minimum agenda for e-Governance was identified by Government of India for implementation in all the Union Government Ministries/Departments.

An e-Governance is not just about improving delivery of services to citizens, businesses and government employees. It is also about blending Information and Communications Technology (ICT) with administrative reforms to make government more efficient, drive down costs and increase transparency in how government departments work. If implemented properly, it can be an asset for the un-served and under-served areas in India and help drive new levels of efficiency to government services in India.

Aadhaar Card

The Unique Identification Authority of India (UIDAI) was set up by the Government of India in January 2009, as an attached office under aegis of Planning Commission vide its a gazette notification. The UIDAI is mandated to assign a 12-digit unique identification (UID) number (termed as Aadhaar) to all the residents of India. The implementation of UID scheme entails generation and assignment of UID to residents; defining mechanisms and processes for interlinking UID with partner databases; operation and management of all stages of UID life cycle; framing policies and procedures for updation mechanism and defining usage and applicability of UID for delivery of various services



among others. The number is linked to the resident's basic demographic and biometric information such as photograph, ten fingerprints and two iris scans, which are stored in a centralised database.

PAN Card

Permanent Account Number (PAN) is a code that acts as an identification for Indian nationals, especially those who pay Income Tax. It is a unique, 10-character alpha-numeric identifier, issued to all judicial entities identifiable under the Indian Income Tax Act, 1961. An example number would be in the form of ARLPA0061H. It is issued by the Indian Income Tax Department under the supervision of the Central Board for Direct Taxes (CBDT) and it also serves as an important proof of identification. More than 24.37 crore PAN Cards have been issued in India.

Insurance

During April 2015 to March 2016 period, the life insurance industry recorded a new premium income of Rs 1.38 trillion (US\$ 20.54 billion), indicating a growth rate of 22.5 per cent. The general insurance industry recorded a 12 per cent growth in Gross Direct Premium underwritten in April 2016 at Rs 105.25 billion (US\$ 1.55 billion). Life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a Compound Annual Growth Rate (CAGR) of 12-15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020.

The country's insurance market is expected to quadruple in size over the next 10 years from its current size of US\$ 60 billion. During this period, the life insurance market is slated to cross US\$ 160 billion. The general insurance business in India is currently at Rs 78,000 crore (US\$ 11.44 billion) premium per annum industry and is growing at a healthy rate of 17 per cent.

The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 per cent of the world's total insurance premiums and about 2 per cent of the world's life insurance premiums despite being the second most populous nation. The country is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years.

National Pension Scheme

The National Pension System (NPS) is a defined-contribution pension system operated by the Government of India. In 2004, the Government of India decided to move from a defined-benefit pension system to a defined-contribution pension system. Apart from offering a range of investment options to employees, the scheme allows individuals to make decisions about where their pension fund is invested, permits limited withdrawal prior to retirement and reduces the total pension liabilities of the Government of India. The scheme is structured in two tiers. A tier-1 account is a basic retirement pension account available to all citizens from 1 May 2009. It does not permit withdrawal of funds before retirement. A tier-2 account is a Prospective payment system (PPS) account that permits some withdrawal of pension prior to retirement under exceptional circumstances, usually related to the provision of health care.

Number of subscribers under NPS and APY have shown increase from 124.16 lakh as at the end of April 2016 to 127.17 lakh as on 28th May 2016, The main contributor to the growth is subscribers under Atal Pension Yojana which has increased by 9.07% during the month of May, 2016. The overall growth has been 2.42% in the month of May 2016. The table depicting the same is as under.

Sector	Number of subscribers as on 28.05.2016
Central Government	16,80,607
State Government	29,89,130
Corporate	4,87,431
Uos (All citizen Model)	2,31,056
NPS Lite*	44,70,594
Atal Pension Yojana	28,57,868



Sector	Number of subscribers as on 28.05.2016
Total	1,27,16,686

*New registration under NPS Lite has been stopped w.e.f April 1, 2015
(Source: <http://pfrda.org.in/> and NPS Bulletin – May 2016)

Non-banking financial companies (NBFCs)

Non-banking financial companies (NBFCs) are fast emerging as an important segment of Indian financial system. It is an heterogeneous group of institutions (other than commercial and co-operative banks) performing financial intermediation in a variety of ways, like accepting deposits, making loans and advances, leasing, hire purchase, etc. They raise funds from the public, directly or indirectly, and lend them to ultimate spenders. They advance loans to the various wholesale and retail traders, small-scale industries and self-employed persons. Thus, they have broadened and diversified the range of products and services offered by a financial sector. Gradually, they are being recognised as complementary to the banking sector due to their customer-oriented services; simplified procedures; attractive rates of return on deposits; flexibility and timeliness in meeting the credit needs of specified sectors; etc.

**SUMMARY OF BUSINESS**➤ **Background**

Steel City Securities Limited (‘Steel City’ / ‘Our Company’) is a leading stock broking and e-governance service Company having presence pan India established in 1994. Head quartered in Visakhapatnam, today ‘Steel City’ provides whole range of financial services to its clients through a well established network of branches and offices. It is an ISO 9001: 2008 certified Company having business operations in 27 (twenty seven) states across India. It has a diversified business portfolio covering Capital Market services, E-Governance services, Investment advisory in the form of distribution of Mutual Funds, Bonds, IPOs & Corporate Fixed Deposits, Currency Trading, Commodity Broking, Insurance Distribution & NBFC services. Our Company is promoted by dynamic personalities each having experience in and capital markets more than 2 (two) decades. Company proposes to make an IPO comprising of Offer for Sale and Fresh Issue to raise funds and attain coveted ‘listed’ status on the largest stock exchanges in the country, NSE on their SME platform i.e. NSE EMERGE.

➤ **Business Overview**

The business verticals of the Company are enumerated as follows:

- **Capital Market Services**

- ‘Steel City’ is the member & provides trading platform of NSE, BSE, MCX, NCDEX & MSE for stock, derivatives, commodity and currency segment.
- It has also online E-Broking portal which provides online trading platform to the clients supported by investment advice and equity research.
- ‘Steel City’ is Depository Participant of NSDL & CDSL since 2002.

Statistical data:

Segment	FY 2015-16	
	No. of clients	Turnover (₹ In Cr.)
Stocks	88,912	50,370.53
Currency	4,260	289.00
Total Brokerage Earnings	₹ 20.62 crores	
Total Demat Accounts (NSDL & CDSL)	1,31,446	

- **Commodity Broking/Insurance**

- ‘Steel City’ through its Subsidiary viz; Steel City Commodities Private Limited, provides commodities trading to its clients through its trading platform on NCDEX & MCX.
- Steel City Commodities Private Limited also provides distribution of life & non life insurance products of all the leading insurance Companies.
- It holds approval from IRDA to conduct the said insurance business.
- It is an authorized distributor of insurance policies of SBI Life, Religare Health and United India Insurance Company Limited.

**Statistical data:**Commodities

Segment	FY 2015-16	
	No. of clients	Turnover (₹ In Cr.)
Commodity	11,617	11,231.64

Insurance

Type	Policies sold during FY 2015-16
Life Insurance Policies	234
Non-life Insurance Policies	172
Total	406

- **NBFC**

- ‘Steel City’ through one of its Group Companies viz; Steel City Financial Services Private Limited also provide NBFC services, being a systematically important non deposit accepting Non Banking Finance Company (NBFC) to its clients.

- **E-Governance**

- ‘Steel City’ has been appointed as a TIN-FC (Tax Information Network – Facilitation Centre) of NSDL E-Governance.
- ‘Steel City’ has been empanelled as enrollment agency under Unique Identification Authority of India (UIDAI).
- E-Governance products served by ‘Steel City’ include PAN, TAN, E-TDS, AIR, Form 24G, Aadhar Card.
- ‘Steel City’ has been recognized as Point of Presence (POP) by PFRDA (Pension Fund Regulatory & Development Authority, Government of India).
- ‘Steel City’ is an approved entity for National Insurance policy Repository (NIR) wherein insurance policies are held in electronic form in a single E-Insurance Account.
- ‘Steel City’ is one of the competent broking outfit who has been recognized and authorized to provide above e-governance services by Government of India.

Statistical data (TIN –FC):

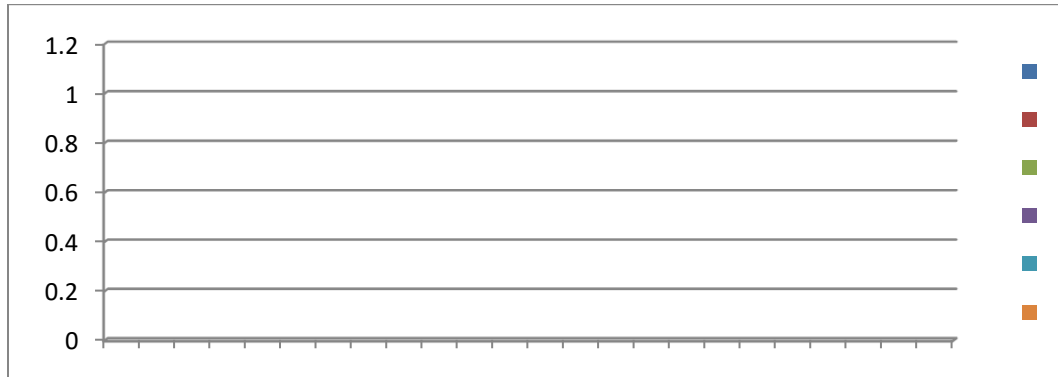
(number)

Period	PAN		TAN		TDS	Total
	New	Change	New	Change		
2014-15 *	7,084	665	8	0	122	7,879
2015-16	1,21,032	12,652	955	161	33,371	1,68,171
2016-17 **	1,68,779	17,951	1,127	74	54,532	2,42,463
Total	2,96,895	31,268	2,090	235	88,025	4,18,513

* Since September 2014; ** Till August 2016



TIN-FC MONTHLY PERFORMANCE(GRAPH)

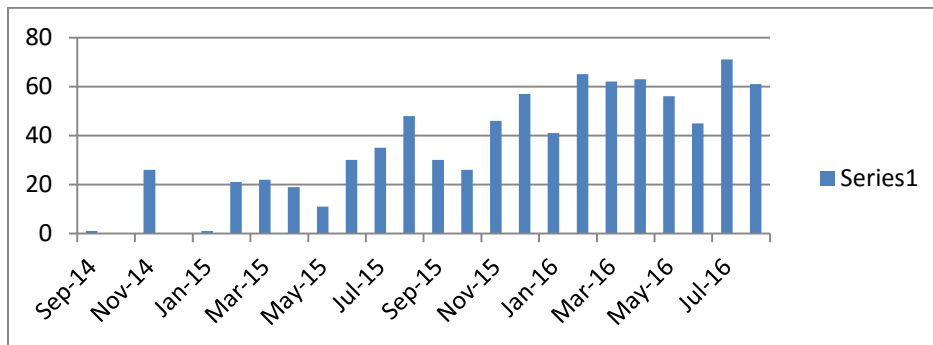


TIN-FC YEAR WISE BRANCH NETWORK

Period	No. of Locations
2014-15 *	71
2015-16	470
2016-17 **	296
Total	837

* Since September 2014; ** Till August 2016

TIN-FC MONTH WISE BRANCH NETWORK(GRAPH)



AADHAAR KENDRA MONTHLY PERFORMANCE

Month	No. of AADHAAR applications processed (Packets)
April 2016	243
May 2016	329
June 2016	569
July 2016	3091
August 2016	7952

‘Steel City’ provides distribution advisory of various Mutual Funds, IPOs, Bonds & Fixed Deposits. With the strong network of branches and franchisee, Company is a significant distributor of financial products such as Mutual Funds, Tax Savings ELSS Schemes, RBI Bonds, Capital gain Bonds etc.



➤ **Infrastructure**

- ‘Steel City’ provides services to its clients through a network of 71 branches, 65 sub-brokers and 643 authorised set ups spread in 27 states.
- Company has registered office at Visakhapatnam covering area of about 14000 sq.ft. and 3 owned offices covering an area of about 8000 sq.ft. located at Secunderabad, Tirupathi and Ongle. Besides this 67 other branch offices are operated through leased premises admeasuring about 55,000 Sq.ft. area. All the other centres of authorized set ups covers an average area of about 400-1000 sq.ft. per centre.
- ‘Steel City’ has countrywide V-SAT based trading terminals installed to access and trade in all segment like Capital market, Futures & Options & Commodity and Currency Trading.
- Company has opted for extended C band V-SAT equipment to ensure zero downtime in network connectivity.
- It has in-house developed software ‘steel pack’ for complete back office centralized operations. The online back office set up is available 24/7 basis providing an instant access to the required information.
- ‘Steel City’ has initially appointed network auditors from NCG (Network Consultancy Group) to evaluate Feasibility of Connectivity, sizing of bandwidth, Identifying the network devices as per the network diagram to deploy the complete Network operations. Company also has appointed onsite network engineers on 24/7 basis to monitor network traffic, bandwidth utilization, virus projection, router functioning, firewall behavior, security, housekeeping etc. Systems are audited on yearly basis to be certified for systems integrity & performance. Company has in place a robust and efficient risk management system.
- Presently the Company has employed 506 persons on a full time basis inclusive of 351 permanent employees and 155 employees under probation.

➤ **Financials**

- Present equity capital of the Company comprises of 1,23,80,912 equity shares of ₹10/- each aggregating to ₹ 12.38 crores.
- For the financial year ended March 31, 2016, Company has reported gross income of ₹2666.66 lacs with PAT of ₹392.90 lacs. The networth of the Company is ₹ 48.71 crores and present Book Value is ₹39.34.
- Company had paid 16.67% of average dividend for last three consecutive years.



SUMMARY OF FINANCIAL STATEMENTS
SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in INR lacs)

Sr. No.	Particulars	As at 30 th June 2016	As At 31 st March				
			2016	2015	2014	2013	2012
A.	Non Current Assets						
	Fixed Assets						
	Tangible assets	300.10	306.32	315.90	431.02	466.95	487.84
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	300.10	306.32	315.90	431.02	466.95	487.84
	Intangible Assets	15.25	9.08	10.93	43.32	64.51	74.32
	Non-current Investments	285.14	285.14	241.59	137.29	103.35	66.15
	Long term loans and advances	369.51	369.48	326.65	312.96	290.19	231.91
	Other non-current assets	528.78	423.47	527.44	202.25	217.03	166.34
	Total Non Current Assets	1498.78	1393.49	1422.51	1126.84	1142.03	1026.56
B.	Current assets						
	Trade receivables	5947.94	4388.89	4727.39	3707.78	3875.23	3237.82
	Cash and bank balances	1691.16	1700.27	2400.10	2362.82	2609.73	2707.01
	Short term loans and Advances	121.94	94.22	23.38	20.69	25.34	20.51
	Total Current Assets	7761.04	6183.38	7150.87	6091.29	6510.30	5965.34
C.	Non Current Liabilities						
	Long term borrowings	11.38	14.00	25.95	4.61	6.64	0.94
	Deferred Tax Liabilities(Net)	5.99	4.00	6.68	19.91	29.00	35.21
	Total Non Current Liabilities	17.37	18.00	32.63	24.52	35.64	36.15
D.	Current liabilities						
	Short term borrowings	161.76	466.41	1738.06	337.39	1312.94	581.62
	Trade payables	3442.94	1675.19	1273.76	1883.93	1492.19	1921.56
	Other current liabilities	466.96	370.69	322.35	290.13	311.85	309.67
	Short term provisions	219.87	181.15	553.55	162.07	169.94	126.26
	Total current liabilities	4291.53	2693.44	3887.72	2673.52	3286.92	2939.11
	Net Worth (A+B-C-D)	4950.92	4865.43	4653.03	4520.09	4329.77	4016.64
	Represented by:						
E.	Share capital	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09
F.	Reserves and surplus	3712.83	3627.34	3414.94	3282.00	3091.68	2778.55
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserves & Surplus(Net of revaluation reserves)	3712.83	3627.34	3414.94	3282.00	3091.68	2778.55
	Net Worth (E+F)	4950.92	4865.43	4653.03	4520.09	4329.77	4016.64

The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV appearing under section titled Financial Information appearing on page 163 of the Draft Prospectus.



SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 March				
		2016	2015	2014	2013	2012
Revenue						
Revenue from operations	667.15	2490.99	2962.72	1942.19	2122.38	2088.50
Other income	25.60	175.27	201.08	224.69	202.33	190.25
Total Revenue	692.75	2666.26	3163.80	2166.88	2324.71	2278.75
Expenses						
Operating Expenses	29.41	83.45	94.74	82.37	86.95	80.27
Employee benefit expenses	189.27	764.13	684.07	658.89	722.92	744.43
Finance cost	26.44	133.39	136.95	87.96	95.51	98.80
Depreciation & Amortizations expense	14.79	59.53	86.05	80.90	81.49	89.54
Less: Transferred from Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Other expenses	312.82	1053.84	1158.33	787.55	869.01	915.98
Total Expenses	572.73	2094.34	2160.14	1697.67	1855.88	1929.02
Profit before extra ordinary items and tax	120.02	571.92	1003.66	469.21	468.83	349.73
Tax						
Current tax	40.99	180.88	359.13	148.53	160.43	122.80
Fringe benefit tax	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax	(0.81)	(1.86)	(12.73)	(8.60)	(5.72)	(0.26)
Total Tax Expenses	40.18	179.02	346.40	139.93	154.71	122.54
Profit from continuing operations after tax	79.84	392.90	657.26	329.28	314.12	227.19
Net Profit after tax before restatement	79.84	392.90	657.26	329.28	314.12	227.19
Prior period items Income/(expense)	8.44	(2.50)	(1.49)	(1.49)	(1.48)	(1.48)
Current Tax Impact	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Adjustment (DTL)/DTA	(2.79)	0.82	0.50	0.49	0.49	0.49
Total of tax adjustments	(2.79)	0.82	0.50	0.49	0.49	0.49
Profit after Tax (as restated)	85.49	391.22	656.27	328.28	313.13	226.20

Note: The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV appearing under section titled Financial Information appearing on page 163 of the Draft Prospectus.



STATEMENT OF CASH FLOWS, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 March				
		2016	2015	2014	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before tax, as restated	128.46	569.42	1002.17	467.72	467.35	348.25
Adjustments for:						
Depreciation and amortization	14.79	59.53	84.45	80.96	81.30	85.76
Finance Cost	26.44	133.39	136.95	87.96	95.51	98.80
Loss on sale of fixed assets	0.00	0.00	1.60	(0.06)	0.19	3.78
Interest income	25.60	118.15	186.51	183.94	202.06	190.01
Dividend Income	0.00	49.06	14.57	40.74	0.26	0.18
Operating profit before working capital changes	144.09	595.13	1024.09	411.91	442.03	346.40
Adjustments for Increase / Decrease in:						
Trade Payable	1767.75	401.43	(610.17)	391.75	(429.39)	(549.97)
Other Current Liabilities & Provisions	134.99	(324.06)	423.71	(29.61)	45.86	(365.51)
Other Receivables	(27.72)	(70.84)	(2.70)	4.65	(4.83)	36.51
Trade Receivable	(1559.05)	338.50	(1019.60)	167.45	(637.41)	(818.97)
Other Current Assets	(105.34)	61.14	(338.89)	(7.99)	(108.97)	192.16
Cash generated from operations	354.72	1001.30	(523.56)	938.14	(692.71)	(1159.38)
Income taxes paid (including fringe benefit tax)	40.99	180.88	359.13	148.53	160.43	122.80
Net Cash from Operating activities	313.73	820.42	(882.69)	789.62	(853.13)	(1282.18)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchases of fixed assets	14.74	48.10	58.61	23.90	51.89	46.33
Sale of Fixed Assets	0.00	0.00	9.85	0.13	1.10	7.21
Net Purchase and Sale of Investments	0.00	(43.55)	(104.30)	(33.94)	(37.20)	1.60
Interest income	25.60	118.15	186.51	183.94	202.06	190.01
Dividend Income	0.00	49.06	14.57	40.74	0.26	0.18
Net cash used in investing activities	(10.86)	(75.56)	(48.02)	(166.97)	(114.33)	(152.67)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Changes in Long Term Borrowings	2.61	11.95	(21.33)	2.03	(5.71)	3.74
Changes in Short Term Borrowings	304.65	1271.65	(1400.68)	975.55	(731.32)	(581.62)
Interest Paid	26.44	133.39	136.95	87.96	95.51	98.80
Payment of Dividend	0.00	178.82	413.11	137.96	0.00	0.00
Net Cash from/used in financing activities	333.70	1595.81	(871.95)	1203.50	(641.52)	(479.08)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(9.11)	(699.83)	37.28	(246.91)	(97.28)	(650.43)
Opening cash and cash equivalents	1700.27	2400.10	2362.82	2609.73	2707.01	3357.44
Closing cash and cash equivalents	1691.16	1700.27	2400.10	2362.82	2609.73	2707.01



CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in INR lacs)

Sr. No.	Particulars	As at 30 th June, 2016	As At 31 st March				
			2016	2015	2014	2013	2012
A.	Non Current Assets						
	Fixed Assets						
	Tangible assets	314.30	320.32	333.82	459.31	488.59	491.73
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	314.30	320.32	333.82	459.31	488.59	491.73
	Intangible Assets	135.62	129.71	92.38	90.47	81.04	84.27
	Non-current Investments	268.98	268.42	159.50	60.00	60.00	0.00
	Long term loans and advances	466.13	466.09	423.51	410.10	443.02	326.91
	Other non-current assets	581.12	463.91	554.55	251.52	321.76	337.11
	Total Non Current Assets	1766.15	1648.45	1563.76	1271.40	1394.41	1240.02
B.	Current assets						
	Trade receivables	6110.40	4530.12	4858.23	3937.35	4279.67	3327.98
	Cash and bank balances	3167.97	3125.31	3793.97	3657.02	4227.51	4631.94
	Short term loans and Advances	127.03	46.67	11.11	22.91	27.95	20.86
	Total Current Assets	9405.40	7702.10	8663.31	7617.28	8535.13	7980.78
C.	Non Current Liabilities						
	Long term borrowings	11.38	14.58	28.86	9.86	6.64	0.94
	Deferred Tax Liabilities(Net)	7.65	5.82	10.10	25.42	33.35	37.74
	Total Non Current Liabilities	19.03	20.40	38.96	35.28	39.99	38.68
D.	Current liabilities						
	Short term borrowings	161.76	466.41	1738.06	337.39	1312.94	581.62
	Trade payables	3866.63	2034.97	1572.18	2204.15	2409.86	2910.26
	Other current liabilities	539.67	447.97	384.56	360.56	368.30	394.91
	Short term provisions	351.23	253.73	591.00	208.11	270.49	290.88
	Total current liabilities	4919.29	3203.08	4285.80	3110.21	4361.59	4177.67
E.	Minority Interest	338.15	352.68	378.10	421.38	420.59	356.77
	Net Worth (A+B-C-D-E)	5895.08	5774.39	5524.21	5321.81	5107.37	4647.68
	Represented by:						
F.	Share capital	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09
G.	Reserves and surplus	4656.99	4536.30	4286.12	4083.72	3869.28	3409.59
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserves & Surplus(Net of revaluation reserves)	4656.99	4536.30	4286.12	4083.72	3869.28	3409.59
	Net Worth (F+G)	5895.08	5774.39	5524.21	5321.81	5107.37	4647.68

The above statement should be read with the Statement of Notes to Restated Consolidated Summary Statements of the Company in Annexure IV appearing under section titled Financial Information appearing on page 202 of this Draft Prospectus.



CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June 2016	For the year ended 31 March				
		2016	2015	2014	2013	2012
Revenue						
Revenue from operations	734.73	2798.58	3189.54	2423.92	2839.56	3061.08
Other income	48.25	234.05	290.21	270.21	295.87	256.49
Total Revenue	782.97	3032.63	3479.75	2694.13	3135.43	3317.57
Expenses						
Operating Costs	29.92	84.46	103.43	86.84	92.13	82.83
Employee benefit expense	206.66	835.69	759.77	747.80	798.17	753.55
Finance cost	27.02	136.52	143.11	96.52	107.62	111.39
Depreciation & Amortizations expense	15.84	67.75	98.76	87.50	86.70	93.14
Less: Transferred from Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Other expenses	353.46	1259.65	1302.00	1101.28	1266.73	1430.80
Total Expenses	632.90	2384.07	2407.07	2119.94	2351.35	2471.71
Profit before tax	150.07	648.56	1072.68	574.19	784.08	845.86
Tax						
Current tax	51.07	223.47	386.89	195.50	262.90	288.87
Deferred tax	(0.96)	(3.46)	(14.81)	(7.44)	(3.91)	(0.08)
Total Tax Expenses	50.12	220.01	372.08	188.06	258.99	288.80
Net profit as restated before Minority Interest	99.96	428.55	700.60	386.13	525.09	557.07
Add: Share of Associate	0.56	9.17	0.00	0.00	0.00	0.00
Less : Minority Interest	5.11	21.17	16.17	30.13	70.15	111.66
Net Profit after tax before restatement	95.41	416.55	684.43	356.00	454.94	445.41
Changes in accounting policy	0.00	0.00	0.00	0.00	0.00	0.00
Prior period items Income/(expense)	8.44	(2.50)	(1.49)	(1.49)	(1.48)	(1.48)
Current Tax Impact	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Adjustment (DTL)/DTA	(2.79)	0.82	0.50	0.49	0.49	0.49
Total of tax adjustments	(2.79)	0.82	0.50	0.49	0.49	0.49
Profit after Tax(as restated)	101.06	414.87	683.44	355.00	453.95	444.42

Note: The above statement should be read with the Statement of Notes to Restated Consolidated Summary Statements of the Company in Annexure IV appearing under section titled Financial Information appearing on page 202 of this Draft Prospectus.



CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 March				
		2016	2015	2014	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before tax, as restated	158.51	646.06	1071.69	572.70	782.60	844.38
Adjustments for:						
Depreciation and amortization	15.84	67.77	97.16	87.57	86.51	89.35
Finance Cost	27.02	136.52	143.11	96.52	107.62	111.39
Loss on sale of fixed assets	0.00	0.00	1.60	(0.06)	0.19	3.78
Interest income	48.25	222.83	290.03	270.00	295.60	256.25
Dividend Income	0.00	0.37	0.17	0.18	0.26	0.18
Operating profit before working capital changes	153.12	627.15	1023.36	486.55	681.06	792.47
Adjustments for Increase / Decrease in:						
Trade Payable	1831.66	462.79	(631.97)	(205.71)	(500.41)	(229.59)
Other Current Liabilities & Provisions	147.92	(273.87)	406.87	(70.12)	(46.99)	(304.14)
Other Receivables	(39.08)	(35.56)	11.79	5.04	(7.09)	37.50
Trade Receivable	(1580.28)	328.11	(920.88)	342.32	(951.69)	(746.18)
Other Current Assets	(117.24)	48.06	(316.45)	103.16	(100.75)	66.64
Cash generated from operations	396.10	1156.68	(427.78)	661.24	(925.87)	(383.30)
Income taxes paid	51.08	223.47	386.89	195.50	262.90	288.87
Net Cash from Operating activities	345.02	933.21	(814.67)	465.74	(1188.77)	(672.17)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchases of fixed assets	15.74	91.59	99.87	67.77	81.43	50.24
Sale of Fixed Assets	0.00	0.00	9.85	0.13	1.10	7.21
Net Purchase and Sale of Investments	0.00	(102.67)	(102.42)	(2.32)	(60.60)	1.60
Interest income	48.25	222.83	290.03	270.00	295.60	256.25
Dividend Income	0.00	0.37	0.17	0.18	0.26	0.18
Net cash used in investing activities	(32.51)	(28.94)	(97.76)	(200.22)	(154.93)	(215.00)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Changes in Long Term Borrowings	3.20	14.28	(19.00)	(3.22)	(5.71)	3.74
Changes in Short Term Borrowings	304.65	1271.65	(1400.68)	975.56	(731.32)	(581.62)
Interest Paid	27.02	136.52	143.11	96.52	107.62	111.39
Payment of Dividend includes tax on dividend	0.00	208.36	422.71	167.59	0.00	0.00
Net Cash from/used in financing activities	334.87	1630.81	(853.86)	1236.45	(629.41)	(466.49)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	42.66	(668.66)	136.95	(570.49)	(404.43)	9.32
Opening cash and cash equivalents	3125.31	3793.97	3657.02	4227.51	4631.94	4622.62
Closing cash and cash equivalents	3167.97	3125.31	3793.97	3657.02	4227.51	4631.94

**THE OFFER****PRESENT OFFER IN TERMS OF THIS DRAFT PROSPECTUS**

Equity Shares Offered: Present Offer of Equity Shares by our Company	[•] Equity Shares of ₹10 each for cash at a price of ₹[•] per share aggregating ₹[•] lakhs
Consisting of:	
Fresh Issue	[•] Equity Shares of ₹10 each for cash at a price of ₹[•] per share aggregating ₹ 1500 lakhs
Offer for Sale to the public	21,81,817 Equity Shares of ₹10 each for cash at a price of ₹[•] per share aggregating ₹[•] lakhs
Of which:	
Offer reserved for Market Makers	[•] Equity Shares of ₹ 10 each for cash at a price of ₹[•] per share aggregating ₹[•] lakhs
Net Offer to the public	[•] Equity Shares of ₹ 10 each for cash at a price of ₹[•] per share aggregating ₹[•] lakhs
Of which:	
Non Retail Portion*	[•] Equity Shares of ₹ 10 each for cash at a price of ₹[•] per share aggregating ₹[•] lakhs
Retail Portion*	[•] Equity Shares of ₹ 10 each for cash at a price of ₹[•] per share aggregating ₹[•] lakhs
Equity shares outstanding prior to the Offer	
	1,23,80,912 Equity Shares
Equity shares outstanding after the Offer	
	[•] Equity Shares
Objects of the Offer	
	Please see the chapter titled “Objects of the Offer” beginning on page no. 73 of this Draft Prospectus.

* Under-subscription, if any, in any category, shall be allowed to be met with spillover from the other category, at the sole discretion of our Company and in consultation with the Lead Manager and the Designated Stock Exchange.

This Offer is being made in terms of Chapter XB of the SEBI ICDR Regulations as amended from time to time. For further details, please see the section titled “Offer related information” beginning on page [•] of this Draft Prospectus.

As per Regulation 43(4) of the SEBI ICDR Regulations, as amended, the Offer being a Fixed Price Offer, the allocation in the net offer to the public shall be made as follows:

- (a) Minimum fifty percent to retail investors, and
- (b) Remaining to
 - i. Individual applicants
 - ii. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- (c) The unsubscribed portion in either categories specified in (a) or (b) above may be allocated to the applicants in the other category

The present Offer has been authorized pursuant to a Board resolution dated April 20, 2016 and a Special resolution passed by the shareholders of our Company pursuant to Section 62(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on July 30, 2016. The Offer for Sale has been authorised by the Selling Shareholders by their consent letter dated September 27, 2016:



Sr. No.	Name of Selling Shareholders	No. of Equity Shares Offered
1.	Mr. G. Sree Ram Murthy	8,94,809
2.	Mr. K. Satyanarayana	5,96,540
3.	Mr. G. Raja Gopal Reddy	6,90,468

The Selling Shareholders have severally confirmed that they have held Equity Shares proposed to be offered and sold in the Offer for more than 1 (one) year prior to the date of filing of this Draft Prospectus and that they have not been prohibited from dealings in securities market and Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

**GENERAL INFORMATION**

Our Company was incorporated as a public limited company on February 22, 1995 under the provisions of the Companies Act, 1956 as Steel City Securities Limited with the Registrar of Companies, Andhra Pradesh, Hyderabad and obtained certificate of commencement of business on April 20, 1995. For further details please see the chapter titled “*History and Certain Corporate Matters*” beginning on page 119 of this Draft Prospectus.

Company Information:

Registered Office & Corporate Office	Steel City Securities Limited, 49-52-5/4, Shanthipuram, Visakhapatnam, Andhra Pradesh, Hyderabad – 530 016 Tel No: (0891) 2549675-79/2762581-84 Fax No: (0891) 2720135/2762586 Email: iposteel@steelcitynettrade.com Website: www.steelcitynettrade.com Registration Number: 01-19521 <i>For details relating to changes in our registered office, see the section titled “History and Certain Corporate Matters - Changes in Registered Office” on page 119 of this Draft Prospectus.</i>
Corporate Identification No.	U67120AP1995PLC019521
Address of Registrar of Companies	Registrar of Companies, Hyderabad, Andhra Pradesh. 2 nd Floor, Corporate Bhawan, GSI Post, Tattiannaram, Nagole, Bandalaguda, Hyderabad – 500068 Tel No: 040-29805427 Fax No: 040-24652807

BOARD OF DIRECTORS:

The Board of our Company comprises of the following:

Name	DIN	Designation	Address, Age and Occupation
Mr. G. Sree Rama Murthy	00804317	Chairman and Managing Director	Address: 49-26-11, Madhura Nagar, Visakhapatnam – 530016, Andhra Pradesh Age: 67 Occupation: Business
Mr. K. Satyanarayana	00045387	Whole-time Director	Address: 49-54-23, Greenpark, 2nd Floor B.S.Layout Area, Seethammadhara Visakhapatnam 530013, Andhra Pradesh Age: 66 Occupation: Business
Dr. Satish Kumar Arya	00046156	Whole-time Director	Address: 50-49-16/6, Flat No. 401, NavyaSoudha TPT Colony, Seethammadhara, Vishakapatnam – 530013, Andhra Pradesh



Name	DIN	Designation	Address, Age and Occupation
			<i>Age: 56</i> <i>Occupation: Business</i>
Mr. Godithi Satya Rama Prasad	00045351	Independent Director (Non-Executive)	<i>Address:</i> 50-1-40/1, APSEB Colony, Seethammadhara Visakhapatnam 530013, Andhra Pradesh <i>Age: 53</i> <i>Occupation: Business</i>
Mr. Murali Krishna Cherukuri	00045403	Independent Director (Non-Executive)	<i>Address:</i> 305, Vijaya Jyothi Apartments, opp. Diary Farm NH - 5 Road Visakhapatnam 530043 Andhra Pradesh. <i>Age: 54</i> <i>Occupation: Business</i>
Mr. Malla Hara Jaganntha Rao	00045408	Independent Director (Non-Executive)	<i>Address:</i> 49-54-5/12 Balayya Sastry Layout Vishakhapatnam – 530013, Andhra Pradesh. <i>Age: 60</i> <i>Occupation: Business</i>
Mr. Bheri Krishna Rao	00274709	Independent Director (Non-Executive)	<i>Address:</i> Plot No. 117, Sector 8, M.V.P. Colony, Vishakhapatnam, 530017, Andhra Pradesh <i>Age: 70</i> <i>Occupation: Business</i>
Ms. G.V. Vandana	07548398	Director (Non-Executive)	<i>Address:</i> 49-26-11, Lalithanagar Sankaramatham, Madhuranagar Visakhapatnam, Andhra Pradesh India - 530016 <i>Age: 41</i> <i>Occupation: Business</i>

For further details, please refer to the chapter titled “Our Management” beginning on page 129 of this Draft Prospectus.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. M. Srividya
Steel City Securities Limited
49-52-5/4, Shanthipuram,
Visakhapatnam, Andhra Pradesh – 530 016
Tel No: (0891) 2549675-79/2762581-84
Fax No: (0891) 2720135/2762586
Email: srividya.m@steelcitynettrade.com



CHIEF FINANCIAL OFFICER

Mr. Naraharasetti Ramu
Steel City Securities Limited
49-52-5/4, Shanthipuram,
Visakhapatnam, Andhra Pradesh – 530 016
Tel No: (0891) 2549675-79/2762581-84
Fax No: 0891- 2720135
Email: ramu.n@steelcitynettrade.com

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre- Offer or post- Offer related problems, such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary account and refund orders.

All grievances relating to the Offer may be addressed to the Registrar, giving full details such as name, address of the applicant, number of Equity Shares applied for, Application Amount paid on submission of the Application Form and the bank branch or collection centre where the Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount blocked on application and Designated Branch or the collection centre of the SCSBs.

LEAD MANAGER

KEYNOTE CORPORATE SERVICES LIMITED

The Ruby, 9th Floor,
Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028
Tel: +91 22 3026 6000 - 10
Fax: +91-22-30266088
Email: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Mr. Janardhan Wagle / Ms. Pooja Sanghvi
SEBI Registration No: INM 000003606

LEGAL COUNSEL TO THE COMPANY

KANGA AND COMPANY

Advocates & Solicitors,
Readymoney Mansion,
43, Veer Nariman Road,
Fort, Mumbai – 400 001.
Tel No: +91 22 6623 0000
Fax No: +91 22 6633 9656/6633 9657
Email: chetan.thakkar@kangacompany.com
Contact Person: Mr. Chetan Thakkar

**STATUTORY AUDITORS TO OUR COMPANY****SUDHAKAR & KUMAR ASSOCIATES**

10-1-12, 2nd Floor,
 Krishnakamal Enclave
 Asilmetta Junction,
 Visakhapatnam – 530003
Tel No: 0891- 2755814/ 2759083
Fax: N.A.
Email: vnhari.ca@gmail.com
Firm registration number: 004165S

PEER REVIEW AUDITORS TO OUR COMPANY**B.V. Rao & Co. LLP,****Chartered Accountants**

FF 1, 49-28-12,
 Satyalakshmi Vinayaka Towers,
 Madhuranagar, Visakhapatnam - 530016
Tel No: 0891 – 2549707/ 2549561
Email: bvraoandco@gmail.com
Firm registration number: 03118S
Peer Review Certificate number: 007905

REGISTRAR TO THE OFFER**BIGSHARE SERVICES PRIVATE LIMITED**

E – 2 & 3, Ansa Industrial Estate,
 Saki- Vihar Road, Sakinaka,
 Andheri (E), Mumbai – 400 072
Tel: 022- 40430200
Fax: 022-28475201
Email: ashok@bigshareonline.com
Investor Grievance E-mail: vipin@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Ashok S. Shetty
SEBI Registration Number: INR000001385

BANKERS TO OUR COMPANY

<p>HDFC Bank Limited HDFC Bank Limited, Visakhapatnam 1-10-60/3, 3rd Floor, Suryodaya, Begumpet Hyderabad - 500016 Tel. No.: 040- 30472727 / 9866161081 Fax No.: N.A. Email: srinivas.ayyagari@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Srinivas Ayyagari</p>	<p>The Karnataka Bank Limited D.No. 9-1-221/A, CBM Compound, Maddilapalem Main Road, Near Rama Talkies, Visakhapatnam – 530003, Andhra Pradesh Tel. No.: 0891-2575073 Fax No.: 0891-2793399 Email: visak.cbm@ktkbank.com Website: www.karnatakabank.com Contact Person: Mr. Ancha Veeraiah</p>
<p>The Karur Vysya Bank Limited Plot No: 13, # 8-1-97/1 &2, Ninithaa’s Highs, Peda Waltair, Main Road, Visakhapatnam- 530017 Andhra Pradesh</p>	



<p>Tel. No.: 0891- 2569963/ 9652283283 Fax No.: N.A. Email: pedawaltair@kvbmail.com Website: www.kvb.co.in Contact Person: Mr. I. Sai Sankar Gupta</p>	
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ESCROW COLLECTION BANK/ PUBLIC OFFER ACCOUNT BANK/ REFUND BANK

Escrow Collection Banks/ Public Offer Account Bank/ Refund Bank shall be appointed prior to filing of the Prospectus with the RoC.

SELF CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> as updated from time to time. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Application Form are provided on the aforementioned website of SEBI.

REGISTERED BROKERS

In terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, Applicants can submit Application Forms Registered Brokers at the Broker Centres.

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively.

COLLECTING DEPOSITORY PARTICIPANT

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms through CDPs who are depository participants registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of the CDPs, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively.

COLLECTING RTAs

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms through Collecting RTAs who are registrars and transfer agents registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of Collecting RTAs, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively.

**STATEMENT OF RESPONSIBILITIES**

Keynote Corporate Services Limited is the sole Lead Manager to this Offer and shall be responsible for the following activities:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.
2.	Drafting and design of the offer document and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.
3.	Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, etc.
4.	Marketing of the issue, which shall cover, <i>inter alia</i> , formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres for holding conferences of stock brokers, investors, etc., (iii) bankers to the issue, (iv) collection centres as per schedule III, (v) brokers to the issue, and (vi) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material.
5.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, despatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc. Ordinarily, one lead merchant banker shall be responsible for the post-issue activities.

IPO Grading

Since the Offer is being made in terms of Chapter XB of the SEBI ICDR Regulations, there is no requirement of appointing an IPO Grading agency.

CREDIT RATING

This being an Offer of Equity Shares, there is no requirement of credit rating for the Offer.

EXPERTS

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

Our Company has received written consent from the Statutory Auditors and Peer Review Auditors, who holds a valid peer review certificate, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as an expert as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated [●] and [●] of the Auditor on the Unconsolidated Financial Information, as restated, of our Company and Consolidated Financial Information, as restated, of our Group, respectively as of and for Fiscals ended March 31, 2016, 2015, 2014, 2013, 2012 and six month period ended June 30, 2016 and the statement of tax benefits dated [●], included in this Draft Prospectus and such consents have not been withdrawn as on the date of this Draft Prospectus. As the Equity Shares in the Offer will not be registered under the U.S. Securities Act, any references to the term “expert” herein and the Statutory Auditor’s consent to be named as an “expert” to the Offer are not in the context of a U.S. registered offering of securities.

**TRUSTEES**

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

MONITORING AGENCY

As per Regulation 16 (1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Offer size is below ₹50,000 Lakhs. Since the Offer size is only of ₹2700 lakhs, our Company has not appointed any monitoring agency for this Offer. The objects of the Offer are not appraised by any agency. The objects of the Offer and the means of finance are therefore based on the internal estimates of the Company. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Offer.

APPRAISING AGENCY

No appraising agency has been appointed in respect of any objects of our Company.

Withdrawal of the Offer

In accordance with the SEBI ICDR Regulations, our Company and the Selling Shareholders, in consultation with the Lead Manager, reserve the right not to proceed with the Offer at any time before the Offer Opening Date without assigning any reason thereof.

If our Company withdraws the Offer anytime after the Offer Opening Date but before the allotment of Equity Shares, a public notice within 2 (two) Working Days of the Offer Closing Date, providing reasons for not proceeding with the Offer shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchange will also be informed promptly. The Lead Manager, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within 1 (one) Working Day from the day of receipt of such instruction.

If our Company withdraw the Offer after the Offer Closing Date and subsequently decides to proceed with an Offer of the Equity Shares, our Company will file a fresh Draft Prospectus with the Stock Exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Offer is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares issued through the Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

UNDERWRITING AGREEMENT

This Offer is 100% underwritten. The underwriting agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions specified therein. The Underwriter has indicated its intention to underwrite the following number of specified securities being offered through this Offer:

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ In Lacs)	% of the Total Offer size Underwritten
[●]	[●]	[●]	100%

Note: With regard to the Market Maker Reservation Portion, it is compulsory that the Market Maker subscribes to the specific portion of the Offer set aside as "Market Maker Reservation Portion" as it needs to be subscribed in its own account in order to claim compliance with the requirements of Regulation 106 V(4) of the SEBI ICDR Regulations, 2009, as amended. Accordingly, the Market Maker shall ensure that its portion of [●] Equity Shares is subscribed in its own account prior to the closure of the Offer.



In the opinion of our Board of Directors (based on a certificate given by the Underwriter(s), the resources of the above mentioned Underwriter(s) is sufficient to enable them to discharge its underwriting obligations in full. The abovementioned Underwriter(s) are registered with SEBI and eligible to underwrite as per applicable regulations.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above, the Underwriter/s shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchases for or purchase of the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS OFFER

As per Regulation 106(P) of the SEBI ICDR Regulations, 2009, the Lead Manager, will ensure compulsory Market Making in the manner specified by SEBI for a minimum period of 3 (three) years from the date of listing of the Equity Shares of our Company.

Keynote Capitals Limited will act as the Market Maker. The details of which are as follows:

Name and Address of the Market Maker

Our Company has entered into Market Making Agreement dated [●] with the following Market Maker to fulfil the obligations of Market Making for this issue:

Name	Keynote Capitals Limited
Correspondence Address:	The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400028
Tel No.:	+91-22- 30266000-3
Fax No.:	+91-22- 3026 6088
E-mail:	kcl@keynoteindia.net
Website:	www.keynoteindia.net
Contact Person:	Mr. Rakesh Choudhari

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI ICDR Regulations, and its amendments from time to time and the circulars issued by the NSE, and SEBI regarding this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of the NSE EMERGE Platform and SEBI from time to time.
3. The minimum depth of the quote shall be ₹1,00,000/- (Rupees One Lakh only). However, the investors with holdings of value less than ₹1,00,000/- (Rupees One Lakh only) shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.



4. After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Shares of market maker in our Company reaches to 25 %. (Including the 5 % of Equity Shares of the Offer.) Any Equity Shares allotted to Market Maker under this Offer over and above 5% of Offer Size would not be taken in to consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
5. There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
6. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
7. There would not be more than 5 (five) Market Makers for a scrip at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
8. The shares of the company will be traded in continuous trading session from the time and day the company gets listed on SME Platform of NSE and market maker will remain present as per the guidelines mentioned under NSE and SEBI circulars.
9. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while *force-majeure* will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
10. The Market Maker(s) shall have the right to terminate said arrangement by giving a 6 (six) months notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the *above mentioned* Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of Regulation 106V of the SEBI ICDR Regulations. Further the Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed 5 (five) or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on Working Days.

11. **Risk containment measures and monitoring for Market Makers:** NSE Emerge Platform will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
12. **Punitive Action in case of default by Market Makers:** NSE Emerge will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.



The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

13. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the Offer size and as follows:

Offer Size	Buy quote exemption threshold (including mandatory initial inventory of 5% of the Offer Size)	Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Offer Size)
Up to ₹ 20 Crore	25%	24%
₹ 20 Crore to ₹50 Crore	20%	19%
₹ 50 Crore to ₹80 Crore	15%	14%
Above ₹80 Crore	12%	11%

14. All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.



CAPITAL STRUCTURE

Our Equity Share capital, as at the date of this Draft Prospectus and after the proposed Offer is set forth below: -

(₹ in Lacs, except share data)

		Aggregate Value at Face value	Aggregate Value at Offer Price
A.	AUTHORISED SHARE CAPITAL		
	2,50,00,000 Equity Shares of ₹ 10/- each	2500.00	
B.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER		
	1,23,80,912 Equity Shares of ₹ 10/- each	1238.09	
C.	PRESENT OFFER IN TERMS OF THIS DRAFT PROSPECTUS		
	Issue of upto [●] Equity Shares of ₹ 10/- each at a price of ₹ [●]/- per Equity Share	[●]	[●]
	<i>Consisting of:</i>		
	Fresh Issue of [●] Equity Shares of ₹ 10/- each at a price of ₹ [●]/- per Equity Share ⁽¹⁾	[●]	[●]
	Offer for Sale of upto 21,81,817 Equity Shares of ₹ 10/- each at a price of ₹ [●]/- per Equity Share ⁽²⁾	218.18	[●]
	<i>Which comprises:</i>		
	Upto [●] Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share reserved as Market Maker Portion	[●]	[●]
	Net Issue to Public of upto [●] Equity Shares of ₹ 10/- each at a price of ₹ [●] per Equity Share	[●]	[●]
	<i>Of which:</i>		
	Upto [●] Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of up to ₹2,00,000	[●]	[●]
	Upto [●] Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of above ₹2,00,000	[●]	[●]
D.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER		
	[●] Equity Shares of ₹ 10/- each	[●]	[●]
E.	SECURITIES PREMIUM ACCOUNT		
	Before the Offer		105.62
	After the Offer		[●]

⁽¹⁾The Offer has been authorised by the Board of Directors of our Company at its meeting held on April 20, 2016 and by the shareholders of our Company at the Annual General Meeting held on July 30, 2016.



⁽²⁾The Offer comprises an Offer for Sale upto 21,81,817 Equity Shares by the Selling Shareholders. The current shareholding of the Selling Shareholders and the maximum number of Equity Shares offered by them is detailed as follows:

Sr. No.	Name of the Selling Shareholder	Maximum Number of Equity Shares Offered	Pre-Offer		Post-Offer	
			Number of Equity Shares	% of Paid-up Capital	Number of Equity Shares	% of Paid-up Capital
1.	Mr. G. Sree Rama Murthy	8,94,809	55,24,640	44.62	[●]	[●]
2.	Mr. K. Satyanarayana	5,96,540	21,73,440	17.55	[●]	[●]
3.	Mr. G. Raja Gopal Reddy	6,90,468	9,15,468	7.39	[●]	[●]
	TOTAL	21,81,817	86,13,548	69.56	[●]	[●]

Mr. G. Sree Rama Murthy has approved the offer for sale of Equity Shares offered by him, pursuant to a Selling Shareholder Transmittal Letter dated September 27, 2016. Mr. K. Satyanarayana has approved the offer for sale of Equity Shares offered by him, pursuant to a Selling Shareholder Transmittal Letter dated September 28, 2016. Mr. G. Raja Gopal Reddy has approved the offer for sale of Equity Shares offered by him, pursuant to a Selling Shareholder Transmittal Letter dated September 28, 2016.

- The Equity Shares offered by the Selling Shareholders have been held for a period of more than 1 (one) year prior to the date of filing of the Draft Prospectus and, hence, are eligible for being offered for sale in the Offer.
- Details of change in authorised share capital since incorporation**

The authorized share capital of the Company at the time of incorporation was ₹ 300 Lacs divided into 30,00,000 Equity Shares of ₹ 10/- (Rupees Ten only) each. The following table gives the increase in the authorised share capital post incorporation of our Company: -

Sr. No.	Particulars of increase	Date of Shareholder's meeting	AGM/ EGM
1.	Increase in authorized share capital from ₹ 3,00,00,000/- divided into 30,00,000 Equity Shares of ₹ 10/- each to ₹ 12,00,00,000/- divided into 1,20,00,000 Equity Shares of ₹10/- each.	March 26, 2005	EGM
2.	Increase in authorized share capital from ₹ 12,00,00,000/- divided into 1,20,00,000 Equity Shares of ₹10/- each to ₹ 25,00,00,000/- divided into 2,50,00,000 Equity Shares of ₹10/- each.	July 4, 2005	EGM

Notes to capital structure

1. Share capital history of our Company

A. The following is the history of the Equity Share capital of our Company:

Date of allotment of Equity Shares	No. of Equity Shares Allotted	Face Value (in ₹)	Issue Price (in ₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up Equity Capital (in ₹)	Cumulative Share Premium (in ₹ Lacs)
At the time of Incorporation	700	10	10	Cash	Subscription to MoA	700	7000	0.00
June 24,	10,50,000	10	10	Cash	Allotment	10,50,700	1,05,07,000	0.00



Date of allotment of Equity Shares	No. of Equity Shares Allotted	Face Value (in ₹)	Issue Price (in ₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up Equity Capital (in ₹)	Cumulative Share Premium (in ₹ Lacs)
1995								
December 24, 1999	1,97,065	10	23	Other than Cash	Issued for acquisition of land ⁽¹⁾	12,47,765	1,24,77,650	25.61
April 11, 2005	4,96,914	10	10	Other than Cash	Allotment to SCHL and SCCSPL consequent upon their amalgamation with our Company. ⁽²⁾	17,44,679	1,74,46,790	105.62 ⁽³⁾
April 11, 2005	(1,97,065)	10	10	NA	Cancellation of share holdings of SCHL in our Company consequent upon amalgamation with our Company	15,47,614	1,54,76,140	105.62
December 2, 2005	1,08,33,298	10	10	NA	Bonus Issue in the ratio of 7:1 by way of capitalization of reserves and surplus and Profit & Loss Account	1,23,80,912	12,38,09,120	105.62

⁽¹⁾ Company had acquired properties admeasuring (i) 1190 sq. yards bearing plot numbers 24, 25, 36 and 37; and (ii) 1260 sq. yards bearing plot numbers 26, 33, 34 and 35 in T.S No. 5/3 of Waltair Ward, Vishakhapatnam Municipal Corporation, Vishakhapatnam from SCHL for a consideration of ₹ 45,32,495/- (Rupees Forty Five Lakhs Thirty Two Thousand Four Hundred Ninety Five)

⁽²⁾ Allotment to erstwhile shareholders of SCHL and SCCSPL pursuant to a scheme of amalgamation approved under Sections 391-394 of the Companies Act, 1956 by the Hon'ble High Court of Andhra Pradesh dated March 24, 2005. For further details kindly refer to the Chapter titled "History and Certain Corporate Matters – Scheme of Amalgamation of Steel City Holdings Limited and Steel City Capital Services Private Limited with Steel City Securities Limited" on page 119 of this Draft Prospectus.

⁽³⁾ ₹ 80,00,000/- was added to the Security Premium Account from SCHL and SCCSPL to the existing security premium of ₹ 25.61 Lacs of the Company.

**B. Equity Shares issued for consideration other than cash**

Other than as set-out below, our Company has made no other issues of Equity Shares for consideration other than cash:

Date of the allotment	No. of Equity Shares	Issue Price (in ₹)	Reasons for allotment	Benefits accruing to the Company	Persons to whom the allotment were made
December 24, 1999	1,97,065	23	Issued for acquisition of land ⁽¹⁾	Company acquired property	SCHL
April 11, 2005	4,96,914	10	Pursuant amalgamation of SCHL and SCCSPL with our Company ⁽²⁾	Benefits accrued to the Company are <i>inter-alia</i> as follows: i. Consolidation of the business; ii. Reduction of overhead expenditure; iii. Administrative and operational costs; iv. Avoiding the duplication of work; v. Pooling up of financial and managerial resources for optimum economic advantage; vi. To increase/improve the networth and network of our Company; vii. Expanding the business of our Company.	Shareholders of SCHL and SCCPL consequent upon their amalgamation with our Company
December 2, 2005	1,08,33,298	NA	Bonus issue of equity shares in the ratio of 7:1 by way of capitalization of reserves and surplus and Profit & Loss Account	NIL	Existing shareholders of the Company

⁽¹⁾ Company had acquired properties admeasuring (i)1190 sq. yards bearing plot numbers 24, 25, 36 and 37; and (ii) 1260 sq. yards bearing plot numbers 26, 33, 34 and 35 in T.S No. 5/3 of Waltair Ward, Vishakhapatnam Municipal Corporation, Vishakhapatnam from SCHL for a consideration of ₹45,32,495/- (Rupees Forty Five Lakhs Thirty Two Thousand Four Hundred Ninety Five)

⁽²⁾ The equity shares have been allotted pursuant to a scheme of amalgamation approved under Sections 391-394 of the Companies Act, 1956. For further details kindly refer to "History and Certain Corporate Matters – Scheme of Amalgamation of Steel City Holdings Limited and Steel City Capital Services Private Limited with Steel City Securities Limited" on page 119 of this Draft Prospectus.



2. **Build-up of Promoters' capital, Promoter's contribution and lock-in**

a) History of Equity Share capital held by the Promoters:

As on the date of this Draft Prospectus, our Promoters hold 84,93,920 Equity Shares, constituting 68.60% of the issued, subscribed and paid-up Equity Share capital of our Company.

Mr. G. Sree Rama Murthy

Date of Allotment / Transfer and Date when made Fully Paid	No. Equity Shares Offered / Transferred	Cumulative No. of Equity Shares	Face Value	Offer/ Acquisition Price	Consideration	Nature of Transaction	% of Pre- Offer Paid up Capital	% of Post Issue Paid up Capital	Source of Funds
At the time of incorporation	100	100	10	10	Cash	Subscription to Memorandum	0.00	[●]	Own Funds
June 24, 1995	1,68,800	1,68,900	10	10	Cash	Allotment	1.36	[●]	Own Funds
July 11, 1996	5,74,00	2,26,300	10	10	Cash	Transfer ⁽¹⁾	0.46	[●]	Own Funds
August 10, 1996	42,900	2,69,200	10	10	Cash	Transfer ⁽²⁾	0.35	[●]	Own funds
September 19, 1996	40,300	3,09,500	10	10	Cash	Transfer ⁽³⁾	0.01	[●]	Own Funds
September 24, 1996	35,100	3,44,600	10	10	Cash	Transfer ⁽⁴⁾	0.01	[●]	Own Funds
October 10, 1996	1,96,400	5,41,000	10	10	Cash	Transfer ⁽⁵⁾	0.01	[●]	Own Funds
September 22, 1997	13,000	5,54,000	10	10	Cash	Transfer ⁽⁶⁾	0.01	[●]	Own Funds
November 20, 1997	(13,000)	5,41,000	10	10	Cash	Transfer ⁽⁷⁾	(0.01)	[●]	-
February 10, 1998	(23,400)	5,17,600	10	10	Cash	Transfer ⁽⁸⁾	(0.01)	[●]	-
March 2, 1998	1,06,000	6,23,600	10	10	Cash	Transfer ⁽⁹⁾	0.4	[●]	Own Funds
May 2, 1998	9,100	6,32,700	10	10	Cash	Transfer ⁽¹⁰⁾	0.01	[●]	Own Funds
January 18, 1999	(5,200)	6,27,500	10	10	Cash	Transfer ⁽¹¹⁾	(0.01)	[●]	Own Funds
October 15, 1999	(11,700)	6,15,800	10	10	Cash	Transfer ⁽¹²⁾	(0.09)	[●]	-
April 11, 2005	74,780	6,90,580	10	49.81	Other than cash	Allotment Pursuant to Merger ⁽¹³⁾	0.60	[●]	NA
December 2, 2005	48,34,060	55,24,640	10	Nil	Nil	Issue of Bonus Shares	39.05	[●]	NA
Total	55,24,640						44.62	[●]	

(1) **Transferred from** K.L.R. Anand and N. Satya Kumar;

(2) **Transferred from** V. V. L. N. Murthy, Bhoormal Jain, E. Sarada, B. Kesava Rao, Panda Babita, K. Srinivas Rao, R. Rakesh, Koka Sri Jayanthi, K. Venkateswara Rao, B. Ramesh Babu, P. Sankara Rao, Paturi Subba Rao, M. K. Pradhan, Seema Samsukha, K. Venkateswara Rao, Harjinder Singh Arora, K. Sreerama Murthy, K. Ramesh, Parimi Venkata Atreya, Nand K Nagelelia, A. Tirupathi Rayudu, Vijaya Kumar Agarwal, P. Ramakrishna, K. Vijaya Sarathi, T. V. R. Suryanarayana, P.M.Venkata Lakshmi, G. Madhavi, T. V. S. Prasada Rao, K. Ramesh, M. V. L. Narasimha Rao, M. Vishnu Kumar, N. Satyamurthy, K. Lalitha Kumari;

(3) **Transferred from** D.V.R.Chowdary, B. Krishna Rao, P. Srinivasa Raju, M. S. S. V. Prasad, Gadde Venka Sridhar, Jaisingh Bigwani, K. Janaki, B. Lalitha Rani, B. Satish, Ch. Murali Krishna, Aziz Mehdi, K. Siva Bhaskara Rao, K. B. Bangar Raju, M. Madhava Rao, P. Satyanarayana Murthy, K. Raja Gopal, N. V.V. S. Chandra Reddy, Gulab Chand, K. Viswanadham, Prushottam Kumar Bhalla, T. V. Subba Rao, B. Venkata Raju, Lalith Kumar Nathany, A.



- Prabhakara Rao, M. Sandhya, P. Bhogeswara Rao, D. Karuna, P. Janardhana Rao, G. S.V.V.S.S.J. Murthy, K. V.S. N. Murthy, B. Sudhakar;
- (4) **Transferred from** K. Vidya Sagar, B. Rajeswara Gupta, K. Narayana Rao, A. Rambhadra Raju, Sanjay Mukim, Peesapati Ravi, B. Balajee Srinivasa Rao, P. Murali Krishna, K. Srinivasa Rao, T. Bharathi, A. R. Narasinga Rao, M. Ramakrishna Rao, Y. Rama Mohana Rao, N. Ravishankar, P. Rajeswara Prasad, P.M. Kumari, K. Kumar Babu, H. P. Killa, Bh. R. Ravi Varma, J. V. Satya Sai, V. Chandramathi Devi, K. Balaji Singh, D. V. S. Ramaraju, C. N. Raja, P.Satyanarayana Rao, B. Thrimurthulu, P. V. N. Suresh;
- (5) **Transferred from** Dasari Narayana Rao, B.V.V. Ramana Murthy, B. Babitha Reddy, K. R. K. Gopal Rao, Sushil Agarwal, G. Hanuma Sree, J. V. Rao, M. Mohana Rao, B. Gurunaidu, V. V. S.V. Chowdary, A.S. Chakravarthy, M. Srinivasa Rao, Purushottam Chowdary, P. V. S. V. Prasad, Prakash Chand Shah, N. Gopal Rao, Ashok Kumar Mandani, M. Krishna Kumar, M. Sai Krishna, Nautamlal Shah, P.V.S.G.Rao, T. Raghavendra Rao, Parveen Kaur, Seetaram Maheswari, Naresh Kumar Oruganti, G. V. R. Raju, P.N. Srinivasa Rao, M.N.V. Venkateswara Rao, B. Kutumba Rao, K. Raghubabu, D.S. Nageswara Rao, R. Prabhakara Reddy, A.A.N.Kumar, K. S.R.K. Subramanyam, A.S.Prakasa Rao, K. Kameswara Rao, M. Ashok Kumar;
- (6) **Transferred from** Harish Kuiya, A. Siva Prasad Rao, K. N. V.S. Guru Murthy, B. Raj Kumar, S. Rama Krishna Raju, S. Srinivas, K. Rama Krishna, R. Prabhakar, Chandra Prakash Baid, G. C. V.S. Subba Rao, Ch. Seetha Ram, T. S. V. Subba Rao, B. C. Agarwal, G. V. M. Raju, P. C. Porwal; and **Transfer to:** G. Srinivasa Rao, T. Mallikharjunudu, A. Kali Kumari, P. V. N. Suresh, P. Srinivasa Raju.
- (7) **Transferred to** K. Srinivasa Rao, B.V.V. Ramana Murthy R. Vara Lakshmi Ch. Murali Krishna K. Bangar Raju, M. Rajesh V. V. Sri Rama Chandra B. Raj Kumar K. Kiran Prasad P. Seshagiri Rao
- (8) **Transfer to:** P. Satyanarayana N. S. R. Anjaneyulu Susheel Agarwal K. Raghu Babu` R. Prabhakar Y. Sankara Rao N. Manikyala Rao P. S. N. Murthy to K. Balaji Singh . V. Atreya I. Krishna Mohan ,P. N. V. B. S. Gupta V. Suryanarayana . V. Suryanarayana R. V. Prasad N. Radha Krishna S. Bhaskara Rao K. A. Ramana
- (9) **Transfer from:** K. Surayya and T. Chandra Sekhara Reddy; and **Transfer to:** P. Murali Lakshmi;
- (10) **Transfer from:** G. Atchi Reddy, B. Vinod Kumar, M. Vijaya Kumar Raju, Molly Joseph Tom, Daichand M. Mehta, P. Satyanarayana Murthy, K. Satyanarayana Raju;
- (11) **Transfer To:** T. Chandrakala, T. S.V. Subba Rao, A. R. Narasinga Rao, G. Janarthana Rao, P. Sudhakara Reddy; and **Transfer from:** G. Srinivasa Rao
- (12) **Transfer to:** G. V. S. Somayajulu D. R. K. Raju K.R. K. Gopal Rao ,B. V. P. A. Gopinath, P. Sankara Rao K. Ramesh, S. Rama Kota Reddy, N. Ramu, B. Srikanth
- (13) Allotment of equity shares to the shareholders of SCHL and SCCSPL pursuant to amalgamation of SCHL and SCCSPL with our Company.



Mr. K. Satyanarayana

Date of Allotment/ Transfer and Date when made fully paid-up	No. of Equity Shares Offered/ Transferred	Cumulative No. of Equity Shares	Face Value (in ₹)	Offer / Acquisition Price (in ₹)	Consideration	Nature of Transaction	% of Pre- Offer Paid-up Capital	% of Post - Issue Paid-up Capital	Source of Funds
At the time of incorporation	100	100	10/-	10	Cash	Subscription to Memorandum	0.00	[●]	Own Funds
June 24, 1995	1,28,800	1,28,900	10/-	10	Cash	Allotment	1.04	[●]	Own Funds
April 11, 2005	1,42,780	2,71,680	10/-	44.72	Other than Cash ⁽¹⁾	Allotment after merger	1.15	[●]	NA
December 2, 2005	19,01,760	21,73,440	10/-	Nil	Nil	Bonus Shares	15.36	[●]	NA
Total		21,73,440					17.55	[●]	

⁽¹⁾ Allotment of equity shares to the shareholders of SCHL and SCCSPL pursuant to amalgamation of SCHL and SCCSPL with our Company.

Dr. Satish Kumar Arya

Date of Allotment/ Transfer and Date when made fully paid-up	No. of Equity Shares Offered/ Transferred	Cumulative No. of Equity Shares	Face Value (in ₹)	Offer / Acquisition Price (in ₹)	Consideration	Nature of Transaction	% of Pre- Offer Paid-up Capital	% of Post - Issue Paid-up Capital	Source of Funds
June 24, 1995	1,300	1300	10	10	Cash	Allotment	0.01	[●]	Own Funds
April 11, 2005	96,080	97,380	10	42.92	Other than Cash ⁽¹⁾	Shares allotted as a result of Merger	0.78	[●]	NA
December 2, 2005	6,81,660	7,79,040	10	Nil	Nil	Bonus Issue	5.51	[●]	NA
December 2, 2016	16,800	7,95,840	10	54.03	Cash	Transfer from G. Raja Gopal Reddy	0.14	[●]	Own Funds
TOTAL	7,95,840						6.44		

⁽¹⁾ Allotment of equity shares to the shareholders of SCHL and SCCSPL pursuant to amalgamation of SCHL and SCCSPL with our Company.

b) Details of Promoters' contribution locked in for three years:



Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters, shall be locked-in for a period of three years from the date of Allotment and our Promoters' shareholding in excess of 20% shall be locked-in for a period of one year from the date of Allotment ("**Promoters' Contribution**").

The Equity Shares which are being locked in for 3 (three) years from the date of Allotment are as follows:

Promoters	No. of Equity Shares Locked in	Face Value (in ₹)	Date of Allotment/Acquisition and when made fully paid-up	Nature of Allotment/ Transfer	Consideration (Cash/other than cash)	Percentage of post-Offer paid-up capital
Mr. G. Sree Rama Murthy	[•]	[•]	[•]	[•]	[•]	[•]
Mr. K. Satyanarayana	[•]	[•]	[•]	[•]	[•]	[•]
Dr. Satish Kumar Arya	[•]	[•]	[•]	[•]	[•]	[•]

The Equity Shares that are being locked-in are eligible for computation of Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not consist of:

- (i) Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluations reserves or unrealised profits or bonus shares of shares which are otherwise ineligible for computation of Promoters' Contribution;
- (ii) Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (iii) Equity Shares issued to the Promoters upon conversion of a partnership firm;
- (iv) Equity Shares held by the Promoters that are subject to any pledge; and
- (v) Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the Promoters' Contribution subject to lock-in.

The minimum Promoters' Contribution shall be brought in to the extent of, not less than the specified minimum lot and from the persons defined as "*Promoters*" under the SEBI ICDR Regulations.

Details of share capital locked in for one year

Other than the above Equity Shares that would be locked in for 3 (three) years, the entire pre-Offer capital of our Company would be locked-in for a period of 1 (one) year from the date of Allotment in the Offer pursuant to Regulation 36(b) and Regulation 37 of the SEBI ICDR Regulations, except for the Equity Shares offered and successfully allocated as part of the Offer for Sale by Selling Shareholders.

Other requirements in respect of lock-in

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' Contribution for 3 years under Regulation 36(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by



such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Offer.

Pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoters may be transferred to and amongst the Promoters, the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations.

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Offer may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended, subject to compliance with the SEBI Takeover Regulations, as applicable.

3. Build-up of Selling Shareholders' capital in the Company:

The Selling Shareholders are (i) Mr. G. Sree Rama Murthy; (ii) Mr. K. Satyanarayana; and (iii) Mr. G. Raja Gopal Reddy who collectively hold 87,96,648 Equity Shares, constituting 71.04% of the issued, subscribed and paid-up Equity Share capital of our Company.

As regards the build-up of Mr. G. Sree Rama Murthy and Mr. K. Satyanarayana please see 'Capital Structure- Build-up of Promoters' capital, Promoter's contribution and lock-in' on page 62 of this Draft Prospectus. The capital build-up of Mr. G. Raja Gopal Reddy is as follows:

G. Raja Gopal Reddy

Date of Allotment / Transfer and Date when made Fully Paid	No. Equity Shares Offered / Transferred	Cumulative No. of Equity Shares	Face Value	Offer/ Acquisition Price	Consideration	Nature of Transaction	% of Pre-Offer Paid up Capital	% of Post Issue Paid up Capital	Source of Funds
At the time of incorporation	100	100	10	10	Cash	Subscription to Memorandum	0.00	[●]	Own Funds
June 24, 1995	1,28,800	1,28,900	10	10	Cash	Allotment	1.04	[●]	Own Funds
March 2, 1998	(1,300)	1,27,600	10	10	Cash	Transfer to S. Vishnu Mohan	(0.01)	[●]	
August 15, 1999	4,000	1,31,600	10	10	Cash	Transfer ⁽¹⁾	(0.03)	[●]	Own Funds
April 29, 2002	(1,300)	1,30,300	10	10	Cash	Transfer to N. Ravindra Kumar	(0.01)	[●]	–
June 2, 2003	(1,300)	1,29,000	10	10	Cash	Transfer to M. Prameela Devi	(0.01)	[●]	–
December 9, 2004	(1,300)	1,27,700	10	10	Cash	Transfer to G. Sudheera	(0.01)	[●]	–



April 11, 2005	1,46,946	2,74,646	10	44.44	Cash	Allotment pursuant to Merger	(0.01)	[●]	–
December 2, 2005	19,22,522	21,97,168	10	Nil	Nil	Issue of Bonus Shares	15.53	[●]	–
February 25, 2013	(75,800)	21,21,368	10	56.46	Cash	Transfer to K. S. V. Ramesh Babu	(0.61)	[●]	–
September 9, 2013	(1,07,300)	20,14,068	10	54.80	Cash	Transfer ⁽²⁾	(0.87)	[●]	–
February 28, 2014	(1,83,100)	18,30,968	10	54.04	Cash	Transfer to Steel City Financial Services Private Limited	(1.48)	[●]	–
September 2, 2014	(1,83,100)	16,47,868	10	54.03	Cash	Transfer to Steel City Financial Services Private Limited	(1.48)	[●]	–
March 5, 2015	(1,83,100)	14,64,768	10	54.03	Cash	Transfer to Steel City Financial Services Private Limited	(1.48)	[●]	–
September 3, 2015	(1,83,100)	12,81,668	10	54.03	Cash	Transfer ⁽³⁾	(1.48)	[●]	–
March 3, 2016	(1,83,100)	10,98,568	10	54.04	Cash	Transfer ⁽⁴⁾	(1.48)	[●]	–
September 1, 2016	(1,83,100)	9,15,468	10	54.04	Cash	Transfer to Steel City Financial Services Private Limited	(1.48)	[●]	–
TOTAL	9,15,468						7.39		

(1) **Transfer from** Prakash Chand Shah, A. Kali Kumari, B. V. V. Ramana Murthy, S. Venkata Sastry;

(2) **Transfer to** M. Murali, V. Srinivas, N. Kamal Narayana Reddy, Y. Dharma Rao;

(3) **Transfer to** G. V. Vandana, G. Sirisha, Nirmala Devi, K. Mahalakshmi, K. S. V. Ramesh Babu

(4) **Transfer to** G. V. Vandana, G. Sirisha, Satish Kumar Arya, K. Mahalakshmi, K.S.V. ramesh Babu

4. The Promoter, Promoter Group, Directors of our Company and their relatives have not undertaken any transactions of equity shares of our Company, during a period of 6 (six) months preceding the date on which the Draft Prospectus is filed with Stock Exchange except purchases made during this period as follows:



S. No.	Date of Transaction	Name of Purchaser	No. of Shares	Price per share (in ₹)
1.	September 27, 2016	Alka Rajput Arya (Promoter Group)	20,800	40.00
2.	September 1, 2016	Steel City Financial Services Private Limited (Group Company)	1,83,100	54.54
3.	August 26, 2016	Alka Rajput Arya (Promoter Group)	5,400	40.00

5. Our Company has not issued any Equity Shares in the year preceding the date of this Draft Prospectus, which may be at a price lower than the Offer price.



6. The list of shareholders of our Company and the Equity Shares held by them is as follows:

(a) Details of the shareholding of our Company:

The table below presents the shareholding pattern of our Company as on the date of this Draft Prospectus:

Category	Category of shareholder	Number 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 Warrant)	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.	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class Equity X	Class Others 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	13	9826120	0	0	9826120	79.36	9826120	0	9826120	79.36	0	79.36	0	0	0	0	9823720
(B)	Public	141	2554792	0	0	2554792	20.63	2554792	0	2554792	20.63	0	20.63	0	0.0000	NA	NA	2201492
(C)	Non Promoter - Non Public	0	0	0	0	0	0	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(C1)	Shares Underlying DRs	0	0	0	0	0	0	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
	Total	154	12380912	0	0	12380912	100.00	12380912	0	12380912	100.00	0	100.0000	0	0.0000			12025212



- (b) The names of public shareholders holding more than 1% of pre-Offer capital, number of equity shares held and percentage of the total pre and post Offer capital as on the date of filing of this Draft Prospectus:

S. No.	Name	No. of Equity Shares	% of Pre-offer Equity Share Capital	% of Post-offer Equity Share Capital
1.	Mr. G. Raja Gopal Reddy	9,15,468	7.39	[●]
2.	Mr. Manoj Kumar Goel	2,00,000	1.61	[●]
	Total	11,15,468	9.00	[●]

- (c) Other than the following, none of our Key Management Personnel hold Equity Shares in our Company as on the date of filing of this Draft Prospectus: -

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares (Face Value of ₹ 10 each)	Percentage of pre-Offer share capital (%)
1.	Mr. K.S.V Ramesh Babu	91,300	0.73
2.	Mr. Naraharasetti Ramu	47,728	0.39
3.	Mr. Mediboyena. Murali	47,728	0.39
4.	Mr. V. Srinivas	39,728	0.32
5.	Mr. G. Mohana Rao	36,800	0.30
6.	Mr. N. Kamal Narayan Reddy	16,000	0.13
	Total	279,284	2.26

- (d) Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Draft Prospectus, is as follows:

S. No.	Name	No. of Equity Shares	% of Pre-offer Equity Share Capital	% of Post-offer Equity Share Capital
1.	Mr. G. Sree Rama Murthy	55,24,640	44.62	[●]
2.	Mr. K. Satyanarayana	21,73,440	17.55	[●]
3.	Mr. G. Raja Gopal Reddy	9,15,468	7.39	[●]
4.	Steel City Financial Services Private Limited	7,98,500	6.45	[●]
5.	Dr. Satish Kumar Arya	7,95,840	6.42	[●]
6.	Mr. Manoj Kumar Goel	2,00,000	1.61	[●]
7.	Mr. G.V. Vandana	1,66,500	1.34	[●]
8.	Mr. G.Sirisha	1,28,900	1.04	[●]
9.	Mr. K.S.V. Ramesh Babu	91,300	0.74	[●]
10.	Mr. K. Mahalakshmi	51,600	0.42	[●]
	Total	1,08,46,188	87.58	[●]



- (e) Our top ten shareholders and the number of Equity Shares held by them 10 (ten) days prior to filing this Draft Prospectus is as follows:

S. No.	Name	No. of Equity Shares	% of Pre-offer Equity Share Capital	% of Post-offer Equity Share Capital
1.	Mr. G.Sree Rama Murthy	55,24,640	44.62	[●]
2.	Mr. K.Satyanarayana	21,73,440	17.55	[●]
3.	Mr. G. Raja Gopal Reddy	9,15,468	7.39	[●]
4.	Steel City Financial Services Private Limited	7,98,500	6.45	[●]
5.	Dr. Satish Kumar Arya	7,95,840	6.42	[●]
6.	Mr. Manoj Kumar Goel	2,00,000	1.61	[●]
7.	Ms. G.V. Vandana	1,66,500	1.34	[●]
8.	Ms. G.Sirisha	1,28,900	1.04	[●]
9.	Mr. K.S.V. Ramesh Babu	91,300	0.74	[●]
10.	Mr. K. Mahalakshmi	51,600	0.42	[●]
	Total	1,08,46,188	87.58	[●]

- (f) Our top ten shareholders and the number of Equity Shares held by them 2 (two) years prior to date of filing of this Draft Prospectus is as follows:

S. No.	Name	No. of Equity Shares	% of Pre-offer Equity Share Capital
1.	Mr. G. Sree Rama Murthy	55,24,640	44.62
2.	Mr. K Satyanarayana	21,73,440	17.55
3.	Mr. G. Raja Gopal Reddy	16,47,868	13.31
4.	Dr. Satish Kumar Arya	7,79,040	6.29
5.	Steel City Financial Services Private Limited	3,68,300	2.97
6.	Mr. Basant Lal Goel	1,58,400	1.28
7.	Mr. K. S. V Ramesh Babu	1,01,400	0.82
8.	Mr. Mediboyena Murali	84,728	0.68
9.	Mr. Vipparthi Srinivas	76728	0.62
10.	Mr. N. Ramu	47728	0.39
	Total	1,09,62,272	88.54

7. Our Company, Directors and Lead Manager have not entered into any buy-back or standby/safety net arrangements for the purchase of the Equity Shares of our Company from any person.
8. There are no financing arrangements whereby the Promoter Group, the Directors of our Company 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 the period of six months immediately preceding the date of the Draft Prospectus.
9. None of the equity shares of our Company have been pledged by the Promoters or the Promoter Group.
10. Our Company has not issued any bonus shares out of revaluation of reserves.
11. As on the date of this Draft Prospectus, the Lead Manager does not hold any Equity Shares in our Company.



12. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the immediate relatives of the Promoters between the date of filing the Prospectus with the Registrar of Companies and the Offer Closing Date are reported to the Stock Exchanges within 24 hours of such transaction.
13. Our Company has not made any public issue since its incorporation.
14. We do not have any intention or proposal to alter our capital structure within a period of 6 months from the date of opening of the Offer by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or bonus, rights, further public issue or qualified institutions placement or otherwise.
15. Our Company has not raised any bridge loan against the proceeds of the Offer.
16. Under subscription, if any, in any category, shall be allowed to be met with spillover from the other categories at the sole discretion of our Company and in consultation with the Lead Manager and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines.
17. An over-subscription to the extent of 10% of the offer to the public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares.
18. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date. Further, since the entire money in respect of the Offer is being called on application, all the successful applicants will be issued fully paid-up equity shares.
19. Our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme.
20. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Prospectus with Stock Exchange until the Equity Shares issued through the Prospectus are listed or application moneys refunded on account of failure of Offer.
21. As per the extant policy, OCBs are not permitted to participate in the Offer.
22. There are no outstanding warrants, options or right to convert debentures, loans or other financial instruments into our Equity Shares as on the date of this Draft Prospectus.
23. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be prescribed by SEBI from time to time.

**OBJECTS OF THE OFFER**

The Offer comprises of an Offer for Sale by Selling Shareholders and a Fresh Issue.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale.

Objects of the Fresh Issue

The Objects of the Fresh Issue is to raise resources for:

1. Investment in technology upgradation and office infrastructure for expansion of e-governance business;
2. Setting up of AADHAR Enrolment centre at all our existing branches
3. Enhancement of our Company's brand through advertising and other brand-building activities;
4. Working capital requirement
5. Meeting the expenses to the Offer; and
6. General Corporate Purposes.

Further, we believe that listing of our Equity Shares at the Stock Exchange will benefit the Company by enhancing its visibility. The main object clause of our Memorandum of Association and objects incidental to the attainment of the main objects enables us to undertake the existing activities and the activities for which funds are being raised by us through this Offer.

The fund requirement and deployment are based on internal management estimates and have not been appraised. Further, the same is based on our current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may change.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Offer.

Variation in the objects of the Offer (if any) shall be undertaken in accordance with the terms of SEBI ICDR Regulations and Companies Act, 2013 and the rules framed thereunder.

We intend to utilize the Proceeds of the Fresh Issue for financing the above mentioned objects. The details of utilization of proceeds are as per the table set forth below:

Particulars of utilisation	Amount (₹. In lacs)
Investment in technology upgradation & office infrastructure for expansion of e-governance business	390.00
Setting up of AADHAR Enrolment centre at all our existing branches	264.00
Enhancement of our Company's brand through advertising and other brand-building activities	250.00
Working capital requirement	200.00
Offer expenses	220.00
General Corporate Purposes	[•]
Total	[•]

Means of Finance

Source	Amount (₹. In lacs)
Proceeds of the Fresh Issue	[•]
Total	[•]



The requirements of the objects detailed above are intended to be funded from the Proceeds of the Offer. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Offer.

Details of the objects of the Fresh Issue:

Investment in technology upgradation & office infrastructure for expansion of e-governance business

The primary purpose and object of e-governance is the welfare of citizens. Company's e-governance division believes in providing quality information and high standard of service delivery, encouraging new advanced technology and making the system more accountable, transparent and effective for the clients. At present, we serve e-governance products like PAN, TAN, e-TDS, AIR, Form 24G, change requests of PAN, TAN, through TIN-FC locations across the country.

The present IT infrastructure of our Company is competent enough and equipped with the latest available technologies and practices. We have scaled our strength in building the IT services in a very constructive approach. Particularly in Stock Broking segment, we cannot compromise with the business needs irrespective of business volumes.

To ensure the Business continuity we need to maintain the redundancy at every level of Hardware, Network and Software components. Presently, we provide e-governance services across 27 states through our 900+ centres. As we are aiming towards achieving further milestones to strengthen the business capacity, there is a need to enhance and upgrade our existing IT infrastructure. This will enable us to handle our business operations, more effectively. We feel that the e-governance industry is at a growing stage and there exists more business opportunity and demand in the same.

Based on the growing business trend in e-governance, we feel the need to strengthen our IT infrastructure and services. The proposed IT provisions will allow us to enhance and support the future business expansion plans also.

Technical Description

We propose to establish a better and an upgraded Data Centre (DC) and Disaster Recovery (DR) sites which can sustain the incremental load of daily transactions. Hence we intend to purchase higher capacity servers and virtualise them which shall enable us to reduce our expense on the backup servers. Virtualisation will allow us to increase or decrease our server capacity after observing the load factor. It also has a high built-in capacity which shall eliminate our downtime caused due to server failure, (if any) except for a few minutes where the failed server VMs (Virtual Machine) will boot in another server.

A DR setup has also been planned for Business Continuity. A plain DR means that the backups are stored at another place without remote server which may effect the business in case of emergency. Hence, we propose to use VMware SRM where all primary servers will be replicated at a remote location and incase of disaster at the primary location, the users can configure and access remote DR servers instead of primary DC servers, which will ensure business continuity.

We propose to utilize part of the Fresh Issue to finance purchase of the required hardware as well as software for the proposed up gradation. Details of various components/ software as per the quotation received from Datasoft Comnet Private Limited dated September 9, 2016 are as follows:

Sr. No.	Description	Quantity	Aggregate Estimated Cost (₹. In Lacs)
Data Centre			
1.	Servers	8	57.21
2.	VMware (Software)	-	33.38
3.	Server Operating System	-	5.07
4.	Backup (Symantec)	-	9.93
5.	Symantec Backup support contract (3 years)	-	6.79
6.	NSA for Backup storage – Including user data	-	8.93



Sr. No.	Description	Quantity	Aggregate Estimated Cost (₹. In Lacs)
7.	Switch – Stack	-	6.72
8.	Routers (Cisco) –DC side for High Availability	10	29.85
9.	Cisco Firewalls with IPS - High Availability	6	29.64
10.	Radware Link Load balancer for Internet links load balancing	4	9.20
11.	Radware Application Load Balancer for distributing load across servers – Optional performance	4	45.10
12.	SAN switch to connect upto 12 servers	-	13.13
13.	Additional disks to move all physical servers into virtual servers	-	20.21
14.	Integration Services	-	3.45
	Sub-Total	-	278.61
Disaster Recovery Site			
1.	Servers	8	56.6
2.	VMware (Software)	3	15.09
3.	Server Operating System	8	10.64
4.	EMC SAN in Disaster Recovery	-	7.09
5.	NAS for Backups storage		3.74
6.	Cisco Firewalls with IPS - High Availability	2	17.91
	Sub-Total	-	111.07
	Grand Total (includes applicable taxes)	-	389.68
	Rounded off to		390.00

Setting up of AADHAR Enrolment centre at all our existing branches

In the year of 2016, our Company has been empanelled as AADHAAR Enrolment Agency under UIDAI for enrolment of residents of India. Various e-governance products served by our Company includes PAN, TAN, e-TDS, AIR, Form 24G, TAN and PAN change requests, through TIN-FC locations across the country. These are being provided through our branches and franchisee spread across India. We propose to set up AADHAR Enrolment centres at all our existing branches. These centres would also issue PVC AADHAR cards. At each of the centre two sets of AADHAR kits is proposed to be installed.

The AADHAR kit proposed to be installed would consists of :

- IRIS Scanner
- Finger Print Scanner,
- Web cam,
- Desk Jet Printer,
- USB Hub,
- Dual side AADHAR card printer
- Desktop Computer / Laptop

As estimated by the management, each AADHAR kit will cost ₹ 1.60 lacs approximately. These kits are proposed to be installed at each of the 70 branches of our Company. The total cost to be incurred would be approximately ₹ 224.00 lacs.

Over and above the AADHAR kits installed at the branches, the company proposes to invest an amount of ₹40 lacs towards 25 AADHAR kits which would be used for conducting outdoor camps at various places.



Enhancement of our Company's brand through advertising and other brand-building activities

In order to strengthen our position in domestic market, our Company intends to create awareness of its brand through advertising and various other promotional activities, which may include celebrity endorsements, organising contests for our users/ dealers and event sponsorships. Our Company proposes to utilize ₹.250.00 lacs from proceeds of the Fresh Issue towards enhancement of our Company's brand through advertising and other brand-building activities. Our Company believes that brand promotion activities would enable it to broaden its footprint in India. Whilst historically our Company's brand development has been fuelled through word of mouth by users/dealers/branches/franchisees/Authorised person based on their experience with our products & services and such users/ dealers sharing their experience with others, our Company believes that increasing the awareness of our brand and services throughout rest of India would require direct marketing efforts and innovative brand-building strategies.

Our brand-building strategies would comprise of undertaking the following activities:

- i. **Enhancing image through standardization** – Our Company over the period of past 2 (two) decades has expanded its network to various states. However, we intend to deploy part proceeds to standardize depiction of our logo, brand, lettering style etc. at Branch/franchisee/other levels. We propose to invest part of the proceeds to improve, re-build the existing infrastructure at our branches to bring in uniformity to a large extent in the set up.
- ii. **Advertising campaign through various media** - Our Company proposes to undertake advertising campaign through various media, including television, radio, the internet and billboards. Such advertising campaign could be of a general nature related to our Company or focused on specific services either existing or newly introduced, being provided by our Company.
- iii. **Celebrity endorsements** - Our Company may consider undertaking celebrity endorsements of our Company or its services.
- iv. **Other promotional activities** - Our Company may also carry out other promotional activities, such as organising contests for our users/ dealers, increasing its presence on social networks, disseminating e-mails and text messages and viral marketing techniques.

Working capital requirement

We propose to utilise part of the proceeds of the Fresh Issue towards long term working capital in the form of maintaining adequate levels of margin with the stock exchanges. The margin requirements with the stock exchanges are determined by the stock exchanges on the basis of trading volumes, market volatility and extent of open interests in respect of equity index/ stock futures.

While the initial margin and the margin deposits with the stock exchanges/ professional clearing members can be created by way of deposit of either stock or bank guarantees or fixed deposits with banks or cash, however, the marked-to-market margin is typically created by way of deposit of cash.

In addition to this, our Company has to place stipulated margin in the cash segment with the stock exchanges for T+2 days. The stock exchanges also increase margin requirement in terms of percentage due to volatility in the markets. This gives rise to margin requirement even though the business may remain constant. The working capital requirement also arise on account of the time gap in realization of cheques received from clients and amount to be paid to the exchanges towards pay-in on the settlement dates. With growing business, this gap is expected to widen further, thereby creating additional requirement for the working capital.

We meet our current margin requirements with the stock exchanges through combination of cash deposits, fixed deposits and bank guarantees. The margin capital deposited by our Company with stock exchanges during previous fiscal year is as detailed below:

(₹. in Lacs)



Particulars	2015-16
Bank Guarantees submitted to the Stock Exchanges towards base capital, margin capital etc. (backed by fixed deposits placed with the banks amounting to 50% of the bank guarantees)	2245.00
Cash Deposit with Exchanges for Margin Capital/Additional Base Capital	278.35
Total Margin Deposit / Capital deposited with Stock Exchanges	2253.35

We expect enhancement in share trading and stock broking activities and hence propose to deploy ₹.200 lacs out of the proceeds of the Fresh Issue towards funding and enhancing the margin to be deposited with the Stock Exchanges.

Offer Expenses

The Offer related expenses consists of fees payable to the Lead Manager, Legal Counsel, Auditors, processing fee to the SCSBs, Registrars to the Offer, printing and stationery expenses, advertising and marketing expenses underwriting fees, selling commission and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchange. Our Company intends to use approximately ₹220.00 Lacs towards these expenses, break-up of the same is as follows:

(₹. in Lacs)

Activity	Estimated Expense	% of Total Expenses	As a percentage of Offer size
Fees to intermediaries (including Lead Managers fees, underwriting commission, market making fees, brokerage and selling commission*, registrar fees and expenses)	192.00	87.00	[●]
Advertising and marketing expenses	10.00	4.50	[●]
Printing and Stationary & Distribution	8.00	4.00	[●]
Statutory and other miscellaneous expenses	10.00	4.50	[●]
Total estimated Issue expenses	220.00	100.00	[●]

*Includes Commission/ processing fees to the Designated Intermediaries. Designated Intermediaries would be entitled for a processing fee of ₹.10 for processing of valid Application forms procured by such Intermediaries. Additionally, the SCSBs will be entitled for a fee of ₹10 per application for blocking of funds.

General Corporate Purposes

Our Company is on a growth trajectory and has been adding more & more centres to be able to provide e-governance & financial services. We intend to deploy an amount not exceeding 12% of the Fresh Issue for general corporate purposes including but not restricted to strategic initiatives, investments in other possible verticals, entering into strategic alliances, partnerships, joint ventures & acquisitions, meeting exigencies & contingencies which our Company in the ordinary course of business may not foresee or any other purposes as approved by the Board and subject to compliances with necessary provisions of the Companies Act.

Our management, in response to the dynamics of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Offer Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilisation of Offer proceeds. Our management, in accordance with the policies of our Board and in compliance with the provisions of the Companies Act, will have flexibility in utilising the proceeds earmarked for general corporate purposes.

**Schedule of Implementation**

Our Company proposes to deploy the Offer proceeds immediately on completion of the IPO and the same is expected to be completed by March 2017.

Year wise break-up of proceeds to be used

We intend to utilize the entire proceeds of the issue within FY 2016-17 hence no year wise break up of expenses have been given.

Sources & deployment of Funds

Our Company has deployed ₹15.00 Lacs as of September 27, 2016 towards the “*Objects of the Offer*” as certified by our Statutory Auditors, Sudhakar & Kumar Associates. The details of which are as under:

(₹ in Lacs)	
Particulars	Amount
DEPLOYMENT OF FUNDS	
Expenses related to Proposed Public Offer – advances to intermediaries/ Legal Advisor	15.00
Total	15.00
SOURCES OF FUNDS	
Internal accruals	15.00
Total	15.00

Appraisal

None of the Objects of the Offer have been appraised by any bank or financial institution.

Bridge Financing Facilities

We have not availed any bridge financing facilities for the meeting the expenses as stated under the Objects of the Offer.

Interim Use of Funds

The Company, in accordance with the policies established by its Board of Directors from time to time, will have flexibility to deploy the proceeds of the Fresh Issue. Pending utilization of the proceeds of the Fresh Issue for the purposes described above, our Company intends to temporarily deposits with banks for the necessary duration.

Monitoring of Utilization of Funds

Since the Offer size does not exceed ₹50,000 Lacs, the appointment of a monitoring agency as per Regulation 16 of the SEBI ICDR Regulations is not required. As required under the SEBI Listing Regulations, the Audit Committee appointed by our Board will monitor the utilisation of the Offer proceeds. We will disclose the utilisation of the proceeds of the Offer, including interim use, under a separate head in our quarterly/half yearly financial disclosures and annual audited financial statements until the Offer Proceeds remain unutilised, to the extent required under the applicable law and regulation. We will indicate investments, if any, of unutilised proceeds of the Offer in our Balance Sheet for the relevant Financial Years subsequent to listing of our Equity Shares on the SME Platform of NSE.

Pursuant to SEBI Listing Regulations, 2015, our Company shall on a half yearly basis disclose to the Audit Committee the uses and applications of the proceeds of the Offer. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the Draft Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Offer have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Our Company shall be required to inform material deviations in the utilisation of the proceeds of the Offer to the Stock Exchange(s) and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.



No part of the Proceeds from the Offer will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Companies or Key Managerial Personnel, except in the normal course of our business.

Basic terms of the issue

The Equity shares being offered are subject to the provision of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

**BASIS FOR OFFER PRICE**

The information presented in this section for Fiscal 2014, 2015 and 2016 is derived from our Company's restated audited financial information, prepared in accordance with Indian GAAP and the Companies Act and in accordance with the SEBI Regulations. Investors should read the following summary with the sections titled "Risk Factors", "Business Overview" and "Financial Information" on pages 18, 97 and 157 respectively, of this Draft Prospectus, to get a more informed view before making an investment decision. The trading price of the Equity Shares of our company could decline due to these risks and you may lose all or part of your investment.

Qualitative factors

We believe the following business strengths allow us to successfully compete in the industry:

- Large and diverse distribution network
- Experienced top management
- Comprehensive range of service offerings
- Quality services
- Centralized processing method
- Strong research and advisory teams
- Strong Risk Management
- Foray in e-governance to enhance value

For a detailed discussion on the qualitative factors, please refer to the sections titled "Business Overview – Our Competitive Strengths" on page 103 of this Draft Prospectus.

Quantitative factors

Information presented in this section is derived from our Company's restated audited financial information prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations. Quantitative factors are as follows:

1. Basic and Diluted Earnings per Share (EPS)

Period	Basic and Diluted EPS (₹)		Weight
	Standalone	Consolidated	
Fiscal 2014	2.65	2.87	1
Fiscal 2015	5.30	5.52	2
Fiscal 2016	3.16	3.35	3
Weighted Average	3.79	3.99	

Note: Our EPS on standalone and consolidated basis as of June 30, 2016 was ₹ 2.76 and ₹ 3.27, respectively.

2. Price Earnings Ratio (P/E) in relation to the Offer price of ₹ [●]/- per Equity Share of ₹ 10 each

Sr. No.	Particulars	Standalone (₹)	Consolidated (₹)
1	P/E ratio based on the Earnings Per Share, as restated for FY 2015-16	[●]	[●]
2	P/E ratio based on the Weighted Average Earnings Per Share, as restated for FY 2015-16	[●]	[●]



Peer Group P/E*

Sr. No.	Particulars	Consolidated (₹)
1	Highest (Alankit Limited)	142.28
2	Lowest (Joindre Capital Services Limited)	9.48
	Industry Composite (Finance & Investments) *	27.90

*Source: Capital Market Vol Sept 26 – Oct 09, 2016. Industry composite with respect to e-governance not available.

3. Return on Net Worth (RoNW)

Sr. No.	Period	RONW (%)		Weight
		Standalone	Consolidated	
1	Fiscal 2014	7.26	6.67	1
2	Fiscal 2015	14.1	12.37	2
3	Fiscal 2016	8.04	7.18	3
	Weighted Average	9.93	8.83	

Note: Our RoNW on standalone and consolidated basis as of June 30, 2016 stood at 6.91% and 6.86%, respectively.

4. Minimum Return Net Worth after Offer to maintain Pre-Offer EPS

- Based on EPS, as restated of FY 2015-16 of ₹ 3.16 at Issue Price of ₹ [●]/- per share: [●]%
- Based on EPS, as adjusted of ₹ 3.35 at Issue Price of ₹ [●]/- per share: [●]%

5. Net Asset Value (NAV) per Equity Share :

Sr. No.	Period	Standalone (₹)	Consolidated (₹)
1	Fiscal 2014	36.51	42.98
2	Fiscal 2015	37.58	44.62
3	Fiscal 2016	39.30	46.63
4	After the Offer	[●]	[●]

Note: The book value per Equity Share as on June 30, 2016 on standalone and consolidated basis was ₹ 39.99/- and ₹ 47.61/-, respectively.

6. Peer Group Comparison

Company	FV (₹)	Sales in Cr.) (₹)	PAT in Cr.) (₹)	EPS (₹)	P/E	RoNW (%)	NAV (₹)
Steel City Securities Limited *	10	27.99	4.15	3.35	[●]	7.19	46.64
Peer Group							
E-Governance Business							
Alankit Limited	2	30.27	3.70	1.03	142.28	11.01	9.40
Vakrangee Limited	1	3190.74	394.75	7.45	31.47	41.12	18.14
Atishay Limited **	10	18.61	3.00	3.41	14.66	13.00	26.25
Vedavaag Systems Limited **	10	83.58	5.38	3.81	9.65	13.91	27.36
Broking Business							



Company	FV (₹)	Sales (₹ in Cr.)	PAT (₹ in Cr.)	EPS (₹)	P/E	RoNW (%)	NAV (₹)
Geojit BNP Paribas Financial Services Limited	1	245.95	37.61	1.61	24.10	7.67	20.86
Joindre Capital Services Limited	10	15.75	2.01	1.45	9.48	2.12	34.13
Arihant Capital Markets Limited	5	40.86	8.56	4.11	15.38	10.26	40.06
Emkay Global Financial Services Limited	10	103.04	12.03	4.92	13.58	9.79	50.28
LKP Finance Limited	10	102.21	7.39	6.06	9.72	4.91	123.29

* Based on March 31, 2016 restated financial statement

**Based on March 31, 2016 standalone financial statement

The face value of Equity Shares of our Company is ₹10 per equity share and the Offer Price is of [●] per share is [●] times of the face value.

The Offer Price of ₹[●] is determined by our Company, in consultation with the Lead Manager, on the basis of assessment of market demand for the Equity Shares through and is justified based on the above factors.



STATEMENT OF TAX BENEFITS

To
The Board of Directors
Steel City Securities Limited
49-52-5/4, Shanthipuram,
Visakhapatnam – 530016

Dear Sirs,

RE: STATEMENT OF TAX BENEFITS

We report that there are no possible special direct tax benefits available to the Steel City Securities Limited (the ‘Company’) and its shareholders under the Income-tax Act, 1961, presently in force in India.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither we are suggesting nor advising the investor to invest money based on this statement.

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

We hereby give consent to include this statement of tax benefits in the Draft Prospectus, Prospectus and in any other material used in connection with the Issue.

For **Sudhakar & Kumar Associates**,
Chartered Accountants

s/d

(P. Ramkrishna Rao)
Partner
Membership No.: 26820
Firm Registration No. with ICAI: 004165S

Place: Vishakhapatnam
Date: 28.09.16



SECTION IV - ABOUT US

INDUSTRY OVERVIEW

Indian Economy

The Indian economy is one of the largest in the world. It is amongst the fastest growing major economies in the world, with expected GDP growth rate of 7.6% in financial year 2016 as compared to 7.2% in financial year 2015 recording the highest percentage increase in the last five years. This year, India became the fastest growing major economy, surpassing China in terms of GDP growth. The economic reforms introduced by the government, a stable macro-economic environment and the falling commodity prices are some of the factors that have helped India achieve robust economic growth estimates. In recent years, India has become a global preferred destination for FDI, owing to its large consumer market and efforts by the government to position it as one of the front-runners of the rapidly growing Asia Pacific region.

Buoyed by measures to enhance foreign direct investment - including raising the ceiling for investment in several important sectors such as broadcasting and defence, as well as rationalizing and simplifying procedures - net flows of foreign direct investment surged to an estimated \$32 billion, nearly 26% higher than in the previous year. FDI inflows were primarily driven by investments in infrastructure and the services sector. Inflows in the form of deposits by non-resident Indians also remained strong, growing to nearly \$15 billion in FY 2015-16. These inflows and continuing business and government loan inflows increased gross international reserves by \$9.2 billion in FY 2015-16 to over \$350 billion.

Financial year 2014-15 brought new optimism for the Indian economy on the back of strong policies, controlled inflation, decline in oil prices, rise in domestic demand and increased investments. The International Monetary Fund (IMF) in its assessment of the Indian economy under the Article IV Consultation Process described the Indian economy as a bright spot in the global landscape for becoming one of the fastest-growing big emerging market economies in the world. To achieve this, however, the Indian economy needs to revitalise the investment cycle and accelerate structural reforms. Implementation of stalled projects, particularly in the agriculture, power and transport sectors and recovery in the industrial sector on higher external demand are expected to aid this recovery. The prospect of recovery in the service sector in 2016-17, led by higher exports as well as a positive influence from higher industrial growth, will help in taming inflation as well as in cushioning growth. Nonetheless, there are possible risks on the horizon, both external and domestic. High inflation expectations and a wide fiscal deficit remain key macroeconomic challenges, limiting the policy space for adopting countercyclical policies. On the domestic front, the spillovers from below normal agricultural growth, challenges relating to the massive requirements of skill creation, and on the external front, weak global growth and potential global financial market volatility could pose challenges to the growth scenario.

While public investment and urban consumption were the major drivers of growth in FY 2015-16, a revival of private investment and rural consumption is critical if growth is to remain strong in FY 2016-17 and FY 2017-18, given the likely sluggish recovery in the advanced economies and the bleak outlook for global trade. Urban consumption is expected to receive a boost due to the implementation of 7th Pay Commission recommendations. Rural incomes and spending also received a boost in the Budget 2016-17 as it supports programs aimed to improve agricultural productivity and funding of the government employment scheme for poor rural families. An expectation of normal monsoon to above-normal monsoon gives hope to mitigate some of the pressure on food prices, which firmed up in the second half of FY 2015-16.

(Source: SEBI Annual Report 2015 and BSE Annual Report 2016)

Indian Services Sector

The striking aspect of India's recent growth has been the dynamism of the services sector. The services sector accounted for a share of 61.87 percent of the GVA in 2015-16 as reflected in the new series of national accounts. This shows a substantial decline in the share of the services sector under the new method. The growth in the services sector was recorded at 9.4 percent in 2014-15 as compared to 8.1 percent in 2013-14; this is much higher than the other two sectors of the economy. The 'trade, hotels, transport and communication and services related to broadcasting' sub-sector recorded 10.7 percent growth in the current year compared to 11.1 percent in the previous financial year. The 'public administration, defence and other services' sector witnessed a growth of 7.2 percent as compared to 7.9 percent registered in the previous year. While 'trade, hotels, transport and communication and services related to broadcasting' contributed 19.4 percent to GVA at basic price, 'public administration, defence, and other services' contributed 12.6 percent. The research and



development sector grew in double digits registering a growth of nearly 20 percent in 2014-15. Also, consultation services are emerging as one of the fastest growing services in India cutting across different sectors. The estimates of HSBC's services PMI (Purchasing Managers Index) data also indicate an improvement in the services sector's growth in 2014-15. Overall, India's services sector has emerged as a prominent sector over a decade in terms of its contribution to national and states' incomes, FDI inflows and employment.

The Indian financial services industry has experienced significant growth in the last few years. There has been a considerable broadening and deepening of the Indian financial markets due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in the recent years and the entry of sophisticated domestic and international players. Sectors such as banking, asset management and brokerage have been liberalized to allow private sector involvement, which has contributed to the development and modernization of the financial services sector. This is particularly evident in the non-banking financial services sector, such as equities, derivatives and commodities brokerage, residential mortgage and insurance services, where new products and expanding delivery channels have helped these sectors achieve high growth rates.

(Source: SEBI Annual Report 2015 and 2016)

Capital Markets

During 2015 – 16, the primary securities market seems to have come out of its lull. Both the total number of issues and the resources mobilized from the primary securities market have gone up. IPOs and public debt issues have contributed to this performance more than rights issues.

During 2015-16, 108 companies have accessed the capital market and raised ₹58,167 crore compared to ₹19,203 crore raised through 88 issues during 2014-15. There were 95 public issues which raised ₹48,928 crore and 13 rights issues which raised ₹9,239 crore during 2015–2016. Among the public issues, there were 74 IPOs and 21 public debt issues. Primary Market Trends (Public & Rights Issues)

Items	2015-16		2014-15		2013-14	
	No. of issues	Amount (Rs in crores)	No. of issues	Amount (Rs in crores)	No. of issues	Amount (Rs in crores)
A. Public Issue	95	48,928	70	12,453	75	51,428
i) Debt	21	34,112	24	9,413	35	42,735
ii) Equity, of which						
IPO	74	14,815	46	3,311	38	1,236
FPO	0	0	0	0	2	7,457
B. Rights Issue	13	9,239	18	6,750	15	4,576
Total Equity Issue A(ii)+b	87	24,054	64	10,061	55	13,269
Grand Total (A+B)	108	58,167	88	19,203	90	56,004

Notes: IPOs - Initial Public Offers, FPOs - Follow on Public Offers

(Source: SEBI Manual May 2016 and April 2014)

The Indian stock market rallied smartly in March 2016, to wriggle off the somber note with which 2016 had started off. During March 2016, the benchmark indices, S&P BSE Sensex and Nifty 50 rose by 10.2 percent and 10.8 percent respectively to close at 25,341.9 and 7,738.4 respectively on March 31, 2016. Sensex and Nifty touched their respective intraday highs of 25,479.6 and 7,777.6 on March 31, 2016. Similarly, both Sensex and Nifty touched their intraday lows of 23,133.2 and 7,035.1 respectively on March 01, 2016.

Reflecting the upward trend in market movements, the market capitalisation of BSE and NSE rose by 10.4 percent and 10.5 percent to ₹94,75,328 crore and ₹93,10,471 crore respectively, at the end of March 2016 from to ₹85,83,145 crore and ₹84,22,857 crore respectively, recorded at the end of February 2016.

**The Basic Indicators in Cash Segment:**

Particulars	2015-16	2014-15	2013-14
A. Indices (As on March 31)			
S&P BSE Sensex	25,341.9	27,957	22,386
Nifty 50	7,738.4	8,607	6,704
B. Market Capitalisation (₹ in crores)			
BSE	94,75,328	1,01,49,290	74,15,296
NSE	93,10,471	99,30,122	72,77,720
C. Gross Turnover (₹ in crores)			
BSE	7,40,089	8,54,845	5,21,664
NSE	42,36,983	43,29,655	28,08,489
D. P/E Ratio			
S&P BSE Sensex	19.3	19.5	18.3
Nifty 50	20.9	22.7	18.9
E. No. of Listed Companies			
BSE	5,911	5,624	5,336
NSE	1,808	1,733	1,688

(Source: SEBI Manual May 2016 and April 2014)

Derivatives Segment**A. Equity Derivatives**

India is one of the vibrant markets for exchange traded equity derivatives in the world. The trading volumes in the equity derivatives market surpassed that of the equity cash segment by 13.5 times in March 2016.

The monthly total turnover in equity derivative market at NSE decreased by 9.0 percent to ₹59,80,733 crore in March 2016 from ₹65,72,745 crore in February 2016. The index options segment has been the clear leader in the product-wise turnover of the futures and options segment in the NSE. In March 2016, the turnover in the index options category was 77.6 percent of the total turnover in the F&O segment of the NSE. During March 2016, index futures, index options, stock futures and stock options registered decrease in turnover over the previous month. The open interest in value terms in equity derivative segment of NSE decreased by 8.4 percent to ₹1,54,411 crore as on March 31, 2016 from 1,68,642 crore as on February 29, 2016.

The monthly total turnover in equity derivative segment of BSE decreased by 94.1 percent to ₹4,460 crore in April 2016 from ₹75,438 crore in March 2016. While index options comprised 99.3 percent of BSE's equity derivative turnover, index futures constituted 0.5 percent. During April 2016, index futures, index options, stock futures and stock options recorded decline in turnover over the previous month. The open interest in value terms in equity derivatives segment of BSE decreased by 57.3 percent to ₹1 crore as on April 30, 2016 from ₹3 crore as on March 31, 2016.

B. Currency Derivatives at NSE, MSEI and BSE

During April 2016, the monthly turnover of currency derivatives at NSE decreased by 26.9 percent to ₹3,48,331 crore from ₹4,76,669 crore in March 2016. The turnover of currency derivatives at BSE decreased by 2.1 percent to ₹2,70,391 crore in April 2016 from ₹2,76,236 crore in March 2016. At MSEI, the monthly turnover of currency derivatives decreased by 19.5 percent to ₹17,805 crore in April 2016 from ₹22,114 crore in March 2016.

C. Interest Rate Derivatives at NSE, BSE and MSEI

During April 2016, the monthly turnover of interest rate futures at NSE decreased by 5.8 percent to ₹30,289 crore from ₹32,169 crore in March 2016. The turnover of interest rate futures at BSE increased by 27.7 percent to ₹13,949 crore in April 2016 from ₹10,926 crore in March 2016. At MSEI, the monthly turnover of interest rate futures increased by 46.1 percent to ₹389 crore in April 2016 from ₹266 crore in March 2016.



D. Commodity Derivatives Markets

During April 2016, the benchmark index MCXCOMDEX increased by 9.47 percent and NCDEX Dhaanya increased by 3.71 percent to close at 2989.7 and 2963.3 respectively on April 29, 2016. MCXCOMDEX recorded an intraday high of 3005.59 on April, 29, 2016 while 2673.76 on April 05, 2016 was lowest intra-day level during the month. NCDEX Dhaanya recoded an intra-day high of 3040.98 on April 22, 2016 and an intra-day low 2869.07 on April 01, 2016.

The total turnover at MCX was ₹4,92,661 crore in April 2016 registered a decline of 3.13 percent from ₹5,08,595 crore turnover registered in March 2016. The contribution to the total turnover at MCX from Bullion segment was at 40.06 percent followed by Energy segment at 32.85 percent, metals segment with 24.78 percent of the total turnover and agricultural commodities had a share of 2.31 percent.

The total turnover at NCDEX increased from ₹60,417 crore in March 2016 to ₹70,848 crore in April 2016 indicating an increase of 17.3 percent. The contribution of agricultural commodities in the total turnover stood at 99.65 percent while that of the Bullion segment stood at 0.35 percent.

The total turnover at NMCE decreased from ₹2,464 crore in March 2016 to ₹1,980 crore in April 2016 indicating a decline of 19.7 percent. The entire turnover at NMCE is contributed by the agricultural commodities segment.

The total turnover in agricultural commodities at all the three national exchanges stood at ₹83,948 crore while that of the non - agricultural commodities stood at ₹4,81,541 crore. The total turnover of agricultural commodities was the highest at NCDEX (₹70,598 crore) followed by MCX (₹ 11,370 crore) and NMCE (₹ 1,980 crore). The total turnover of non-agricultural commodities was the highest at MCX (₹4,81,291 crore) followed by NCDEX (₹ 250 crore).

Among the regional exchanges, Rajkot Commodity Exchange Ltd. recorded a turnover of ₹51.38 crore during April 2016 as against ₹535.4 crore in March 2016 with only one contract in castor seed. The Chamber of Commerce, Hapur recorded a total turnover of ₹ 831.32 crore in April 2016 as against ₹673.79 crore in March 2016. Only one mustard seed contract is being currently traded at the exchange. The Exchange of Indian Pepper and Spice Trade Association (IPSTA), Kochi where only pepper contracts are traded, registered a nil turnover during the month.

(Source: SEBI Manual – May 2016)

Mutual Fund

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realised are shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is one of the most suitable investments for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. It is an ideal tool for people who want to invest but don't want to be bothered with deciphering the numbers and deciding whether the stock is a good buy or not.

The MF industry pumped in significant funds in debt and equity funds leading to assets under management (“AUM”) reaching ₹ 13,53,444 Crore as in FY 2015-16, an increase of 13.86 % over ₹ 11,88,690 Crore in FY 2014-15. With new features and continuous innovations to meet customer needs, the model of investment and redemption of mutual fund units through an exchange-provided infrastructure has gained tremendous response in the market.

(Source: www.bseindia.com and BSE Annual Report 2016)

Depository

A depository is an organization which holds securities (like shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form at the request of the investors through a registered depository participant. It also provides services related to transactions in securities. In the depository system, securities are held in depository accounts, which is more or less similar to holding funds in bank accounts. Transfer of ownership of securities is done through simple account transfers. This method does away with all the risks and hassles normally associated with paperwork. Consequently,



the cost of transacting in a depository environment is considerably lower as compared to transacting in certificates. The minimum net worth stipulated by SEBI for a depository is ₹100 crore.

At present two Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are registered with SEBI.

National Securities Depository Limited (NSDL)

NSDL is the first and largest depository in India, established in August 1996 and promoted by institutions of national stature responsible for economic development of the country has since established a national infrastructure of international standards that handles most of the securities held and settled in dematerialised form in the Indian capital market.

Although India had a vibrant capital market which is more than a century old, the paper-based settlement of trades caused substantial problems like bad delivery and delayed transfer of title till recently. The enactment of Depositories Act in August 1996 paved the way for establishment of NSDL, the first depository in India. This depository promoted by institutions of national stature responsible for economic development of the country has since established a national infrastructure of international standard that handles most of the trading and settlement in dematerialised form in Indian capital market.

NSDL at a glance

(As on June 30, 2016)

Client Accounts Active	14,769,804
Accounts having Debt instruments	919,440
DPs	268
DP Service Centres	26994
DP Geographical Coverage (Cities/Towns)	1941
Companies Joined	16101

(Source: <https://nsdl.co.in/>)

Central Depository Services (India) Limited (CDSL)

CDSL's demat services are extended through its agents called Depository Participants (DP). The DP is the link between the investor and CDSL. An investor who opens a demat account with a DP can utilise the services offered by CDSL. While the DP processes the instructions of the investor, the account and records thereof is maintained with CDSL. A DP is thus a "Point of Service" for the investor.

CDSL's system is based on centralised database architecture with on-line connectivity with DPs. Because of this centralised architecture, the cost for setting up a DP outfit under CDSL system is significantly lower. Similarly, the recurring costs to be incurred by a CDSL-DP in terms of maintaining back-ups and the related data storage are minimal. This enables a CDSL-DP to offer depository services to investors at an attractive price and at the same time achieve break-even faster at much lower volumes. The centralized architecture also allows CDSL-DP to make available to the investors a to-the-minute status of their account and transactions.

CDSL-DPs can also set up branches with direct electronic connectivity with CDSL. CDSL -DPs can also extend service to investors through their various service centers connected through their back office.

CDSL at a glance

(As on June 30, 2016)

Client Accounts Active	1,12,24,276
Accounts having Debt instruments	13,177
DPs	580
DP Service Centres	161
DP Geographical Coverage (Cities/Towns)	110

(Source: www.cdslindia.com)



E-Governance

E-governance is the application of information & communication technologies to transform the efficiency, effectiveness, transparency and accountability of informational & transactional exchanges within government, between govt. & govt. agencies of National, State, Municipal & Local levels, citizen & businesses, and to empower citizens through access & use of information. Government in India has realised that e-governance is the key to drive today's economy with an increased participation from citizens. Providing services online is no longer going to remain optional for local and central government as demand for providing services at internet speed has been coming from the citizens. Applications like Unique I.D., Property Card and in Dept. of Health & Family Welfare Food & Civil Supplies / PDS shall be early to start.

Recognizing the increasing importance of electronics, the Government of India established the Department of Electronics in 1970. The subsequent establishment of the National Informatics Centre (NIC) in 1977 was the first major step towards e-Governance in India as it brought 'information' and its communication in focus. In the early 1980s, use of computers was confined to very few organizations. The advent of personal computers brought the storage, retrieval and processing capacities of computers to Government offices. By the late 1980s, a large number of government officers had computers but they were mostly used for 'word processing'. Gradually, with the introduction of better softwares, computers were put to other uses like managing databases and processing information. Advances in communications technology further improved the versatility and reach of computers, and many Government departments started using ICT for a number of applications like tracking movement of papers and files, monitoring of development programmes, processing of employees' pay rolls, generation of reports etc.

However, the main thrust for e-Governance was provided by the launching of NICNET in 1987 – the national satellite-based computer network. This was followed by the launch of the District Information System of the National Informatics Centre (DISNIC) programme to computerize all district offices in the country for which free hardware and software was offered to the State Governments. NICNET was extended via the State capitals to all district headquarters by 1990.

In the ensuing years, with ongoing computerization, teleconnectivity and internet connectivity, came a large number of e-Governance initiatives, both at the Union and State levels. A National Task Force on Information Technology and Software Development was constituted in May 1998. While recognising Information Technology as a frontier area of knowledge per se, it focused on utilizing it as an enabling tool for assimilating and processing all other spheres of knowledge. It recommended the launching of an 'Operation Knowledge' aimed at universalizing computer literacy and spreading the use of computers and IT in education. In 1999, the Union Ministry of Information Technology was created. By 2000, a 12-point minimum agenda for e-Governance was identified by Government of India for implementation in all the Union Government Ministries/Departments. The agenda undertaken included the following action points:

- i. Each Ministry/Department must provide PCs with necessary software up to the Section Officer level. In addition, Local Area Network (LAN) must also be set up.
- ii. It should be ensured that all staff who have access to and need to use computer for their office work are provided with adequate training. To facilitate this, inter alia, Ministries/Departments should set up their own or share other's Learning Centres for decentralized training in computers as per the guidelines issued by the MIT.
- iii. Each Ministry/Department should start using the Office Procedure Automation software developed by NIC with a view to keeping a record of receipt of dak, issue of letters, as well as movement of files in the department.
- iv. Pay roll accounting and other house-keeping software should be put to use in day-to-day operations.
- v. Notices for internal meetings should be sent by e-mail. Similarly, submission of applications for leave and for going on tour should also be done electronically. Ministries/Departments should also set up online notice board to display orders, circulars etc. as and when issued.
- vi. Ministries/Departments should use the web-enabled Grievance Redressal Software developed by the Department of Administrative Reforms and Public Grievances.
- vii. Each Ministry/Department should have its own website.



- viii. All Acts, Rules, Circulars must be converted into electronic form and, along with other published material of interest or relevance to the public, should be made available on the internet and be accessible from the Information and Facilitation Counter.
- ix. The websites of Ministries/Departments/Organisations should specifically contain a section in which various forms to be used by citizens/customers are available. The forms should be available for being printed or for being completed on the computer itself and then printed out for submission. Attempts should also be made to enable completion and submission of forms online.
- x. The Hindi version of the content of the websites should as far as possible be developed simultaneously.
- xi. Each Ministry/Department would also make efforts to develop packages so as to begin electronic delivery of services to the public.
- xii. Each Ministry/Department should have an overall IT vision or strategy for a five year period, within which it could dovetail specific action plans and targets (including the minimum agenda) to be implemented within one year.
(Source: www.india.gov.in)

The World Economic Forum's league table measuring the impact of technology on the development of nations, places Denmark at the top of the list for technological advancement, with other Nordic countries Sweden, Finland and Norway claiming second, fourth and 10th place respectively. So, for a country to be considered to be technologically advanced, e-Governance is a key requirement and measurement. But e-Governance is not just about improving delivery of services to citizens, businesses and government employees. It is also about blending Information and Communications Technology (ICT) with administrative reforms to make government more efficient, drive down costs and increase transparency in how government departments work. If implemented properly, it can be an asset for the un-served and under-served areas in India and help drive new levels of efficiency to government services in India.

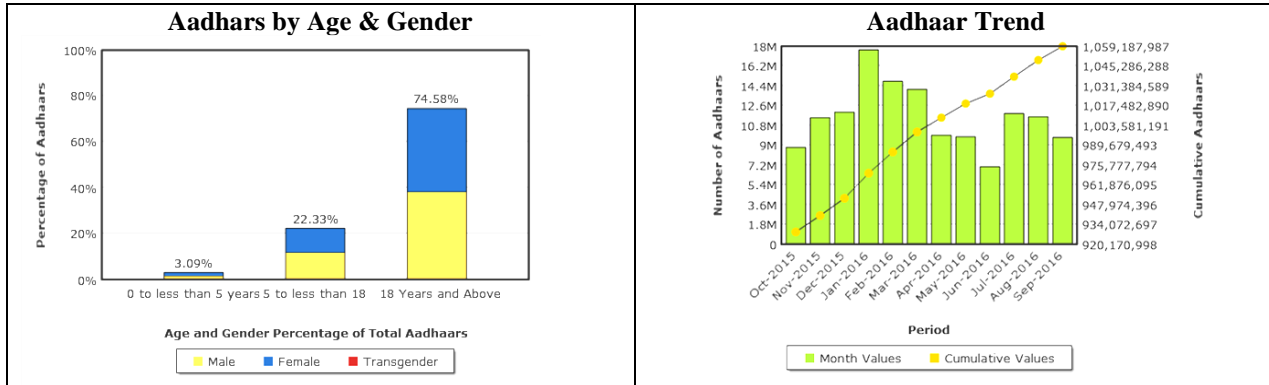
India's central and state governments have tended to follow a silo approach to e-Governance - some implementation has taken place but has tended to be piecemeal and disjointed and, consequently, having little impact. This has prevented the absolute necessity for the benefits of IT to percolate to the grass root level and has left the disjointed silos ineffective and (relatively) unused.

Based on these global experiences, the Government of India may adopt a five-point plan to implement effective e-Governance in India. They include:

- A nationwide mandate to allocate a fixed percentage of annual budget to e-Governance
- The need to adopt a mature, integrated and holistic solution/services based approach
- National level governance of the e-Governance programme
- Key Personnel appointed for the entire term of an e-Governance initiative
- Standing committee in government

Aadhaar Card

The Unique Identification Authority of India (UIDAI) was set up by the Government of India in January 2009, as an attached office under aegis of Planning Commission vide its a gazette notification. The UIDAI is mandated to assign a 12-digit unique identification (UID) number (termed as Aadhaar) to all the residents of India. As per the notification, the UIDAI has been given the responsibility to lay down plan and policies to implement UID scheme, to own and operate the UID database and be responsible for its updation and maintenance on an ongoing basis. The implementation of UID scheme entails generation and assignment of UID to residents; defining mechanisms and processes for interlinking UID with partner databases; operation and management of all stages of UID life cycle; framing policies and procedures for updation mechanism and defining usage and applicability of UID for delivery of various services among others. The number is linked to the resident's basic demographic and biometric information such as photograph, ten fingerprints and two iris scans, which are stored in a centralised database. More than 105,93,52,720 Aadhaar cards have been issued till September 27, 2016 to about 74.58% of the population, as detailed below:



(Source: <https://portal.uidai.gov.in/uidwebportal/dashboard.do>)

PAN Card

Permanent Account Number (PAN) is a code that acts as an identification for Indian nationals, especially those who pay Income Tax. It is a unique, 10-character alpha-numeric identifier, issued to all judicial entities identifiable under the Indian Income Tax Act, 1961. An example number would be in the form of ARLPA0061H. It is issued by the Indian Income Tax Department under the supervision of the Central Board for Direct Taxes (CBDT) and it also serves as an important proof of identification.

More than 24.37 crore PAN Cards have been issued in India. It is mandatory to quote PAN mandatory for all transactions, including purchase of jewellery, above Rs 2 lakh apart from certain categories of economic deals (Source: <http://timesofindia.indiatimes.com/business/india-business/Over-24-37-crore-PAN-cards-alloted-in-country-I-T-department-says/articleshow/51124182.cms>).

Insurance

During April 2015 to March 2016 period, the life insurance industry recorded a new premium income of Rs 1.38 trillion (US\$ 20.54 billion), indicating a growth rate of 22.5 per cent. The general insurance industry recorded a 12 per cent growth in Gross Direct Premium underwritten in April 2016 at Rs 105.25 billion (US\$ 1.55 billion). Life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a Compound Annual Growth Rate (CAGR) of 12-15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020.

The country’s insurance market is expected to quadruple in size over the next 10 years from its current size of US\$ 60 billion. During this period, the life insurance market is slated to cross US\$ 160 billion. The general insurance business in India is currently at Rs 78,000 crore (US\$ 11.44 billion) premium per annum industry and is growing at a healthy rate of 17 per cent.

The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 per cent of the world’s total insurance premiums and about 2 per cent of the world’s life insurance premiums despite being the second most populous nation. The country is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years.

Health Insurance

Historically Health insurance is recognized as one of the important elements of health care. While the prevalence of health infrastructure and the technological advancements in medical field may offer a succor, they do not completely substitute for health insurance. The insurance sector in India which initially covered certain areas like life, motor, marine insurance is gradually making rapid strides to cover the exclusive health risks contingent on human lives. Health insurance premiums have been registering a significant CAGR of 24.6 per cent in the preceding ten years. The Gross health insurance premium underwritten which was R 2221 crore in the year 2005-06 has increased to Rs 20,096 crore by 2014-15. The number of lives covered under Health insurance policies during FY 2014-15 was 28.80 crore. As per the Census of India 2011, the



population of India was 121.02 crore. As such, assuming that only one policy has been issued to one person, it may be estimated that approximately 24 per cent of India's total population has been covered under any of the health insurance policies during the FY 2014-15.

It is projected that the non life industry has the potential to reach Rs 4,80,000 crore of Gross Written Premium by 2025. With about 25% market share in the non life industry at present, the health insurance segment has a significant role in covering various sections of Indian population who are otherwise insurable, but not covered with any health insurance scheme. With a projected insurable population of about 1 billion for health insurance by 2025, the average life expectancy expected to be reaching 74 years by 2020 (from the existing 66 years) and about 75% of medical expenses of average households at present being met out of pocket, it is widely considered that health insurance has a rewarding role to play.

Report of the committee on India Vision 2020 constituted by the then Planning Commission in its report in December 2002 has already recognized that health insurance can play an invaluable role in improving health care system in India.

With the draft 'National Health Policy of 2015' targeting to influence the growth of the private health care industry and medical technologies to ensure alignment with public health goals; it is expected that there will be significant development in the availability of health infrastructure. Availability of health infrastructure also spurs the demand for health insurance.

With an increase in the number of non-life insurers, there has been a significant improvement in the product innovation in the health insurance segment. Innovation in product development also offers ample opportunity to various categories of the population to get covered with much needed and specific health insurance solutions. Products are being brought out by various players for various non communicable diseases such as diabetes, cancer etc. The demand for specific health insurance solutions also leads to product innovation, which in turn enhances the penetration of health insurance. During the year 2014-15, under various Governments sponsored health insurance schemes (including RSBY) 21.25 crore lives (provisional figures) were covered. This is a potential market base down the line. When income earning capacity of these persons improves they will turn as the potential market segment to buy the voluntary insurance from the insurance companies.

Under these circumstances; keeping in view both the need and the potentiality of the sector, Insurance Laws (Amendment) Act, 2015 recognized Health Insurance as a class of business enabling the incorporation of standalone health insurance companies.

Health insurance business is defined as 'effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover'. It is a milestone for the Indian Insurance Business and to all the stakeholders to recognize health insurance as a standalone class.

Recognition of health insurance as a standalone class of business is sure to usher in an era of improving an access to the health services to the entire range of population, thereby reducing the share of 'out of pocket' expenses in the overall expenses incurred towards health expenses. Recognizing health insurance as a class may result in a number of players entering this field as standalone health insurers. Insurance being the business of large numbers, it is essential that there is a demand from a wide range of the targeted population to enable the insurers to offer the range of products that cater to their health insurance needs. Availability of a number of players who offer health insurance solutions also enhances health insurance awareness leading to a reasonable demand that in turn helps in offering health insurance products at economical prices. Incidentally, the Government has also increased the maximum Foreign Direct Investment cap to 49% in the year 2014-15. This increase in FDI cap, coupled with recognizing Health Insurance as a special class, is likely to attract a number of players offering a range of health insurance solutions to the Indian insuring public.

Life Insurance

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary that the premium rate tables and periodical



valuations of companies should be certified by an actuary. But the Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies at a disadvantage.

The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as ₹22.44 crore, it rose to 176 companies with total business-in-force as ₹298 crore in 1938. During the mushrooming of insurance companies many financially unsound concerns were also floated which failed miserably. The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business. The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were operating in India at the time of nationalization. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill. The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

The Life Insurance Sector procured ₹1,38,657.31 crores First Year Premium with a growth of 22.55% as at the end of 31st March, 2016. LIC procured Rs 97,674.32 Crores with a growth of 24.74% where as Private Sector procured Rs 40,983.00 Crores posting a growth of 17.63%. Private sector experienced a growth in both Individual NB and Group NB where as LIC shown a growth in Group NB and decline in Individual NB.

The number of individual policies has shown a growth of 1.88% by public sector and 7.93% by private sector and an overall growth of 3.22% at the industry level. The number of lives covered under Group policies has shown a growth by 40.02% at the industry level. ULIP business has shown a growth of 32.03% up to the period ended 31st March, 2016 compared to the corresponding previous period. The Life Insurance Industry has procured Linked Premium of ₹17,598.49 crores as at 31st March, 2016 as against ₹13,329.45 crore for the same corresponding period of previous year. This entire growth may be attributed to the Private Sector (growth of 31.82%) while LIC has a growth of 4123.19% with ₹29.14 crore against the ₹ 0.69 crore business in the previous year corresponding period.

The Life Insurance Industry has procured Linked Premium of ₹17,598.49 crore as at 31st March, 2016 as against ₹13,329.45 crore for the corresponding period of previous year. It showed an increase of 32.03%. LIC's Premium is ₹29.14 crore compared to previous year's ₹0.69 crore), an increase of 4123.19%. Private players have collected linked Premium of ₹17,569.35 crore (PY ₹13,328.76 crore), an increase of 31.82%. Analysis of Traditional Business: The Life Insurance Industry has procured Non-Linked Premium of ₹1,21,058.82 crore as at 31st March, 2016 as against ₹99,813.20 crore for the same corresponding period of previous year. It shows a growth of 21.29%. LIC's Premium is ₹97,645.17 crore (PY ₹ 78,301.95 crore), a growth of 24.70%. Private players have collected Nonlinked Premium of ₹23,413.64 crore (PY ₹21511.25 crore), an increase of 8.84%.

The Insurance Industry of India consists of 52 Insurance companies of which 24 are in Life Insurance business and 28 are Non-Life insurers. The Life industry details as given by Life Insurance Council is as below:

Sr. no	Data Description	(Provisional and unaudited)		
		FY 2015	FY 2014	Growth rate
1	Capital Deployed (including share premium if any) (₹ crore)	35,680	35,021	1.88%
2	Number of branches	11,030	11,013	0.15%
3	Number of agents (Individual)	20,67,856	22,09,894	-6.43%
4	Number of direct employees	2,49,221	2,44,522	1.92%
5	Total Assets (₹ crore)	23,44,228	20,06,867	16.81%
6	Equity (at Market Value)	6,29,967	5,26,265	19.71%
7	Infrastructure Investments (₹ crore)	2,91,332	2,60,256	11.94%
8	Renewal Premium (₹ crore)	2,14,398	1,93,862	10.59%

(Source: <http://www.licindia.in/>, IRDA Journal – March 2016, Life Insurance Corporation of India Annual Report – 2015)



General Insurance

Insurance other than 'Life Insurance' falls under the category of General Insurance. General Insurance comprises of insurance of property against fire, burglary etc, personal insurance such as Accident and Health Insurance, and liability insurance which covers legal liabilities. There are also other covers such as Errors and Omissions insurance for professionals, credit insurance etc.

Non-life insurance companies have products that cover property against Fire and allied perils, flood storm and inundation, earthquake and so on. There are products that cover property against burglary, theft etc. The non-life companies also offer policies covering machinery against breakdown, there are policies that cover the hull of ships and so on. A Marine Cargo policy covers goods in transit including by sea, air and road. Further, insurance of motor vehicles against damages and theft forms a major chunk of non-life insurance business.

Liability insurance covers such as Motor Third Party Liability Insurance, Workmen's Compensation Policy etc offer cover against legal liabilities that may arise under the respective statutes— Motor Vehicles Act, The Workmen's Compensation Act etc. Some of the covers such as the foregoing (Motor Third Party and Workmen's Compensation policy) are compulsory by statute. Liability Insurance not compulsory by statute is also gaining popularity these days. Many industries insure against Public liability. There are liability covers available for Products as well.

There are general insurance products that are in the nature of package policies offering a combination of the covers mentioned above. For instance, there are package policies available for householders, shop keepers and also for professionals such as doctors, chartered accountants etc. Apart from offering standard covers, insurers also offer customized or tailor-made ones.

Suitable general Insurance covers are necessary for every family. It is important to protect one's property, which one might have acquired from one's hard earned income. A loss or damage to one's property can leave one shattered. Losses created by catastrophes such as the tsunami, earthquakes, cyclones etc have left many homeless and penniless. Such losses can be devastating but insurance could help mitigate them. Property can be covered, so also the people against Personal Accident. A Health Insurance policy can provide financial relief to a person undergoing medical treatment whether due to a disease or an injury.

Industries also need to protect themselves by obtaining insurance covers to protect their building, machinery, stocks etc. They need to cover their liabilities as well. Financiers insist on insurance. So, most industries or businesses that are financed by banks and other institutions do obtain covers. But are they obtaining the right covers? And are they insuring adequately are questions that need to be given some thought. Also organizations or industries that are self-financed should ensure that they are protected by insurance.

Most general insurance covers are annual contracts. However, there are few products that are long-term. (*source: <http://www.irdaindia.org/>*)

National Pension Scheme

The National Pension System (NPS) is a defined-contribution pension system operated by the Government of India. In 2004, the Government of India decided to move from a defined-benefit pension system to a defined-contribution pension system. Apart from offering a range of investment options to employees, the scheme allows individuals to make decisions about where their pension fund is invested, permits limited withdrawal prior to retirement and reduces the total pension liabilities of the Government of India. The scheme is structured in two tiers. A tier-1 account is a basic retirement pension account available to all citizens from 1 May 2009. It does not permit withdrawal of funds before retirement. A tier-2 account is a Prospective payment system (PPS) account that permits some withdrawal of pension prior to retirement under exceptional circumstances, usually related to the provision of health care.

The pension scheme is administered on behalf of the government by the Pension Fund Regulatory and Development Authority india (PFRDA). NPS is open to citizens of between the ages of 18 and 60 on a voluntary basis. It is a defined contribution retirement savings scheme designed the subscribers to make optimum decisions regarding their future through systematic savings during their working life. The employee contribution is fixed at 10% per month which is matched by an



employer contribution of the same amount. Central and state government employees along with Public Sector employees mandatory contributing in National Pension Scheme are restricted from availing any other form of pension scheme initiated by government of India.

Under the investment guidelines finalized for the NPS, pension funds are invested in three separate asset classes. The three asset classes are equity (E), government securities (G) and a corporate debt (C). Subscribers are able to decide how their NPS pension fund is allocated across the three asset classes.

In case the subscriber does not exercise any choice with regard to asset allocation, the contribution is invested in accordance with the 'Auto choice' option. In this option, the investment is determined by a predefined template that allocates funds according to the average expectation of investors at different stages of their life. The basic assumption, in line with industry guidelines, is that young people can afford to make riskier investments but security of return becomes more important as retirement approaches.

The other option for a subscriber is to invest as per his 'Active Choice' which allows him to allocate his investments across the 3 asset classes. As a conservative investor, one can invest his complete pension wealth in C and G asset classes. However, if one wants to have an exposure to equity, then he can allocate a maximum of 50% of his assets to the asset class E.

To encourage people from the unorganised sector to voluntarily save for their retirement the Central Government launched a co-contributory pension scheme, 'Swavalamban Scheme- External website that opens in a new window' in the Union Budget of 2010-11. Under Swavalamban Scheme- External website that opens in a new window, the government will contribute a sum of ₹1,000 to each eligible NPS subscriber who contributes a minimum of ₹1,000 and maximum ₹12,000 per annum. This scheme is presently applicable upto F.Y.2016-17.

NPS offers following important features to help subscriber save for retirement:

The subscriber will be allotted a unique Permanent Retirement Account Number (PRAN). This unique account number will remain the same for the rest of subscriber's life. This unique PRAN can be used from any location in India.

PRAN will provide access to two personal accounts:

- **Tier I Account:** This is a non-withdrawable account meant for savings for retirement.
- **Tier II Account:** This is simply a voluntary savings facility. The subscriber is free to withdraw savings from this account whenever subscriber wishes. No tax benefit is available on this account.

Number of subscribers under NPS and APY have shown increase from 124.16 lakh as at the end of April 2016 to 127.17 lakh as on 28th May 2016, The main contributor to the growth is subscribers under Atal Pension Yojana which has increased by 9.07% during the month of May, 2016. The overall growth has been 2.42% in the month of May 2016. The table depicting the same is as under.

Sector	Number of subscribers as on 28.05.2016
Central Government	16,80,607
State Government	29,89,130
Corporate	4,87,431
Uos (All citizen Model)	2,31,056
NPS Lite	44,70,594
Atal Pension Yojana	28,57,868
Total	1,27,16,686

New registration under NPS Lite has been stopped w.e.f April 1, 2015

(Source: <http://pfrda.org.in/> and NPS Bulletin – May 2016)



Non-banking financial companies (NBFCs)

Non-banking financial companies (NBFCs) are fast emerging as an important segment of Indian financial system. It is an heterogeneous group of institutions (other than commercial and co-operative banks) performing financial intermediation in a variety of ways, like accepting deposits, making loans and advances, leasing, hire purchase, etc. They raise funds from the public, directly or indirectly, and lend them to ultimate spenders. They advance loans to the various wholesale and retail traders, small-scale industries and self-employed persons. Thus, they have broadened and diversified the range of products and services offered by a financial sector. Gradually, they are being recognised as complementary to the banking sector due to their customer-oriented services; simplified procedures; attractive rates of return on deposits; flexibility and timeliness in meeting the credit needs of specified sectors; etc.

The working and operations of NBFCs are regulated by the Reserve Bank of India (RBI) within the framework of the Reserve Bank of India Act, 1934 and the directions issued by it under the Act. As per the RBI Act, a 'non-banking financial company' is defined as:- (i) a financial institution which is a company; (ii) a non banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; (iii) such other non-banking institution or class of such institutions, as the bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

Under the Act, it is mandatory for a NBFC to get itself registered with the RBI as a deposit taking company. This registration authorises it to conduct its business as an NBFC. For the registration with the RBI, a company incorporated under the Companies Act, 1956 and desirous of commencing business of non-banking financial institution, should have a minimum net owned fund (NOF) of Rs 200 lakh.

The registration process involves submission of an application by the company in the prescribed format along with the necessary documents for RBI's consideration. If the bank is satisfied that the conditions enumerated in the RBI Act, 1934 are fulfilled, it issues a 'Certificate of Registration' to the company. Only those NBFCs holding a valid Certificate of Registration can accept/hold public deposits. The NBFCs accepting public deposits should comply with the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, as issued by the bank. Some of the important regulations relating to acceptance of deposits by the NBFCs are:-

- They are allowed to accept/renew public deposits for a minimum period of 12 months and maximum period of 60 months.
- They cannot accept deposits repayable on demand.
- They cannot offer interest rates higher than the ceiling rate prescribed by RBI from time to time.
- They cannot offer gifts/incentives or any other additional benefit to the depositors.
- They should have minimum investment grade credit rating.
- Their deposits are not insured.
- The repayment of deposits by NBFCs is not guaranteed by RBI.

The types of NBFCs registered with the RBI are:-

- **Equipment leasing company:-** is any financial institution whose principal business is that of leasing equipments or financing of such an activity.
- **Hire-purchase company:-** is any financial intermediary whose principal business relates to hire purchase transactions or financing of such transactions.
- **Loan company:-** means any financial institution whose principal business is that of providing finance, whether by making loans or advances or otherwise for any activity other than its own (excluding any equipment leasing or hire-purchase finance activity).
- **Investment company:-** is any financial intermediary whose principal business is that of buying and selling of securities.
(Source: www.india.gov.in)



BUSINESS OVERVIEW

We are a diversified financial services company, providing trading platform under Capital Market, Futures & Options and Currency Derivatives of NSE, BSE and MSE (Formerly known as MCX-SX). We are a Depository Participant of NDSL and CDSL. We distribute Mutual funds and IPO products. We have been appointed as Point of Presence under PFRDA to promote National Pension Scheme (NPS)

We have been appointed as a TIN-FC (Tax Information Network – Facilitation Centre) of NSDL E-Governance. We also have been empanelled as enrollment agency under Unique Identification Authority of India (UIDAI). E-Governance products served by us include PAN, TAN, E-TDS, AIR, Form 24G, Aadhar Card. We are an approved entity for National Insurance policy Repository (NIR) wherein insurance policies are held in electronic form in a single E-Insurance Account. We are the only competent broking outfit who has been recognized and authorized to provide above e-governance services by Government of India.

Our Subsidiary is a member of MCX and NCDEX providing commodity future trading platform and a corporate Agent with SBI Life Insurance, Reliance Life Insurance, United India Insurance (General Insurance) and Religare Health. Our Group Company provides NBFC services which includes Personal loans, Gold loans and Loans against securities.

We have our Research and Analysis team to focus on market movements for investment opportunities towards business growth and also to minimize the risk. Our online Back-office application is available on 24/7 basis to get the required information instantly.

We are an ISO 9001:2008 certified Company having business operations in 27 states across India. Our first VSAT for the Trading Work Station (TWS) at Hyderabad was installed in December 1995 and the second in Visakhapatnam during April 1996. We carry our business operations from our registered, corporate office at Visakhapatnam and through various centres across India.

Our Business Verticals

The following chart illustrates our corporate structure , organised by verticals of business wherein we operate

Business Network

We have Capital Market foot print of 779 locations (71 branches, 65 sub-brokers and 643 Authorized Persons) across India with 1600+ terminal licenses being connected to the Central Location. Our branches are spread over 73 properties located in Southern Region of India, out of which 4 are owned by us and the remaining are on leased basis.

Our business is being extended to the remote locations where, we have created awareness for all categories of -business people to plan their investments in these growing financial markets of Equity, Derivatives and Commodities. Apart from this we also have web clients from both Equity and Commodity market segments.

Within one and half year of our foray into e-governance business operations, our presence in e-governance services across the country has reached 27 states. We are also planning to spread our brand and products in remaining states to increase business volumes and clients.

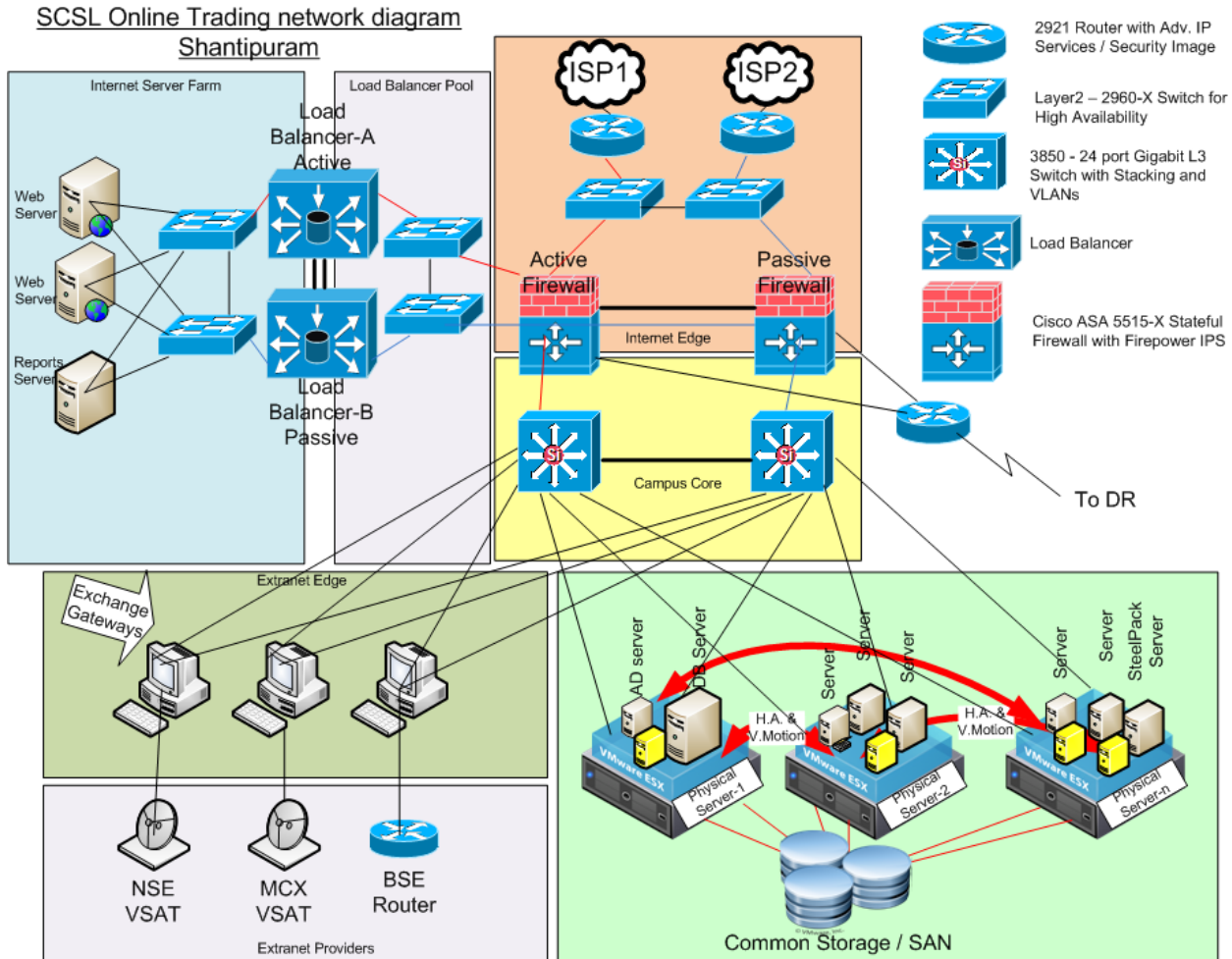
Capital Market Services

Broking

We are a member of various national level Exchanges viz; NSE, BSE, MCX, NCDEX and MCX-SX for Stock, Derivative, Commodity and Currency segments with more than 2 lac trading clients registered with us. We provide trading platform for Capital Market, Futures & Options, Commodities and Currency Derivatives of NSE, BSE, MCX, MSE (Formerly known as MCX-SX) and NCDEX. We presently have 779 locations with the aforesaid facilities of which 71 are under our direct supervision and 708 through sub-brokers and Authorised Persons.



We offer equity and derivatives broking services through dedicated dealers and managers. All our centres are connected via VSAT, VPN and CTCL. Brokerage services are provided to active clients, retail investors and high networth investors with advisory assistance by our dedicated dealers and managers located at our centres based on technical, fundamental and market research carried out by our research team. The retail clients acquisition has seen accelerated growth owing to wide spread branch and franchisee network of the Company. All our clients are connected with our network and the network system as depicted below:



We also have an online e-broking portal i.e; www.steelcitynettrade.com which provides an online trading platform to our clients supported by our experienced team of research analysts, real time stock quotes, market news and price charts along with multiple tools for technical analysis. The said portal is linked with our depository operations enabling easy trading facilities for our customers/ users. Our registered clients can trade directly through their Computers / cell phones through our Zero maintenance licensed software which is either a Browser and/or Application based. This software supports Multiple Market watch screens with Bank Interface/ link.



Segment wise performance of our Company for preceding five years is illustrated as under –

Segment	Total Number of Clients				
	2011-12	2012-13	2013-14	2014-15	2015-16
Stocks	74,659	77,788	81,028	84,656	88,912
Commodity	9,901	11,264	12,128	12,623	11,617
Currency	513	1,358	2,577	3,670	4,260

Segment	Yearly Turnover (Rs in Crs)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Stocks	39,047.38	38,149.46	37,421.44	56,317.53	50,370.53
Commodity	31,540.92	27,935.93	17,817.40	8,423.84	11,231.64
Currency	80.68	214.38	598.14	440.76	289.00

Depository Participant

We are a depository participant of NDSL and CDSL since the year 2002 with more than 1.3 lac demat accounts registered with us. As a leading depository participant with both NSDL & CDSL, company has direct connectivity at Visakhapatnam to provide a safe, convenient and cost-effective way to hold securities in the electronic form. Our services provide an integral platform to all our clients ensuring a risk free, efficient and prompt depository service. The effective management of transactions by skilled professionals has helped out our Company to gain the trust of the clients over the years as depicted below -

	Total number of Demat Accounts				
	2011-12	2012-13	2013-14	2014-15	2015-16
NSDL	113845	114393	114529	116142	117770
CDSL	7706	9765	11844	12931	13676

- E-governance

The primary purpose and object of e-governance is the welfare of citizens. With the increasing awareness among citizens about their rights and the resultant increase in expectations from the government to perform and deliver, the whole paradigm of governance has changed. Government, today, strives to be more transparent in its dealings, accountable for its activities and faster in its responses which have made the use of information and communication technology (ICT) imperative in any agenda drawn towards achieving good governance. The reason why our company has opted for 'e-Governance' is that governance per se has become more complex and varied in the last few decades and more importantly, citizens' expectations from government have increased manifold. ICT facilitates efficient storing and retrieval of data, instantaneous transmission of information, processing information and data faster than the earlier manual systems, speeding up governmental processes, taking decisions expeditiously and judiciously, increasing transparency and enforcing accountability. We believe that ICT can make the provision of services to the citizen more efficient and transparent, can save costs and lead to a higher level of comfort and satisfaction to the citizens in dealing with Government.

During August 2014, we have been appointed to operate as an established Tax Information Network – Facilitation Centre with an obligation to operate Tax Information Network (TIN) of NSDL e-governance. In the year of 2016, our Company has been empanelled as AADHAAR Enrolment Agency under UIDAI for enrolment of residents of India. We provide E-Governance services through our 900+ centres located across India. Various e-governance products served by our Company includes PAN, TAN, e-TDS, AIR, Form 24G, TAN and PAN change requests, through TIN-FC locations across the country. We believe in providing quality information and high standard of service delivery, encouraging new advanced technology and making the system more accountable, transparent and effective.



TIN Facilitation Centres – PAN/TAN/TDS.

Our Company with its presence across 27 States, offers the following services –

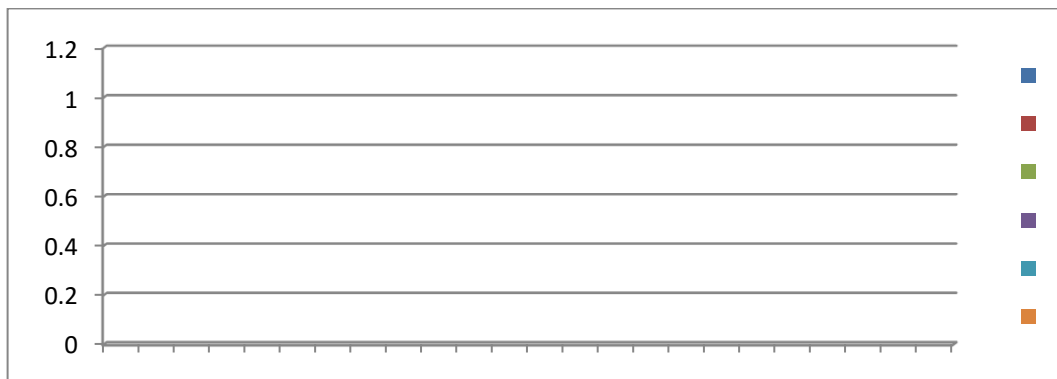
- Receive e-TDS/TCS returns from deductors/collectors and upload them to the TIN central system.
- Receive TDS/TCS returns in paper format from non-corporate, non-government deductors/collectors and upload them to the TIN central system.
- Receive Annual Information Returns from filers and upload them to the TIN central system.
- Receive 'applications for allotment of new TAN (Form 49B)' and 'Request for Changes or Correction in TAN data for TAN allotted' from TAN applicants.
- Receive 'applications for allotment of new PAN (Form 49A,Form 49AA)' and 'Request for new PAN Card or/and changes or Correction in PAN data' from PAN applicants.
- Receive Form 24G statements from Account Offices (AO) and upload them to the TIN central system

TIN-FC Monthly Performance

Period	PAN	PAN CHANGE	TAN	TAN CHANGE	TDS	Total
2014-15 *	7084	665	8	0	122	7879
2015-16	121032	12652	955	161	33371	168171
Apr-16	23696	2478	227	9	4447	30857
May-16	29820	2955	241	18	21274	54308
Jun-16	34646	3573	210	16	4465	42910
Jul-16	38206	4088	208	12	19692	62206
Aug-16	42411	4857	241	19	4654	52182
Total	296895	31268	2090	235	88025	418513

* Since September 2014

TIN-FC Monthly Performance (Graph)



Branch Expansion

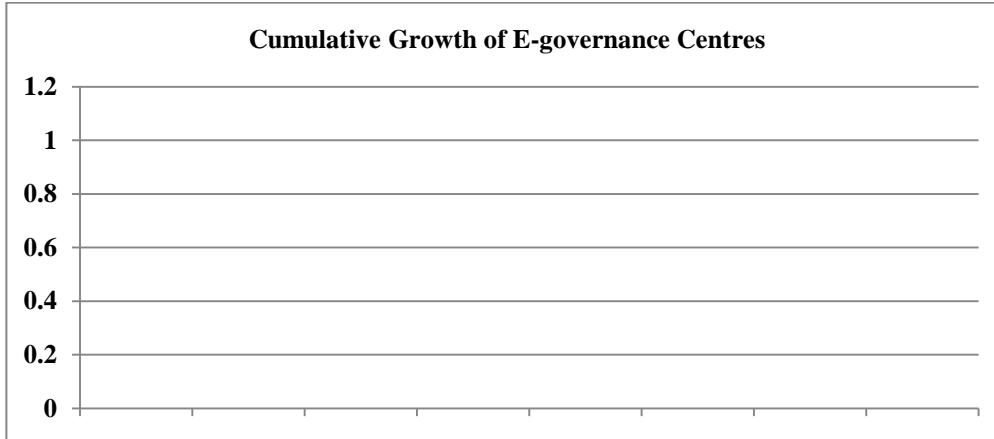
MONTHS	No. of Locations
2014-15 *	71
2015-16	470
April -16	63
May-16	56



MONTHS	No. of Locations
June -16	45
July -16	71
August -16	61
September - 16	73

* Since September 2014

TIN-FC Branch Expansion Network(Graph)

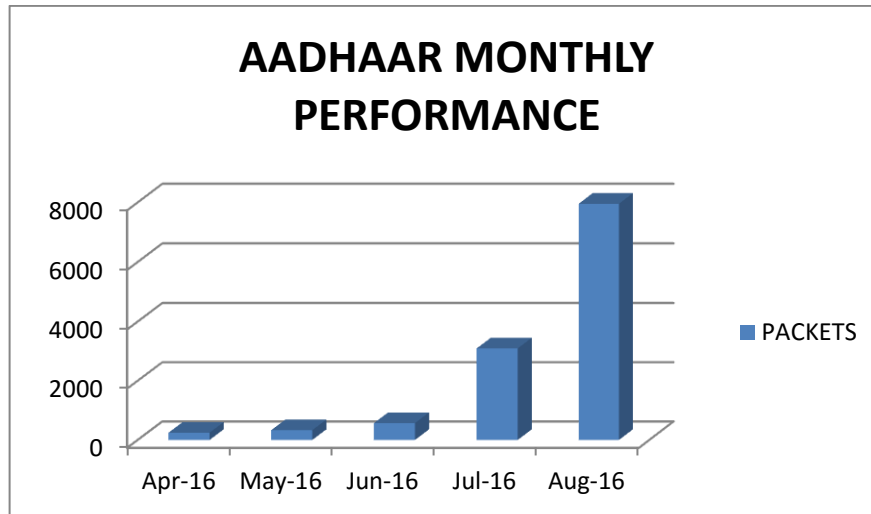


UID Enrolment (Aadhaar)

The Company has been empanelled as Enrolment Agency under UIDAI for enrolment of residents of India. The Company has also been registered as Authentic User Agency (AUA) wherein AADHAAR number along with other attributes (demographic / biometrics / OTP) is submitted to UIDAI for verification. The Company is one of the entities appointed as Enrolment Agency by UIDAI for AADHAAR Seeding by which AADHAAR Numbers are included in the service delivery database of service providers for enabling deduplication of database. AADHAAR card is also linked to services like banking, mobile phone connections and other Government and Non-Government services. It therefore lowers the risk of fake ID proofs.

Aadhaar Kendra Monthly Performance

Month	No. of AADHAAR applications processed (Packets)
April 2016	243
May 2016	329
June 2016	569
July 2016	3091
August 2016	7952



National Pension Schemes

We are recognized as Points of Presence (POP) by PFRDA (Pension Fund Regulatory and Development Authority, Govt. of India) to promote pension schemes for the benefit of Indian citizens. We promote pension schemes through PFRDA for the retirement benefits. We are providing NPS services from 47 branches. Through our network, the company takes care of functions relating to Subscriber Registration for NPS, undertaking Know Your Customer (KYC) verification, receiving contributions and instructions from subscribers and transmission of the same to designated NPS intermediaries

National Insurance Repository services (NIR)

Our Company also acts as an Approved Person for National Insurance Policy Repository (NIR) under NSDL. In terms of NIR, all types of insurance policies are held in electronic form in a single e-Insurance Account. This account acts as a single point of contact for policy holder for keeping, viewing and amending the policy details. This help the policy holder in eradicating the problems of holding the insurance policies in physical form and also helps to facilitate common Know Your Customer for the e-Insurance Account. Our Company as Approved Person for NIR, facilitates opening of e-Insurance Account and other servicing requests from the policyholders. We are providing NIR services from 345 business locations.

- Distribution of Mutual Funds, Bonds and IPOs

We are also into distribution of Mutual funds, Bonds and IPOs. We offer various options of investments in Mutual Funds, Tax saving ELSS Schemes, RBI Bonds, Capital Gain Bonds U/s 54EC, Primary Market Investments, IPO, On-line IPO Applications etc.

We have utilised our strength of network, clients specially high networth individuals and corporates with high liquidity for distribution of financial products. We use our relationship with our clients for marketing IPOs where we acts as broker and also use our centres for mobilizing retail subscription.

- Loans

We provide NBFC services through our Group Company, Steel City Financial Services (P) Limited. Registered with the Reserve Bank of India as a Systemically Important Non Deposit Accepting Non Banking Financial Company (NBFC), the company operates across various areas of business namely the Commercial Business Loan, Home Loan, Car Loan, Personal Loans, Loans Against Securities

- Insurance Distribution



During year 2012, we established our Insurance wing through our Subsidiary, Steel City Commodities (P) Limited. Our said Subsidiary provides a single window approach, expert advice (from qualified risk managers) for a well designed and suitable Insurance cover from a pool of options. Be it advising on the right insurance product or identifying & managing the risks involved, we make sure that the investments are done wisely and as per the interests of the clients.

Steel City Commodities (P) Limited offers Life and Non-Life Insurance products of leading insurance companies, covering almost the entire spectrum of risks that an individual, a small local business or a major corporate or multinational may face. We understand that every individual and each situation is unique, so we work directly with individuals, understand their needs and custom design solutions which meet their requirements.

Life Insurance

Our Subsidiary is a corporate Agent of SBI Life Insurance, Reliance Life Insurance. We offer a comprehensive range of products that ensures life protection and caters to the financial requirement of the clients. Keeping in mind the risk appetite of our clients, we offer the best suitable policies so that they can enjoy the benefits on every stage of life.

Non-life Insurance

Our Subsidiary is a corporate Agent of United India Insurance (General Insurance) and Religare Health. Keeping in pace with the increasing insurance requirements, Steel City Commodities Private Limited offers a numerous insurance covers under the General Insurance category such as Motor Insurance, Health Insurance, Personal Accident, Travel and other package policies for House & Business Places. Apart from the standard covers, Steel City Commodities Private Limited also offers Specialized & Tailor made products & Insurance on best terms & conditions with Indian & Multi National Insurance companies.

COMPETITIVE STRENGTHS

We are into the business of providing financial and e - governance services. We believe that we have following competitive strengths to maintain and enhance our position as a reputed service provider. Our principal competitive strengths are hereunder:-

Well established company with one of the largest distribution network:

We started our activities in the year 1995 and since then we are the leading company engaged in the business of stock broking in Southern India. We are an ISO 9001:2008 certified company. Our products and services are distributed through a pan -India network. Our business has grown from a single location to a nationwide network spread across 900+ business locations operated by business associates or directly through own branches in 500+ cities. We cater to over 2,00,000 customers in different areas in which we operate. In addition to the geographical spread, our Company also offers online portal to provide services to clients.

Strong Brand Name with large customer base:

‘Steel City’ is a well-established brand among retail investors in India. Our Company believes that its brand is associated with high quality research and advice as well as corporate values like integrity and excellence in execution. Our focus on reaching retail investors in Tier II and Tier III cities has provided significant growth opportunities thereby enhancing our brand value. We have been able to leverage our brand awareness to grow our businesses, build relationships and retain talented individuals which is important in the financial services industry. We believe that our large customer penetration with a strong brand name depicts significant competitive strength which will help us to secure repeat business from satisfied clients.

Diversified yet integrated mix of business:

Our business comprises of many vertical activities such as Capital market broking, Depository Participant services, insurance brokerage, services relating to e-governance etc. All these services are offered to our clients on an integrated platform through 900+ business locations. In addition to the geographical spread, company also offers an online portal to provide services to clients. This helps us to leverage relationships across diversified lines of business.



We continuously endeavor to widen our portfolio and offer varied products to our clients. We believe that our presence in diverse verticals of business helps us to reduce the risk arising from concentration in one vertical of business.

Experienced top management:

Our Promoters and senior management team have significant experience in the financial services industry. They have been instrumental in development of our business. Each of our promoters has over two decades of experience. We benefit from their industry expertise, vision and leadership. We believe that our management's entrepreneurial spirit, strong technical expertise, provides us with a significant competitive advantage for the growth of our business.

Centralized processing method:

We follow centralised processing method whereby the account opening applications/ requests from clients submitted at any of our centre across India, are being processed at Vishakhapatnam which enables us to follow a rational and uniform methodology. Further, we are able to have a full KYC details of all the clients registered with us at any of the centre which enables to have a consolidated data base of all our clients at single point. The same also facilitates ease in risk management and overall control.

Strong Risk Management:

We have a large client base of retail investors spread across geographical locations. We have implemented standard practices to minimize the risk involved in dealing with large number of clients. Our Company has in place an effective real time On-line Risk Management System (RMS), which facilitates in decision making in fields of operation, compliance and legal reporting. These systems are constantly reviewed to keep abreast of the changing needs of the market, scenario. In case of operational risks, every order of a client goes through an automatic validation process against the available limits and order gets routed to exchange only if the order is within the predefined limits. On reaching the limit, prescribed client account gets frozen and only orders that would bring down the position would be permitted by the system. The risk mitigation plans are well thought out and implemented due to which the adverse impact of risk is avoided or kept at minimum levels.

Proliferation of E-Governance business:

Our timely foray into e-governance business coupled with our well established broking network has created an edge for us to monetise the rapidly growing demand for e-governance services. We have diversified into providing e-governance services since September 2014. Within short span of time, we have been able to expand our network and bouquet of services in the e-governance business. Our strong foundation has enabled us to en-cash on the already available network across India. Today we have been able to set up 900+ business locations providing e-governance services across India. Such diversification had enabled us to reduce our risk of dependence on capital market. Further, considering the strong initiative taken by Government of India to move towards more transparent through e-governance, we perceive good potential in the e-governance business. Through improved client relationship management, convenient and effective channels of distribution, we expect to grow our e-governance business both in overall terms and on a per business location basis.

PRESENT INFRASTRUCTURE AND FACILITIES

VSAT Network

We have country wide VSAT Based Trading Terminals installed to access and trade in all segments like Capital Market, Future & Options, and Commodity of NSE, BSE, MCX and NCDEX. We also have facility for remote user to trade via dial-up and Leased Line to access CTCL servers installed at nearest Branch locations. All Exchanges have provided free Trading software (NEAT, BOLT and TWS) to trade via VSAT. In case of remote users, client has to buy CTCL software license to access Trading Screen. The CTCL software Vendor (Financial Technologies) has been empanelled by the respective Exchanges, which is mandatory.



Technology

In order to maintain a high-end technology as per Indian climate conditions, we have opted for Extended- C band VSAT equipment to ensure zero downtime in Network Connectivity at all our remote locations. All our Trading TWS (Trading Work Station) maintains branded machines only to ensure better performance and uptime.

Office space

Our business and all centres across the country are controlled from our offices at Visakhapatnam. As of now, we are having multiple offices for our trading, back office, accounts, research and customer services. Company has registered office at Visakhapatnam covering area of about 14000 sq.ft. and 3 owned offices covering an area of about 8000 sq.ft. located at Secunderabad, Tirupathi and Ongle. Besides this 67 other branch offices are operated through leased premises admeasuring about 55,000 Sq.ft. area. All the other centres of authorized set ups covers an average area of about 400-1000 sq.ft. per centre.

Research

To meet the challenges in Market and business promotion, we have Research wing which issues analytical reports on the market, Fundamental and Technical analysis, Segment/Industry/Scrip wise reports which assists our client's for making Long-term & Short-term investments. To derive these analysis reports, we have installed support softwares like Capital Line 2000, Technical Package and Daily Trend-watch. Apart from these, we also provide Trading tolls likes Latest Worldwide News, Instant charts, Quotes, International Indices, Bullion Markets, History of specific instruments etc. This support is being extended to all our locations at the same time.

Service Providers

We have implemented Virtual Private Network (VPN) with the support of HCL Comnet Limited (HCL). We have tied-up with HCL and Bharti Infotel Limited as service providers for bandwidth usage to maintain zero downtime. In this network, all remote users are connected to CTCL Server, where mandatory validations are being done in regards to their User Identity, Margin, Turn Over, and Exposure limits which enables us to manage risk at all stages with no abnormal deals taking place. This network enables us to improve our business potential and have an advantage of all trading segments being done under one-roof.

Human Resources

We believe that our employees are key contributors to our business success. At present, we have employed 506 persons on a full time basis inclusive of 351 permanent employees and 155 employees under probation. Our manpower is prudent mix of the experience and youth which gives us dual advantage of stability and growth. We have cordial relationship with our employees. The key elements of our human resource management strategy include:

- Sourcing, nurturing and retaining the best talent in the industry;
- Work culture designed and evolved around the principles of ownership and accountability;
- Objective-based performance management system;
- Performance-based reward and recognition mechanism;
- Regular on and off site training programs for skill enhancement; and
- Creating second line support for all key positions through employee career planning process.

Our selection criteria include:

- Experienced and well-qualified personnel with ability to handle greater responsibilities and work flow
- NCFM (NSE Academy's Certification in Financial Market) qualified persons in the trading operations
- Good communication skills



Back-office

We have developed our own back-office software to make our post trading reports and statements available to all our remote locations via Internet and FTP (File Transfer Protocol). We have appointed technical professionals in order to maintain this ongoing development of back-office software. Our online back-office is available 24*7 basis providing an instant access to the required information.

Software Development

We have in-house developed software “Steelpack” for complete back office centralised operations. The ongoing software development is to integrate our service support towards branches and franchisees. Our support staff perform following activities for smooth working of the system/ software:

- Periodic revisions as per new features
- Web development
- Mock Testing
- Parallel Testing
- Evaluations
- Database Tuning
- Performance Tuning

Network Auditors

Our Company had initially appointed network auditors from NCG (Network Consultancy Group) to evaluate Feasibility of Connectivity, sizing of bandwidth, identifying the network devices as per the network diagram to deploy the complete Network operations. Our Company also has appointed onsite network engineers on 24/7 basis to monitor network traffic, bandwidth utilization, virus projection, router functioning, firewall behavior, security, housekeeping etc. Systems are audited on yearly basis to be certified for systems integrity & performance. Our Company has in place a robust and efficient risk management system.

Risk Management

We believe that effective risk management is of primary importance to the success of our operations. Accordingly, we have deployed necessary resources in terms of technology, people and processes to monitor, evaluate and manage the principal risks we assume in conducting our activities which include market, credit, liquidity, operational, legal and reputational risks.

To meet the need for a robust and efficient risk management system, we have created a risk management cell which is controlled and administered by a committee of the Board of Directors of our Company. Risk management policies are decided by a risk management committee comprising of senior officials of our Company. These policies are monitored, reviewed and revised periodically to reflect rapidly changing market dynamics. We have experienced personnel to manage risk and ensure implementation of risk management policy. The risk management team analyse factors and reasons causing risk on a periodic basis, plan for control of identified risks, decide on and implement appropriate risk management tools and monitor policies and procedures with the view of continuous improvement.

Our risk management system (RMS) monitors our market exposure on the basis of the total margin collected from clients and the lines of credit available from the banks. Our risk management department analyses this data in conjunction with our risk management policies and takes appropriate action where necessary to minimize risk.

**BUSINESS STRATEGY****Focusing on providing of E-Governance services**

Our Company is focused on rapidly increasing business in the e-governance sector. India is the largest democracy in the world with the need for effective and transparent public governance. Over the years, a large number of initiatives have been undertaken by various State Governments and Central Ministries to usher in an era of e-governance. Sustained efforts have been made at multiple levels to improve the delivery of public services and simplify the process of accessing them. The vision statement of The National e-governance plan is to "Make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency, and reliability of such services at affordable costs to realise the basic needs of the common man." This gives ample scope for our Company which is already providing services in this area. We endeavour to connect more and more citizens of India to a modern eco system by providing e – governance services.

Continue to grow and leverage our distribution network

We are focussed on increasing our penetration in the market and offer new products to our existing as also new clients. Presently, our products and services are distributed through a pan –India network. While we have presence in 500+ cities, we intend to further strengthen our operations at exiting locations as also increase our reach to other strategic locations. We intend to leverage our existing wide distribution network and strong client relationship to offer additional new products and services.

Optimise operational efficiencies

Since the beginning, the thrust of our Company has been in pursuing the most economical model in every aspect of manpower and installations to enable to achieve operational efficiencies. We shall continue to invest in technology and related platform to increase our operational efficiencies. We believe that investment in technology / automation tools can improve staff productivity, enabling our people to handle more transactions / challenges and improve quality of services.

COMPETITION

We face competition from other broking outfits spread throughout the country. In e-governance we compete with players like Alankit Limited and Vakrangee Limited, being the listed companies engaged partially into e-governance business. As we also propose to enter to new locations and newer markets, we are likely to face additional competition from those who may be better capitalized, have longer operating history, have retail and brand presence.

Our strengths are our online trading platform, existing client relationship, risk management system and customer services with competitive charges. We have had our major presence in South India (Andhra Pradesh) and our Company together with our Subsidiary and Group Company have been competitive in the past and were been able to acquire considerable market share. We intend to continue competing vigorously to capture more market share and adding more management skills to manage our continual growth.

PROPERTIES

We operate through 73 properties out of which 4 are owned by us and the remaining are acquired by us on leased basis. Details of the properties owned by us are as detailed below:

Sr. No.	Location/ Address	Date of Agreement	Name and address of the Seller	Purpose for which the property is presently utilized	Survey No.	Area
1.	D.No. 50-81-18 Seethammapeta Resapuvanipale	07.01.2004	Mr. K Chandra Sekar Pradeep, Ms. Greeshma Pradeep, Mr. Dilip	Vacant Position	S.No. 32/3 part of Resapuvanipale	Plot of land measuring an extent of 800 sq.



	m Visakhapatnam		Kumar, Ms. Babita Kumari, Mr. Santosh Kumar, Ms. Saroj Kumari All are residing at Flat No.10, Balaji Residency, B.S.Lay Out, Seethammadhara, Visakhapatnam		m Village within the limits of the Municipal Corporation of Visakhapatnam	yds. Together with RCC House measuring 900 sq. yds. Bearing D. No. 50-81-18 Asst. No. 50703/A with Electrical Service Connection No. 20735 situated at Seethampeta, Visakhapatnam.
2.	Flat No.501 & 502, 5th Floor, Sonu's Manor, P.G. Road, Secunderabad.	14.05.1999	Sri M.G. Shyam S/o Late Gopal Das, Smt Jyothi Shyam W/o M.G. Shyam Both are residing at C- 23, Texila Apartments, S.P.Road, Secunderabad	Utilizing as Regional Office of the Company	-	Area : 2500 sft.
3.	D.No. 20-1- 192, 20-1-193, 1st Block, 4th Ward, 1st Floor, Flat No.5-E, Lambadi Donka, Ongole Town, Ongole Municipality, Prakasam District.	21.06.2006	Lakshmi Sai Builders Rep by its Partner Mr. Manthena Surya Satyanarayana Raju	Utilizing as Branch Office of the Company	S.No.- Ward No.4, 1st Block, T.S.2	Plinth Area : 15,339 Sft or 27.04 Sq.Mts or Undivided Unspecified Share of 32 Sq.yds of entire site of the Building.
4.	D.No. 13-5- 531, 13th Ward, Flat No.209 and 210, 2nd Floor, Sri Gayatri Towers, Tirupathi Municipality and Town, Tirupathi. Chittoor District.	21.06.2006	Mr. D.Subramanyam Naidu Herein referred as Land Owner/Promoter/Develo per, residing at D.No.1- 5-599/5, Balaji Colony, Tirupati Town, Chittoor District	Utilizing as Branch Office of the Company	S.No.413/1C & 2	Plinth Area : 1840 Sft Undivided Unspecified Share of 23.41 Sq.yds in 2161.61 Sq.yds of entire site of the Building.

The details with respect to our registered office is as detailed below:

Location	Name and address of the Lessor	Rent (₹ in lacs)	Deposit(₹ in lacs)	Area	Period of Agreement
Sri Kanya Towers,D.No. 49-52-5/4, 2nd Floor, Shantipuram,	M/s Sri Kanya Enterprises represented by its partner Smt. Uma Devi, residing	₹54,000/-	₹2,00,000/-	3271 SFT	Lease is for period of 3 years. From 16-02-2014 to 15-02-2017



Location	Name and address of the Lessor	Rent (₹ in lacs)	Deposit(₹ in lacs)	Area	Period of Agreement
Vishakapatnam-530016.	at D.No. 43-11-54, Subbalakshmi Nagar, Railway New Colony, Vishakapatnam-530016.				

Apart from the above, we operate through 68 centres which have been taken on lease basis. State wise location of our branch offices under lease are provided below:

Sr. No.	State	Number of Branch Offices of the Company
1	Andra Pradesh	51
2	Telangana	9
3	Tamil Naidu	6
4	Karnataka	2

In addition to the above mentioned states, our company also operates the business in multiple States of India through our franchises.



KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to the Company being a part of the stock brokering sector. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see “Government and Other Statutory Approvals”.

Given below is a brief description of the certain relevant legislations that are currently applicable to the business carried on by our Company.

A. Industry-specific laws

The main legislations governing the securities market are as follows:

(a) The Securities and Exchange Board of India Act, 1992

The Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) provides for the establishment of the Securities and Exchange Board of India to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto by such measures as it thinks fit. Through the SEBI Act, the Board can conduct enquiries, investigations, audits and inspection of stock exchanges, mutual funds, intermediaries including stock brokers, self- regulatory organisations and other persons associated in the securities market. It also has the authority to undertake cease and desist proceedings, adjudicate offences and impose penalties under the SEBI Act.

(b) Securities Contracts (Regulation) Act, 1956

The Securities Contracts (Regulation) Act, 1956 (“**SCRA**”) seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities, by providing for certain other matters connected therewith.. The SCRA provides the conditions for grant of recognition for stock exchanges by the Central Government as also withdrawal of recognition. Any recognized stock exchange may, subject to the previous approval of SEBI, make bye-laws for the regulation and control of contracts which inter-alia include:

- i. the opening and closing of markets and the regulation of the hours of trade;
- ii. the fixing, altering or postponing of days for settlements;
- iii. the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities;
- iv. the listing of securities on the stock exchange, the inclusion of any security for the purpose of dealings and the suspension or withdrawal of any such securities, and the suspension or prohibition of trading in any specified securities;
- v. the regulation of dealings by members for their own account; and
- vi. the obligation of members to supply such information or explanation and to produce such documents relating to the business as the governing body may require;



(c) **SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992**

The SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (“**Stock Broker Regulations**”) govern the registration and functioning of stock brokers, sub-brokers and clearing members. In terms of the Stock Broker Regulations, stock brokers are required to abide by a code of conduct and are subject to penalties for non-compliance of the Stock Broker Regulations. SEBI has the authority to inspect the books of accounts of stock brokers and in case of violations by the stock broker of the provisions of the SCRA, to take such appropriate action as it deems fit after giving an opportunity for hearing. Further, in case of any change in its status or constitution, the stock broker is required to obtain the prior permission of SEBI in order to continue to buy, sell or deal in securities in any stock exchange.

(d) **SEBI (Underwriters) Regulations, 1993**

The SEBI Underwriter Regulations, 1993 (“**Underwriter Regulations**”) governs the certification, obligations, and responsibilities of all underwriters. While generally all underwriters must apply for and hold a certificate granted by SEBI under these regulations, a stock broker holding a valid certificate of registration under the SEBI Act, shall be entitled to act as an underwriter without obtaining a separate certificate under the Underwriter Regulations. An underwriter, including a stock broker acting as an underwriter, is required to have a minimum capital adequacy requirement of a net worth of ₹20,00,000 (Rupees Twenty Lacs only). The underwriter is prohibited from deriving any direct or indirect benefit from underwriting the issue other than the commission or brokerage payable under the agreement for underwriting. Further, the total underwriting obligations under all the agreements shall not exceed twenty (20) times the net worth listed above.

(e) **Insider Trading Regulations**

SEBI (Prohibition of Insider Trading) Regulations, 2015 (“**Insider Trading Regulations**”) prohibits an insider from trading in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed. ‘Insider’ includes a connected person or a person in possession of unpublished price sensitive information.. An insider can trade in the securities of the Company by formulating a trading plan and presenting it to the compliance officer, designated by the board of directors for ensuring compliance with the Insider Trading Regulations, for his approval and public disclosure pursuant to which trades may be carried out by the insider in accordance with the trading plan. Every person on being appointed as a key managerial person or a director of the Company or upon becoming a promoter, shall disclose the holding of securities of the Company on the date of appointment or becoming a promoter, to the Company within 7 (seven) days from such appointment or becoming promoter. Further, every promoter, employee and director of a company shall disclose to the Company the number of such securities acquired or disposed of within 2 (two) trading days of such transaction if the value of the transaction or series of transactions over any calendar quarter exceeds a traded value of 10 (ten) lakhs or such other value as may be specified. Subsequently every Company shall notify the stock exchange on which such securities are listed within 2 (two) days of receipt of information pertaining to acquisition or disposal of securities of the Company.

(f) **The Insurance Act , 1938 and the Insurance Regulatory and Development Authority Act, 1999**

The Insurance Act along with the various regulations, guidelines and circulars issued by IRDAI, govern, amongst other matters, registration of the insurers, appointment of insurance intermediaries and agents, investment of funds, valuation of assets and liabilities, solvency margins, restriction on dividends, limits on expenses of management. The IRDA Act has established the IRDAI to regulate, promote and ensure orderly growth of the insurance sector in India and to protect the interests of policyholders. The IRDA has issued guidelines on Insurance Repositories and electronic issuance of insurance policies vide guidelines ref: IRDA/ADMN/GDL/GLD/080/04/2011 dated 29th April, 2011 which inter-alia provides for eligibility norms for setting up insurance repository, conditions for grant of certificate of registration etc.



(g) Pension Fund Regulatory and Development Authority Act, 2013

The Pension Fund Regulatory and Development Authority Act, 2013 regulates the National Pension System and other pension schemes and also regulates the registration of pension funds and other intermediaries such as point of presence, pension fund advisor, National Pension System Trust etc. engaging in any activity relating to pension fund. The person appointed as a point of presence requires electronic connectivity with the central record keeping agency for the purpose of receiving and transmitting funds and instructions and pay out of funds to subscribers. Failure of any intermediary to (i) adhere to the terms of their registration certificate will make them liable for a penalty of ₹1,00,000/- (Rupees One Lakh only) for each day during which the failure continues or ₹1,00,00,000/- (Rupees One Crore only), whichever is less; and, (ii) furnish any information, document, books, returns or report to the PFRDA within the time specified by the Authority, will make him liable to a penalty which may extend to ₹1,00,00,000/- (Rupees One Crore only) or 5 (five) times the amount of profits made or losses avoided, whichever is higher.

(h) SEBI (Mutual Fund Regulations), 1996

The SEBI (Mutual Fund Regulations), 1996 provide for the registration of mutual fund, constitution and management of mutual funds, operation of trustees and their rights and obligations. Further they also provide for procedure for launching mutual fund schemes, manner of advertising mutual funds, liability in case a mutual fund contravenes any of the regulations or the SEBI Act, 1992.

(i) Master Circular for Mutual Funds

The Chapter 15 of the Master Circular SEBI/IMD/DF/14/2013 dated September 11, 2013 for mutual funds provides inter-alia that a mutual fund shall not deal with an intermediary viz. distributors, brokers, agents etc. in relation to selling and marketing of mutual fund units unless they have cleared the certification examination conducted by National Institute of Securities Markets (NISM) and that empanelment of intermediaries by mutual funds shall be in accordance with the guidelines specified by SEBI and Association of Mutual Funds in India (AMFI).

(j) SEBI (Certification of Associated Persons in Securities Markets) Regulations, 2007

The SEBI (Certification of Associated Persons in Securities Markets) Regulations, 2007 requires the principal or employee of an intermediary to obtain a certificate for engagement with such classes of intermediaries within 2 (two) years from the date of the engagement with the intermediary if the associated person was engaged by an intermediary prior to the date specified by SEBI or within 1 (one) year from the date of the engagement with the intermediary if the associated person was engaged by an intermediary on or after the date specified by SEBI.

B. Labour Laws

(a) Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments in which ten or more employees are employed or were employed on any day of the preceding twelve months, who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of 'five year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days' wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of ₹10,00,000 for an employee.

(b) The Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 ("ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury and to make provision for other matters in relation thereto. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each



employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

(c) The Maternity Benefit Act, 1961

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women in certain establishments for certain periods and to ensure that they get paid leave for a specified period before and after childbirth, or miscarriage or medical termination of pregnancy. It provides, inter alia, for payment of maternity benefits, medical bonus and prohibits the dismissal of and reduction of wages paid to pregnant women, etc.

(d) The Payment of Bonus Act, 1965

The Payment of Bonus Act (“**PB Act**”) is applicable to every establishment in which twenty or more persons are employed on any day during an accounting year. PB Act provides for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity and other matters.

(e) Equal Remuneration Act, 1979

Equal Remuneration Act, 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against female employees in the matters of employment and for matters connected therewith.

(f) Employees Provident Funds and Miscellaneous Provisions Act, 1952

Employees Provident Funds and Miscellaneous Provisions Act, 1952 (“**EPFA**”) was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the “Employees Provident Fund Scheme”, “Employees Deposit-linked Insurance Scheme” and the “Employees Family Pension Scheme”. Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPFA also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

C. Intellectual Property

The Trademarks Act, 1999

Under the Trademarks Act, 1999, a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks (“**Registrar**”), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 years, which may be renewed for similar periods on payment of a prescribed renewal fee



Tax Related Legislations

(a) Income-tax Act, 1961

The Income-tax Act, 1961 (“IT Act”) is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by September 30 of each assessment year.

(b) Service Tax

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of ‘taxable services’, defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 6th of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half-yearly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates. Every assessee is required to file the half-yearly return electronically.

(c) Professional Tax

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

The following are the legislations of professional tax applicable to our Company:

- Andhra Pradesh tax on Professions, Trades, Callings and Employments Act, 1987
- Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976
- Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992

E. Other Laws

(a) The Shops and Establishments Act Legislations

The provisions of various Shops and Establishments legislations formulated by the various states are applicable to the Company. These regulations regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures, and wages for overtime work. The following legislations apply to our Company:

- Andhra Pradesh (Shops and Establishments) Act, 1988



- Andhra Pradesh (Issuance of Integrated Registration and Furnishing of Combined Returns under various Labour Laws by Certain Establishments) Act, 2015
- Karnataka Shops and Commercial Establishments Act, 1961
- Tamil Nadu Shops and Establishments Act, 1947

(b) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“**SHWW Act**”) provides for the protection of women at work place and prevention of sexual harassment at work place. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behavior namely, physical contact and advances or a demand or request for sexual favors or making sexually colored remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to ₹ 50,000.

(c) Transfer of Property Act, 1882 ("T.P. Act")

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the T.P. Act. The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter. The T.P. Act recognizes, among others, the following forms in which an interest in an immovable property may be transferred:

- **Sale:** The transfer of ownership in property for a price, paid or promised to be paid.
- **Mortgage:** The transfer of an interest in specific immovable property for the purpose of securing the payment of money advanced or to be advanced by way of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The T.P. Act recognizes several forms of mortgages over a property.
- **Charges:** Transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by operation of law, e.g. decree of the court attaching to specified immovable property, or by an act of the parties.
- **Leases:** The transfer of a right to enjoy property, made for a certain time for consideration paid or rendered periodically or on specified occasions.
- **Leave and License:** The transfer of a right to do something upon immovable property without creating interest in the property.

Further, it may be noted that with regards to the transfer of any interest in a property, the transferor transfers such interest, including any incidents, in the property which he is capable of passing and under the law, he cannot transfer a better title than he himself possesses.



(d) The Registration Act, 1908

The Registration Act, 1908 was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Act is used for proper recording of transactions relating to other immovable property also. The Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

(e) The Indian Stamp Act, 1899

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Stamp Act which is enacted by the Central Government. All others instruments are required to be stamped, as per the rates prescribed by the respective State Governments. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one state to another. Certain states in India have enacted their own legislation in relation to stamp duty while the other states have adopted and amended the Stamp Act, as per the rates applicable in the state. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act.

Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from state to state.

(f) The Indian Contract Act, 1872

The Indian Contract Act, 1872 (“**Contract Act**”) codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

(g) The Specific Relief Act, 1963

The Specific Relief Act, 1963 is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

(h) Competition Act, 2002

The Competition Act 2002 (“**Competition Act**”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India (“**Competition Commission**”) which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations.

The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.



(i) The Companies Act, 1956

The Companies Act, 1956 deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

(j) The Companies Act, 2013

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs (“MCA”) has vide its notification dated September 12, 2013 has notified 98 Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. A further 108 Sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The MCA has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

F. Regulations regarding Foreign Investment

Foreign investment in stock broking companies is governed by the provisions of the FEMA read with the applicable regulations. The Department of Industrial Policy and Promotion (“DIPP”), Ministry of Commerce and Industry has issued ‘Consolidated FDI Policy Circular 1 of 2016’ (“**FDI Policy**”) which consolidates the policy framework on Foreign Direct Investment (“**FDI**”), with effect from June 7, 2016. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till June 7, 2016. All the press notes, press releases, clarifications on FDI issued by DIPP till June 6, 2016 stand rescinded as on June 7, 2016. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the approval route, prior approval of the Government of India through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating Foreign Investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The RBI, in exercise of its power under the FEMA, has also notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

The Foreign Exchange Department of the RBI has vide notification dated September 9, 2016, permitted 100% investment under the automatic route in Other Financial Services which are financial services activities regulated by financial sector regulators, viz., RBI, SEBI, IRDA, PFRDA, NHB or any other financial sector regulators may be notified by the Government of India.

The following are the other conditions specified by RBI to which such investment would be subject:

- i. Foreign investment would be subject to the conditionalities including minimum capitalization norms, as specified by the concerned regulator/ government agency
- ii. ‘Other Financial Services’ activities need to be regulated by one of the Financial Sector Regulators. In all such financial services which are not regulated by any Financial Sector Regulator or where any part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight, foreign investment upto



100% will be allowed under the Government approval route subject to conditions including minimum capitalization requirement, as may be decided by the Government.

- iii. Any activity which is specifically regulated by an Act, the foreign investment limits will be restricted to those levels/ limit that may be specified in the Act, if so mentioned.
- iv. Downstream investments by any of those entities engaged in other financial services will be subject to the extant sectoral regulations and provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 as may be amended from time to time.

The amendment to the Consolidated FDI Policy Circular of 2016, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry of the Government of India, with regard to the incorporation of the aforesaid stipulations in relation to FDI in NBFCs, is awaited.

RBI has also issued the Master Circular on Foreign Investment in India dated July 01, 2015. The aforesaid Master Circular on Foreign Investment will continue to remain valid until Master Directions are issued in that behalf. In terms of the Master Circular, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which eligibility criteria are as prescribed). Such Fresh Issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. As mentioned above, the Indian company making such Fresh Issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

**HISTORY AND CERTAIN CORPORATE MATTERS****Brief history of our Company**

Our Company was incorporated on February 22, 1995 as a public limited company under the Companies Act, 1956 with Registration No. 01-19521 and obtained certificate of commencement of business on April 20, 1995 from the Registrar of Companies, Andhra Pradesh at Hyderabad.

Corporate profile of our Company

The Corporate Identification Number of our Company is U67120AP1995PLC019521.

The Promoters of our Company are Mr. G. Sree Rama Murthy, Mr. K. Satyanarayana and Dr. Satish Kumar Arya.

The registered office of our Company is situated at 49-52-5/4, Sri Kanya Towers, Shantipuram, Visakhapatnam – 530016, Andhra Pradesh.

For further information on our Company’s business profile, activities, services, managerial competence, and customers, see chapters titled “*Our Management*”, “*Business Overview*” and “*Industry Overview*” beginning on pages 129, 97 and 84 of this Draft Prospectus, respectively.

Changes in the registered office

Date of Change	Details of registered office	Reason for change
At Incorporation	49-52-5/3, Sri Kanya Towers, Shantipuram, Visakhapatnam – 530016, Andhra Pradesh.	-
April 15, 1996	49-52-5/4, Sri Kanya Towers, Shantipuram, Visakhapatnam – 530016, Andhra Pradesh.	Administrative convenience

Major events in the History of our Company:

Year	Milestone
1995	<ul style="list-style-type: none"> Incorporation of our Company. Obtained Membership of National Stock Exchange of India Limited in the month of October and commenced equity broking at Hyderabad.
1996	<ul style="list-style-type: none"> Commenced operations at Visakhapatnam in April, 1996.
2000	<ul style="list-style-type: none"> Developed in-house back office software named “STEEL PACK”.
2001	<ul style="list-style-type: none"> Obtained membership of BSE Limited under Steel City Capital Services Private Limited. (Subsequently amalgamated with our Company during FY 2004-05) Registered and started operations, as a Depository Participant of National Securities Depository Limited.
2002	<ul style="list-style-type: none"> Registered as a Depository Participant of Central Depository Services (India) Limited. Started the operations of Futures & Options segment in May, 2002.
2004	<ul style="list-style-type: none"> Received MCX and NCDEX membership Started mutual fund operations during February, 2004. Steel City Commodities Private Limited became subsidiary of our Company by way of transfer of its holding from Steel City Capital Services Private Limited and Steel City Holding Limited.
2005	<ul style="list-style-type: none"> Launching internet e-broking portal as www.steelcitynettrade.com.
2008	<ul style="list-style-type: none"> Membership of NSE-Currency and MCX-SX in Currency Derivatives.
2010	<ul style="list-style-type: none"> Point of Presence for National Pension System promoted by the Government of India.
2013	<ul style="list-style-type: none"> Member of MCX Stock Exchange for Equity and derivative segment. Commenced Insurance Repository operations.



Year	Milestone
2014	• Appointed as TIN - FC for NSDL e-Governance.
2016	• Appointed as Enrollment Agency for Aadhaar.

Amendments to our Memorandum of Association

Since incorporation, the following changes have been incorporated in the Memorandum of Association of our Company:

Sr. No.	Particulars of changes in the Memorandum of Association of our Company	Date of Shareholders' meeting	AGM/ EGM
1.	Amendment to the Main Objects Clause III (B) The following clause was inserted: <i>32. To give or provide guarantees, counter guarantees, indemnities, securities, collateral securities, mortgages or become sureties, any other business securities and to guarantee the performance of such persons, societies, trusts, companies including holding & subsidiary companies or any other juristic persons having dealings with the company in any manner, on such terms, conditions and stipulations as may deem fit and in the interest of the company.</i>	July 10, 2002	EGM
2.	Amendment to the Main Objects Clause III (B) The following clause was inserted: <i>33. To amalgamate, absorb or merge with one or more than one Company or Body Corporate, whether or not having similar objects as of this company and to do all such incidental acts, deeds and things as may be necessary to give effect to the amalgamation.</i>	November 29, 2004	EGM
3.	Increase in authorized share capital from ₹ 3,00,00,000/- (Rupees Three Crores only) divided into 30,00,000 (Thirty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each.	March 26, 2005	EGM
4.	Amendment to the Main Objects Clause III (A), (B) & (C) The following clauses were inserted: <i>4. To apply for and become in India or abroad member of any Stock Exchange, Securities & Exchange Board of India, Over The Counter Trading and Exchange of India, National Stock Exchange and any other similar authority, body or institution as may be established from time to time and also to carry on and act as stock brokers, C, F & O, mutual funds, clearing members, margin trading, primary dealers and syndicate members to do all incidental acts and things necessary for the attainment of foregoing objects.</i> <i>5. To conduct depository participant services; dematerialization</i>	May 2, 2005	EGM



Sr. No.	Particulars of changes in the Memorandum of Association of our Company	Date of Shareholders' meeting	AGM/ EGM
	<p><i>and rematerialisation of shares, bonds, debt market, Government securities and other related instruments, set up depository participant centers, Custodial services at various regions in India and abroad and also to perform all related services.</i></p> <p>6. <i>To conduct the business of purchase, sale, distribution and transfer of shares, debts, instruments and hybrid financial instruments and to perform all related, incidental, allied and ancillary services.</i></p> <p>7. <i>To provide all kinds of financial consultancy services, including debt market, investment advisory services on the internet or otherwise, publish books, periodicals and CD ROMs and any other related information.</i></p> <p>8. <i>To hold investments in various step-down subsidiaries for investing, holding, acquiring, purchasing otherwise the equity shares, debentures, bonds, mortgages, obligations and securities of any kind issued or guaranteed by the Company.</i></p> <p>9. <i>To carry on the business of portfolio management services, investment advisory services, asset management services, mutual fund services and to act as brokers of real estate and financial instruments.</i></p> <p>10. <i>To receive funds, deposits and investments from Government Agencies, Financial Institutions and corporate bodies, advances and loans, conduct advisory services related to banking activities, project financing, funding, mergers and acquisition activities, fund management and activities related to money market operations.</i></p> <p>11. <i>To undertake, conduct, study, carry on, promote any kind of research, investigation survey, developmental work on economy, industries, corporates, business houses, financial institutions, foreign financial institutions, capital markets on matters related to investment decisions primary and secondary equity market, debentures, bonds, venture, mutual funds, capital funding proposals, competitive analysis, preparation of corporate/industry profiles and trade/invest in researched securities and to establish Institution of Capital Market and Treasury Management to create awareness among the investing public and to generate qualified managerial force.</i></p> <p>12. <i>To engage, undertake software and Internet services, data processing, IT enabled services, software products & development services, selling advertisement space on the site, web designing, consulting and related services, e-commerce of all types including e-broking, market research relating to all kinds of securities and capital market.</i></p> <p style="text-align: center;">And</p>		



Sr. No.	Particulars of changes in the Memorandum of Association of our Company	Date of Shareholders' meeting	AGM/ EGM
	<p>34. To establish and carry on business of the company at various places by way of opening branches of the company and/ or to give on FRANCHISE BASIS in India and abroad.</p> <p>35. To install proper equipment, systems, machinery, infrastructure relating to the activities of the company and also adopt various technologies and network system for the purpose of the business of the company in India and abroad.</p>		
5.	Increase in authorized share capital from ₹ 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of ₹ 10/- each.	July 4, 2005	EGM
6.	<p>Amendment to Main Objects Clause III (A)</p> <p>The following clauses were inserted:</p> <p>13. To carry on the business of financiers and undertake and to carry out all such operations and transactions which are incidental and ancillary thereto as any individual may lawfully carry on to undertake.</p> <p>14. To canyon the business as intermediaries in insurance business such as insurance brokering/ sub-brokering including Corporate Agency.</p> <p>15. To establish, carry on or otherwise deal in all kinds of commodities and their warehousing/ storage and to become a member in any Exchange in accordance with the concerned provisions and to deal in all permitted commodities, trading in derivatives in all kinds of markets.</p> <p>16. To carry on the business of Finance, Hire Purchase and Lease, Finance of all kinds.</p> <p>17. To construct, let out, furnish and carry on all or any of the functions of proprietors of flats, multistoried buildings, dwelling houses, shops, offices and for these purposes, take on lease or otherwise acquire or hold any land and prepare layout thereon buildings of any tenure or description of whatever nature, right or interest therein or connected therewith to layout and prepare building sites, and to construct, reconstruct, repair, pull down, alter, renovate, improve, decorate, furnish and maintain flats, dwelling houses, shops, offices, guest houses, clubs, buildings.</p> <p>18. To carry on the business of investment in all kinds of movable and immovable properties including lands, buildings, plots, farm houses, pleasure gardens, godowns, residential, Industrial, Commercial, Agricultural and mining properties, Jewelers, bullion merchants, precious stones, gifts made of gold, silver and semi-precious stones, art, antiquities and aesthetic works.</p>	August 8, 2015	AGM



Acquisition of Businesses / Undertakings

Our Company has not made any acquisition of business/ undertakings.

Scheme of Amalgamation

Scheme of Amalgamation of Steel City Holding Limited and Steel City Capital Services Private Limited with Steel City Securities Limited (“Scheme of Amalgamation”)

In the year 2004, both SCHL and SCCSPL had been amalgamated with our Company with effect from April 01, 2004 vide the order dated March 24, 2005 of Hon’ble High Court of Andhra Pradesh at Hyderabad (“Court”).

On December 15, 2004, our Board of Directors approved the said Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 for amalgamation of SCHL (“**Transferor 1**”) and SCCSPL (“**Transferor 2**”) (collectively the “**Transferors**”) with our Company with the appointed date as April 1, 2004. From the effective date (as defined under the Scheme of Amalgamation) of the Scheme of Amalgamation, the entire business and undertaking of the Transferors including all its assets, liabilities, rights, duties, and obligations shall be transferred to our Company. The Transferors were dissolved without winding up with effect from April 1, 2004 and all employees of the Transferors became employees of our Company. As consideration under the Scheme of Amalgamation, our Company allotted 1 (one) equity share of face value ₹10/- (Rupees Ten only) of our Company for 3 (three) equity shares of face value ₹10/- (Rupees Ten only) of Transferor 1 and 4 (four) equity shares of face value ₹10/- (Rupees Ten only) of Transferor 2, held by the respective shareholders of the Transferors. Further, the equity shares of the Transferors held by our Company were extinguished. On March 24, 2005, the Court approved the Scheme of Amalgamation vide order bearing no. C.P. No. 12/ 2005 (“**Order**”). On April 4, 2005, the Order was filed with the RoC and the same shall be considered as the effective date under the Scheme of Amalgamation.

Injunctions or Restraining Orders

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

Time and cost over-runs in setting up projects and certain other adverse remarks

Our Company has not experienced any time and cost over-runs in setting up projects.

Fund raising through equity or debt

Our Company has not undertaken any public offering of debt instruments since its inception. For details in relation to our fund raising activities through equity and debt, please refer to the chapters titled “*Capital Structure*” and “*Financial Indebtedness*” beginning on pages 58 and 157, respectively of this Draft Prospectus.

Revaluation of assets

Our Company has not revalued its assets since its incorporation.

Defaults or Rescheduling of Borrowings with Financial Institutions/Banks

Our Company is not in default or in the process of rescheduling in respect of any borrowings with financial institutions/banks. None of our loans have been converted into equity shares.

Strikes, Lock-outs or Labour Unrest in our Company

There have been no strikes, lock-outs or labour unrest since incorporation of our Company.



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

There has been no change in the activities of our Company during the period of 5 (five) years prior to the date of filing of this Draft Prospectus which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

Technology, market competence and capacity build-up

For details on the technology, market competence and capacity build-up of our Company, please see the chapter titled “*Business Overview*” beginning on page 97 of this Draft Prospectus.

Other details regarding our Company

For details regarding the facilities of our Company, locations of branches, operations, marketing and competition, please see the chapters titled “*Industry Overview*” and “*Business Overview*” beginning on pages 84 and 97, respectively of this Draft Prospectus.

Our Company had previously filed a draft prospectus in February, 2006. However, our Company did not proceed with the aforesaid initial public offering of equity shares at that point of time.

Number of Shareholders/Members

As on date of this Draft Prospectus, the total number of holders of our Equity Shares was 154.

Our Main Objects:

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

1. To carry on Investment business and to purchase, acquire, hold and dispose of or otherwise invest in shares, debentures stocks, bonds, obligations and securities, issued or guaranteed by any Company constituted or carrying on business, in India or elsewhere and debenture stocks, bonds, obligations and securities issued or guaranteed by any Government, State dominion, sovereign ruler, commissioner public body or authority, supreme, municipal, local or otherwise whether in India or elsewhere.
2. To carry on business as consultants and advisors in marketing personnel, taxation, technology, projects setting up, loan syndication, project appraisal, research and development including rendering of services such as share brokers, sub-brokers, dealers, underwriters, merchants, bankers, registrars to issue and share transfer agents, portfolio manager and all allied matters including sponsoring and setting up of mutual fund and venture capital fund.
3. To carry on the business of investment Company and to invest in, acquire, subscribe, hold, alter, resell and deal in investments in any shares, stocks, bonds, securities, debentures whether convertible or otherwise issued or to be issued by any public limited companies private limited companies registered under the Companies Act, 1956 or any statutory modification or re-enactment thereof and/or any companies carrying on business in India and subject to such approval as may be necessary according to the law for the time being in force, to invest moneys of the Company in shares, debentures and other securities of any company registered abroad and/or any statutory corporations and to invest in securities of Central Government and State Governments in India, public bodies or authorities anywhere and to carry on all and every other business which is generally carried on by investment companies.
4. To apply for and become in India or abroad member of any Stock Exchange, Securities & Exchange Board of India, Over The Counter Trading and Exchange of India, National Stock Exchange and any other similar authority, body or institution as may be established from time to time and also to carry on and act as stock brokers, C, F & O, mutual funds, clearing members, margin trading, primary dealers and syndicate members to do all incidental acts and things necessary for the attainment of foregoing objects.



5. To conduct depository participant services; dematerialization and rematerialisation of shares, bonds, debt market, Government securities and other related instruments, set up depository participant centers, Custodial services at various regions in India and abroad and also to perform all related services.
6. To conduct the business of purchase, sale, distribution and transfer of shares, debts, instruments and hybrid financial instruments and to perform all related, incidental, allied and ancillary services.
7. To provide all kinds of financial consultancy services, including debt market, investment advisory services on the internet or otherwise, publish books, periodicals and CD ROMs and any other related information.
8. To hold investments in various step-down subsidiaries for investing, holding, acquiring, purchasing otherwise the equity shares, debentures, bonds, mortgages, obligations and securities of any kind issued or guaranteed by the Company.
9. To carry on the business of portfolio management services, investment advisory services, asset management services, mutual fund services and to act as brokers of real estate and financial instruments.
10. To receive funds, deposits and investments from Government Agencies, Financial Institutions and corporate bodies, advances and loans, conduct advisory services related to banking activities, project financing, funding, mergers and acquisition activities, fund management and activities related to money market operations.
11. To undertake, conduct, study, carry on, promote any kind of research, investigation survey, developmental work on economy, industries, corporates, business houses, financial institutions, foreign financial institutions, capital markets on matters related to investment decisions primary and secondary equity market, debentures, bonds, venture, mutual funds, capital funding proposals, competitive analysis, preparation of corporate/industry profiles and trade/invest in researched securities and to establish Institution of Capital Market and Treasury Management to create awareness among the investing public and to generate qualified managerial force.
12. To engage, undertake software and Internet services, data processing, IT enabled services, software products & development services, selling advertisement space on the site, web designing, consulting and related services, e-commerce of all types including e-broking, market research relating to all kinds of securities and capital market.
13. To carry on the business of financiers and undertake and to carry out all such operations and transactions which are incidental and ancillary thereto as any individual may lawfully carry on to undertake.
14. To carry on the business as intermediaries in insurance business such as insurance brokering/ sub-brokering including Corporate Agency.
15. To establish, carry on or otherwise deal in all kinds of commodities and their warehousing/ storage and to become a member in any Exchange in accordance with the concerned provisions and to deal in all permitted commodities, trading in derivatives in all kinds of markets.
16. To carry on the business of Finance, Hire Purchase and Lease, Finance of all kinds.
17. To construct, let out, furnish and carry on all or any of the functions of proprietors of flats, multistoried buildings, dwelling houses, shops, offices and for these purposes, take on lease or otherwise acquire or hold any land and prepare layout thereon buildings of any tenure or description of whatever nature, right or interest therein or connected therewith to layout and prepare building sites, and to construct, reconstruct, repair, pull down, alter, renovate, improve, decorate, furnish and maintain flats, dwelling houses, shops, offices, guest houses, clubs, buildings.
18. To carry on the business of investment in all kinds of movable and immovable properties including lands, buildings, plots, farm houses, pleasure gardens, godowns, residential, Industrial, Commercial, Agricultural and mining properties, Jewelers, bullion merchants, precious stones, gifts made of gold, silver and semi-precious stones, art,



antiquities and aesthetic works.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently carried out and the objects of the present Offer are in accordance with the Memorandum of Association of our Company.

Joint Venture

As on the date of filing this Draft Prospectus, there is no existing joint venture entered into by our Company which is not in its ordinary course of business.

Shareholders Agreement

There are no Shareholders' Agreements existing as on the date of this Draft Prospectus.

Other Agreements

As of the date of this Draft Prospectus, our Company has not entered into any agreements, which are not in the ordinary course of business.

Strategic Partners

Our Company does not have any strategic partners as on date of this Draft Prospectus.

Financial Partners

Our Company does not have any financial partners as on date of this Draft Prospectus.

Our Holding Company

We do not have a holding company as on the date of this Draft Prospectus.

**Subsidiary of our Company**

Our Company has 1 (one) subsidiary, as on the date of filing of this Draft Prospectus. The details of which are as follows

Steel City Commodities Private Limited (“SCCPL”):

SCCPL was incorporated as a private company on October 07, 2002 under the provisions of the Companies Act, 1956 as ‘Steel City Commodities Private Limited’. The registered office is situated at 49-52-5/4, Shanthipuram, Visakhapatnam-530 016.

SCCPL is carrying on the business of commodities broking and distribution of insurance products as a Corporate Agent.

Capital Structure:

Particulars	No. of equity shares of ₹10/- each
Authorised capital	10,00,000
Issued, subscribed and paid -up capital	10,00,000

Shareholding Pattern:

Sr. No	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding (%)
1.	Steel City Securities Limited	7,49,100	74.91
2.	Dr. Satish Kumar Arya	1,32,500	13.25
3.	Mr. G. Raja Gopal Reddy	87,400	8.74
4.	Mr. G. Sree Rama Murthy	18,500	1.85
5.	Mr. K. Satyanarayana	12,500	1.25
	Total	10,00,000	100

Audited Financial Information:

Particulars	<i>(₹ in Lacs)</i>			
	Quarter Ending June 30, 2016	Year Ending March 31, 2016	Year Ending March 31, 2015	Year Ending March 31, 2014
Authorised Capital	100.00	100.00	100.00	100.00
Paid-up Equity Capital	100.00	100.00	100.00	100.00
Reserves & Surplus	1247.49	1227.38	1221.27	1192.15
Sales/Income	90.23	415.06	330.34	567.81
Profit/(Loss) after tax	20.12	84.33	57.74	97.42
Earnings per share (₹).	8.05	8.43	5.77	9.74
Net Asset Value per equity share (₹).	134.75	132.74	132.13	129.22

Interest of the Subsidiary in our Company

Except as stated in “Financial Statements- Annexure XXIX- Consolidated Statement of Related party disclosures, as restated” and “Financial Statements- Annexure XXIX- Unconsolidated Statement of Related party disclosures, as restated” on pages 202 and 177, respectively, SCCPL does not have any other interest in our Company’s business.



Common Pursuits

As on the date of filing of this Draft Prospectus, our Subsidiary is not carrying any business competing with that of our Company ‘

Accumulated Profits or Losses

There are no accumulated profits or losses of SCCPL that are not accounted for by our Company in the Consolidated Financial Information, as restated.

Other Disclosures

SCCPL has not made any public or rights issue in the last 3 (three) years.

SCCPL is not listed on any Stock Exchange in India or abroad.

SCCPL is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.



OUR MANAGEMENT

The Articles of Association require our Board to have at least 3 (three) Directors and not more than 15 (fifteen) Directors. As on the date of this Draft Prospectus, our Board comprises of 8 (eight) Directors.

The following table sets forth details regarding our Board of Directors as on the date of filing of this Draft Prospectus:

Board of Directors

Sr. No.	Name, Fathers' Name, Designation, Term, Age, Nationality, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships/ Partnership/ Trusteeship/ Proprietorship
1.	<p>Mr. G. Sree Rama Murthy</p> <p>Designation: Chairman cum Managing Director</p> <p>Term: April 1, 2015 to March 31, 2018 (3 years)</p> <p>Age : 67</p> <p>Nationality: Indian</p> <p>Address: 49-26-11, Madhura Nagar, Visakhapatnem – 530016, Andhra Pradesh</p> <p>Occupation: Business</p> <p>DIN: 00804317</p>	<p>Reappointed as Chairman cum Managing Director at EGM held on March 30, 2015 w.e.f April 1, 2015 for a period of 3 years.</p>	<p>Other Directorships:</p> <p>Steel City Commodities Private Limited.</p>
2.	<p>Mr. K. Satyanarayana</p> <p>Designation: Whole-time Director</p> <p>Term: April 1, 2015 to March 31, 2018 (3 years)</p> <p>Age : 66</p> <p>Nationality: Indian</p> <p>Address: 49-54-23, Greenpark, 2nd Floor B.S.Layout Area, Seethammadhara Visakhapatnam 530013, Andhra Pradesh</p> <p>Occupation: Business</p> <p>DIN: 00045387</p>	<p>Reappointed as Whole-time Director at EGM held on March 30, 2015 w.e.f April 1, 2015 for a period of 3 years.</p>	<p>Other Directorships:</p> <p>Steel City Commodities Private Limited.</p>
3.	<p>Dr. Satish Kumar Arya</p> <p>Designation: Whole-time Director</p> <p>Term: April 1, 2015 to March 31, 2018 (3 years)</p>	<p>Reappointed as Whole-time Director at EGM held on March 30, 2015 w.e.f April 1, 2015 for a period of 3 years.</p>	<p>Other Directorships:</p> <p>i. Steel City Commodities Private Limited; and ii. The Vizagapatnam Chamber of Commerce and Industry.</p> <p>Proprietorship:</p>



Sr. No.	Name, Fathers' Name, Designation, Term, Age, Nationality, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships/ Partnership/ Trusteeship/ Proprietorship
	<p>Age : 56</p> <p>Nationality: Indian</p> <p>Address:50-49-16/6, Flat No. 401, NavyaSoudha TPT Colony, Seethammadhara, Vishakapatnam – 530013, Andhra Pradesh</p> <p>Occupation: Business</p> <p>DIN: 00046156</p>		NS Securities
4.	<p>Mr. Godithi Satya Rama Prasad</p> <p>Designation: Independent Director (Non-Executive)</p> <p>Term: 5 years w.e.f from March 31, 2015.</p> <p>Age : 53</p> <p>Nationality: Indian</p> <p>Address: 50-1-40/1, APSEB Colony, Seethammadhara Visakhapatnam 530013, Andhra Pradesh</p> <p>Occupation: Business</p> <p>DIN: 00045351</p>	Appointed as Independent Director at EGM held on March 30, 2015 w.e.f March 31, 2015 for a period of 5 years.	<p>Other Directorships:</p> <p>Shree Rukmini Chits Private Limited.</p>
5.	<p>Mr. Murali Krishna Cherukuri</p> <p>Designation: Independent Director (Non-Executive)</p> <p>Term: 5 years w.e.f from March 31, 2015.</p> <p>Age : 54</p> <p>Nationality: Indian</p> <p>Address: 305,Vijaya Jyothi Apartments, opp. Diary Farm NH - 5 Road Visakhapatnam 530043 Andhra Pradesh.</p> <p>Occupation: Business</p> <p>DIN: 00045403</p>	Appointed as Independent Director at EGM held on March 30, 2015 w.e.f March 31, 2015 for a period of 5 years.	<p>Other Directorships:</p> <p>NIL</p>
6.	<p>Mr. Malla Hara Jaganntha Rao</p> <p>Designation: Independent Director (Non-Executive)</p>	Appointed as Independent Director at the AGM held on July 30, 2016	<p>Other Directorships:</p> <p>NIL</p>



Sr. No.	Name, Fathers' Name, Designation, Term, Age, Nationality, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships/ Partnership/ Trusteeship/ Proprietorship
	<p>Term: July 30, 2016 to July 29 2021 (5 years)</p> <p>Age : 61</p> <p>Nationality: Indian</p> <p>Address: 49-54-5/12 Balayya Sastry Layout Vishakapatnam – 530013, Andhra Pradesh.</p> <p>Occupation: Business</p> <p>DIN: 00045408</p>		
7.	<p>Mr. Bheri Krishna Rao</p> <p>Designation: Independent Director (Non-Executive)</p> <p>Term: July 30, 2016 to July 29 2021 (5 years)</p> <p>Age : 70</p> <p>Nationality: Indian</p> <p>Address: Plot No. 117, Sector 8, M.V.P. Colony, Vishakhapatnam, 530017, Andhra Pradesh.</p> <p>Occupation: Retired</p> <p>DIN: 00274709</p>	<p>Appointed as Independent Director, at AGM held on July 30, 2016.</p>	<p>Other Directorships: NIL</p>
8.	<p>Ms. G.V. Vandana</p> <p>Designation: Director (Non-Executive)</p> <p>Term: Retire by Rotation</p> <p>Age : 41</p> <p>Nationality: Indian</p> <p>Address: 49-26-11, Lalithanagar, Sankaramatham, Madhuranagar, Vishakhapatnam 530016, Andhra Pradesh,</p> <p>Occupation: Business</p> <p>DIN: 07548398</p>	<p>Appointed as Non-Executive Director, at AGM held on July 30, 2016.</p>	<p>Other Directorships: NIL</p>



Note: Except as mentioned below none of the directors are related to each other as follows:

- (i) Mr. G. Sree Rama Murthy, Chairman cum Managing Director is the father of Ms. G.V. Vandana, Director (Non-Executive).

None of our Directors are Wilful Defaulters as on the date of this Draft Prospectus.

Further, neither our Company nor our Directors or persons in control of our Company are debarred from accessing the capital markets by SEBI.

None of our directors are or have been directors in any of the listed companies which have been/ were delisted from the stock exchange(s).

None of our directors are or have been directors in any of the listed companies whose shares have been/were suspended from being traded on the BSE Limited / National Stock Exchange of India Limited.

None of the Directors or persons in control of our Company, have been or are involved as a director of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

Brief Profile of the Directors

- Mr. G.Sree Rama Murthy** aged 67 years, is the Promoter and Chairman cum Managing Director of our Company. He obtained a Diploma Certificate in Civil Engineering from State Board of Technical Education and Training in the year 1972. Thereafter, he graduated in the year 1981 with a degree Bachelor of Engineering in Civil branch, from Andhra University. He obtained a degree in Master of Science in Geo-Engineering and Resource Development in the year 1983 from Andhra University. He obtained a Diploma Certificate of Membership in the year 1983 and became a member of the Institution of Engineers (India) as Chartered Engineer in the year 1985. He had initially served in the private sector for a period of 5 years from 1970 to 1975 handling special foundations and construction projects/contracts in various parts of the country. Subsequently, he had served in a Public Sector Undertaking, Infrastructure Corporation of Andhra Pradesh, as a Civil Engineer between 1976 and 1981 and was involved in project management, implementation of systems & procedures and administration. In the year 1982 he started his own sole proprietorship firm for construction and civil contract projects under the name and style of M/s. G. Sree Rama Murthy. He has over 30 years of varied experience of which more than 21 years he has been involved in stock market operations. Since 1995 he has been associated with our Company and was amongst the key persons involved in the incorporation of the Company. Besides taking care of the day-to-day operations of our Company, he controls the planning, finance and implementation functions of our Company.
- Mr. K. Satyanarayana**, aged 66 years, is the Promoter and Whole-time Director and designated as Executive Director- Surveillance of our Company. He graduated in the year 1981 with a degree Bachelor of Engineering in Civil branch, from Andhra University. He obtained his a degree in Master of Science in Geo-Engineering and Resource Development in the year 1983 from Andhra University. He has over 30 years of varied experience of which more than 21 years has been involved in stock broking activities. Between the period 1970 and 1983 he had served at different levels in various organisations. Further, from the period 1983 to 1994 he was actively involved in execution of various construction related activities. Finally, from the year 1995 he has been associated with our Company and was amongst the key persons involved in the incorporation of the Company. He takes care of the surveillance requirement of operations and also takes care of the inspection, risk compliance, systems and allied activities.
- Dr. Satish Kumar Arya**, aged 56 years is the Promoter and Whole-time Director and designated as Director-Operations of our Company. He obtained a degree in Bachelor of Alternative System of Medicines from Indian Board of Alternative Medicines in 2001. He obtained Post-Graduate Diploma in Business Management from Indian Institute of Management & Technology in the year 2004 and Graduate degree in Bachelor of Commerce from Kalinga University in the year 2005. Thereafter, he obtained a Degree of Philosophy in the field of Business Administration from New Age International University in the year 2009. He has served in the Indian Navy on board of various ships and establishments for 15 years in the medical branch from June 1978 to June 1993. From the year 1993, he developed interest in capital market and started trading and investing in stock market. He joined our



Company in 1996 as Director. He has been instrumental in developing the Company into various stock market operations including broking, depository participant, commodities and trading. He has over 25 years of experience of which 21 years he has been involved in stock market operations. In the year 2014, he identified new area for operation in the form of e-governance business and developed the same to be one of the profit centres. The said diversification into e-governance business has helped our Company to grow exponentially and establish the foothold pan – India. He is in control of operations of our Company including the trading operations, depository and e-governance, marketing, software development, systems, training, co-ordination with stock exchanges and regulatory authorities. He was a member of various committees formed by National Stock Exchange of India Limited, the BSE and Multi Commodity Exchange of India Limited and Metropolitan Stock Exchange. He is the member of Executive Committee of Association of National Exchanges Members of India (ANMI), Andhra Chapter. He has been a member of the executive committee of East Point Golf Club, Visakhapatnam for several years. He is also on Board of The Vizagpatam Chamber of Commerce & Industry.

4. **Mr. Godithi Satya Rama Prasad**, aged 53 years is an Independent Director of our Company. He obtained a post-graduate degree in Master of Commerce from Vinayaka Missions University in the year 2005. He has over 19 years of total experience in the field of construction, execution of civil contracts and stock broking operations. He started his career in the year 1982 as civil contractor. He has undertaken and executed various civil contracts on behalf of Government of Andhra Pradesh in various parts of the State.
5. **Mr. Murali Krishna Cherukuri**, aged 54 years is an Independent Director of our Company. He graduated in the year 1985 with a degree in Bachelor of Commerce, from Andhra University. He has over 19 years of experience in business development projects and stock market operations.
6. **Mr. Malla Hara Jaganntha Rao**, aged 61 years is an Independent Director of our Company, also engaged in various business activities. He graduated in the year 1982 with a degree in Bachelor of Law, from Andhra University. He has over 30 years of business experience. He had worked as Senior Inspector in M/s. Peerless General Insurance Company Limited from 1979 to 1996. He has been a dealer of Indian Oil for the last 18 years and is also authorised dealer of Yamaha motorbikes for 20 years.
7. **Mr. Bheri Krishna Rao**, aged 70 years is an Independent Director of our Company. He obtained a Diploma in Civil Engineering from State Board of Technical Education and Training in the year 1966.. He has about 18 years of varied experience in the field of construction. During the period 1968 to 1976, he has worked with Andhra Pradesh State Electricity Board, He has also worked with Fertilizer Corporation of India as a Project Engineer from 1976 to 1985. Presently, he is the member of Lions Club of Visakhapatnam.
8. **Ms. G.V. Vandana**, aged 41 years is a Non-Executive Woman Director of our Company. She graduated in the year 2000 with a degree Bachelor of Commerce, from Andhra University. She obtained a post-graduate degree of Master of Commerce from Andhra University in the year 2003.

Borrowing Powers

In terms of the Articles of Association of the Company, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of Bonds, Debentures or Debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, Company, co-operative society, any Body Corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

The consent of the members of our Company was accorded vide AGM resolution dated August 8, 2015 authorising the Board to borrow at any time amount not exceeding ₹9000 lacs.



For further details of the provisions of our Articles of Association, please refer to the chapter “Main Provisions of our Articles of Association” beginning on page 324.

Remuneration of our Directors

The Non-Executive and Independent Directors are paid remuneration by way of sitting fees for attending our Board of Directors and commission if any. The remuneration of the Executive Directors is fixed by the Board of Directors of our Company which is subsequently approved by shareholders at a general meeting.

A. Managing Director and Whole-time Directors

We have not entered into any service agreement with our Managing Director and Whole-time Directors providing for benefits upon termination of employment.

The following table sets forth remuneration paid to our Managing Director and Whole-time Directors for Financial Year 2015-16:

S. No.	Name	Designation	Remuneration
1.	Mr. G. Sree Rama Murthy	Chairman cum Managing Director	₹30,00,000/- (Rupees Thirty Lakhs only) per annum excluding other benefits, allowances, perquisites.
2.	Mr. K. Satyanarayana	Whole-time Director	₹30,00,000/- (Rupees Thirty Lakhs only) per annum excluding other benefits, allowances, perquisites.
3.	Dr. Satish Kumar Arya	Whole-time Director	₹24,00,000 (Rupees Twenty Four Lakhs only) per annum excluding other benefits, allowances, perquisites.

Our Company has not paid any other benefits, allowances, perquisites in addition to the remuneration paid to the Managing Director and the Whole-time Directors as mentioned above.

B. Non-Executive/Independent Director

The following table sets forth sitting-fees paid to our Non-Executive Director/ Independent Directors for Financial Year 2015-16:

Sr. No.	Directors	Fees (in ₹)
1.	Mr. Godithi Satya Rama Prasad	24,000
2.	Mr. Murali Krishna Cherukuri	24,000
3.	Mr. Malla Hara Jagandha Rao	24,000

The above said remuneration and perquisites are subject to the ceiling laid down in Sections 197 and Schedule V of the Companies Act and all other applicable provisions of the Companies Act as may be amended from time to time. In case of payment of remuneration in excess of the prescribed limits, recovery of the excess amount may be waived by the Board of Directors upon the recommendation of the Remuneration Committee and with the approval of the Central Government.

Except as stated in this Draft Prospectus, no amount or benefit has been paid by our Company within the two preceding years or is intended to be paid or given by our Company to any of our Company’s officers including our Directors and key management personnel.



Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our directors and our key management personnel, are entitled to any other benefits upon termination of employment.

Our Company does not have any bonus or profit sharing plan for its Directors.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares. The shareholding of our Directors hereunder is provided as on date of this Draft Prospectus:

Sr. No.	Directors	No. of Equity shares	Percentage (%) of Pre-Offer equity capital
1.	Mr. G. Sree Rama Murthy	55,24,640	44.62
2.	Mr. K. Satyanarayana	21,73,440	17.55
3.	Dr. Satish Kumar Arya	7,95,840	6.43
4.	Ms. G.V. Vandana	1,66,500	1.34
5.	Mr. Bheri Krishna Rao	39,728	0.32
6.	Mr. Godithi Satya Rama Prasad	10,400	0.08
7.	Mr. Malla Hara Jaganntha Rao	10,400	0.08
8.	Mr. Murali Krishna Cherukuri	Nil	0.00
Total		87,20,948	70.44

Interest of Directors

Our Directors are interested in our Company in the following manner: -

- (a) All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association;
- (b) All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them to the extent of any dividends payable to them and other distributions in respect of the said Equity Shares;
- (c) All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firms in which they are partners as declared in their respective declarations;

Except as stated above and in the Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section "Standalone Financial Statements" and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section "Consolidated Financial Statements" on pages 177 and 202, respectively under the section titled "Financial Information", we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

**Changes in our Board of Directors during the last three years**

The following changes have taken place in the Board of Directors of our Company during the last three years:

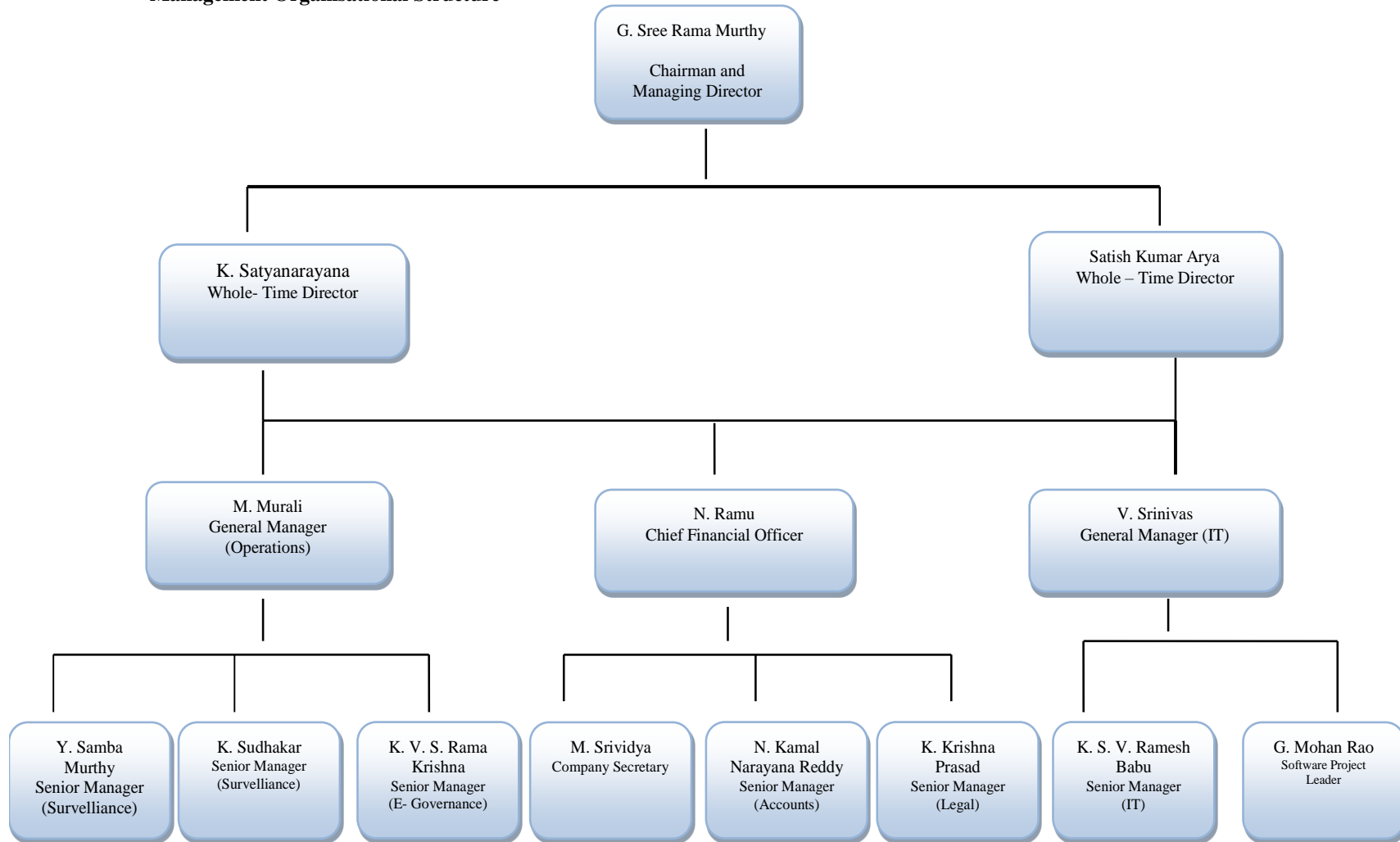
Sr. No.	Name	Date of appointment/ change/ cessation	Reason
1.	Ms. G.V. Vandana	July 30, 2016	Appointment as Non-Executive Director
2.	Mr. Bheri Krishna Rao	July 30, 2016	Appointment as Independent Director
3.	Mr. Malla Hara Jaganntha Rao	July 30, 2016	Change of designation to Independent Director
4.	Mr. Malla Hara Jaganntha Rao	June 22, 2015	Appointed as Director (Non-Executive)
5.	Mr. Malla Hara Jaganntha Rao	June 22, 2015	Resigned as Independent Director
6.	Mr. G. Sree Ram Murthy	April 1, 2015	Re-appointment as Managing Director and Chairman for a tenure of 3 (three) years
7.	Mr. K. Satyanarayana	April 1, 2015	Re-appointment as Whole time Director for a period 3 (three) years
8.	Dr. Satish Kumar Arya	April 1, 2015	Re-appointment as Whole time Director for a tenure of 3 (three) years
9.	Mr. Malla Hara Jaganntha Rao	March 31, 2015	Appointed as Independent Director
10.	Mr. Murali Krishna Cherukuri	March 31, 2015	Appointed as Independent Director
11.	Mr. Godithi Satya Rama Prasad	March 31, 2015	Appointed as Independent Director

Composition of the Board of Directors

S. No.	Name of the Director	Category
1.	Mr. G. Sree Rama Murthy	Chairman cum Managing Director
2.	Mr. K. Satyanarayana	Whole-time Director
3.	Dr. Satish Kumar Arya	Whole-time Director
4.	Mr. Godithi Satya Rama Prasad	Independent Director
5.	Mr. Murali Krishna Cherukuri	Independent Director
6.	Mr. Malla Hara Jaganntha Rao	Independent Director
7.	Mr. Bheri Krishna Rao	Independent Director
8.	Ms. G.V. Vandana	Non-Executive Director



Management Organisational Structure





Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges and the applicable regulations of Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges, the Listing Regulations and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof. 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, as required under law.

Our Board of Directors is constituted in compliance with the Companies Act, Listing Agreement to be executed with Stock Exchanges, the Listing Regulations and in accordance with best practices in corporate governance, our Board of Directors functions either as a full board or through management which provides our Board of Directors detailed reports on its performance periodically.

Currently our Board has 8 (eight) Directors, and the Chairman of our Board is an Executive and Whole-time Director. In compliance with the requirements of the Listing Regulations, we have 3 (three) Executive Directors and 5 (five) Non-Executive Directors on our Board.

I. Committees of the Board in accordance with the Listing Regulations

Audit Committee

Audit Committee was constituted vide the Board meeting held on May 14, 2005 and last reconstituted on August 3, 2016. The existing Audit Committee of our Company comprises of the following: -

Name of the Director	Designation in the Committee	Nature of Directorship
G. Satya Rama Prasad	Chairman	Independent Director
Ch. Murali Krishna	Member	Independent Director
B. Krishna Rao	Member	Independent Director

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

A. *Powers of Audit Committee:*

The powers of the Audit Committee shall include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. *Role of Audit Committee:*

The role of Audit Committee shall include the following:

1. Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the Statutory auditors.



4. Reviewing, with the management, the annual financial statements 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 Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and the reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and
5. Reviewing , with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter Corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, with related parties;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on.
15. Reviewing the findings of any findings of any internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
17. To review the functioning of the Whistle Blower mechanism;
18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
19. Approval of the Appointment of Chief Financial Officer after assessing the qualifications, experience & background, etc., of the Candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee shall mandatorily review the following information:



- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- Statement of Deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR);
 - (b) Annual Statement of funds utilized for purposes other than those stated in the offer document/ prospectus / notice in terms of Regulation 32(7) of SEBI (LODR).

As required under the SEBI (LODR), the Audit Committee shall meet at least four times a year, and not more than 120 days shall elapse between two meetings. The quorum shall be two members present or 1/3rd of the members whichever is greater provided that there should be a minimum of two independent directors present.

Nomination and Remuneration Committee

The Remuneration Committee was constituted pursuant to a resolution of our Board dated May 14, 2005 and was last re-constituted pursuant to a resolution of our Board dated August 3, 2016 and was renamed as the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Ch. Murali Krishna	Chairman	Independent Director
G. Satya Rama Prasad	Member	Independent Director
B. Krishna Rao	Member	Independent Director

Set forth below are the terms of reference of our Nomination and Remuneration Committee in accordance with Section 178 of Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (LODR) :-

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the Board;
- Devising policy on diversity of Board ;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal; and
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- Devising a policy on Employee Stock Option Scheme and ensuring proper implementation as per scope provided in ESOP Scheme.

The quorum of the Nomination and Remuneration Committee shall be Two Members personally present.

**Stakeholders Relationship Committee**

The Shareholder's Relationship Committee was constituted pursuant to a resolution of our Board dated May 14, 2005 and was last reconstituted by a resolution of our Board dated April 1, 2015 and was subsequently renamed as Stakeholders' Relationship Committee. The Stakeholder's Relationship Committee comprises of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Ch. Murali Krishna	Chairman	Independent Director
Dr. Satish Kumar Arya	Member	Whole- Time Director
Mr. M.H. Jagannadha Rao	Member	Independent Director

The Stakeholder's Relationship Committee is responsible for specifically looking into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders. It shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends. Set forth below are the terms of reference of our Stakeholders' Relationship Committee in accordance with Section 178 of Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of the SEBI (LODR).

The Committee shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

The quorum shall be two members present.

IPO Committee

The IPO Committee was constituted pursuant to the resolution of our Board dated June 25, 2016 and was reconstituted at the meeting of the Board dated August 3, 2016. The IPO Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. G. Sree Rama Murthy	Chairman	Chairman and Managing Director
Mr. K. Satyanarayana	Member	Whole – Time Director
Dr. Satish Kumar Arya	Member	Whole – Time Director
Mr. B. Krishna Rao	Member	Independent Director

Set forth below are the terms of reference of the IPO Committee:

- to decide the terms and conditions of the Issue, finalization and filing of the Draft Red Herring Prospectus / Draft Prospectus and Red Herring Prospectus / Prospectus with SEBI, the Stock Exchanges and other regulatory bodies as may be required;
- To handle all matter relating to appointment of intermediaries and advisors in relation to the IPO
- To carry out all acts including finalizing allotment and take all decisions/ steps as may be necessary for the purposes of the IPO and listing.

Corporate Social Responsibility Committee

The CSR Committee was constituted pursuant to a resolution of our Board dated May 8, 2014. The CSR Committee comprises of the following Directors:



Name of the Director	Designation in the Committee	Nature of Directorship
G. Sree Rama Murthy	Chairman	Chairman and Managing Director
K. Satyanarayana	Member	Whole – Time Director
G. Satya Rama Prasad	Member	Independent Director

Set forth below are the terms of reference of the CSR Committee:

- Formulate and recommend to our Board, a corporate social responsibility policy, which shall indicate the activities to be undertaken by the Company as per Schedule VII of the Companies Act, 2013;
- Review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- Monitor the corporate social responsibility policy of our Company from time to time; and
- Any other matter as the CSR Committee may deem subject to the approval of our Board or as may be directed by our Board from time to time.



Key Managerial Personnel

Given below are the details of our Key Managerial Personnel, other than the Managing Director and Whole-time Directors of our Company, as on the date of this Draft Prospectus. For details of our Managing Director and Whole-time Directors, please see the chapter titled “Our Management” beginning on page 129 of this Draft Prospectus.

- (i) **Mr. Naraharasetti Ramu** aged 45 years, is Chief Financial Officer of our Company. He has over 20 years of experience. He holds a degree of Bachelor of Commerce from Nagarjuna University. He is also a qualified Chartered Accountant and a member of Institute of Chartered Accountants of India. In August, 1996 he joined our Company and left the service of our Company on September 30, 2001 to start his own practice. Subsequently, he rejoined our Company on January 1, 2005 and was designated as Chief Financial Officer of our Company on August 1, 2014. He is responsible for maintaining and controlling the process of financial accounting, budgeting, statutory audit and various audits conducted by the regulatory authorities, all the daily transactions carried on by various accountants of all the branches of our Company. He was paid a remuneration of approximately ₹10.32 lacs in Financial Year 2015-16.
- (ii) **Ms. Srividya** aged 28 years, is Company Secretary and Compliance Officer of our Company since October 9, 2015. She is a qualified Company Secretary and a member of Institute of Company Secretaries of India. She is also a qualified Cost Accountant and holds degree of Bachelor of Commerce from Andhra University and Post Graduate Diploma in Business Administration. She is responsible for ensuring compliance with the provisions of the Companies Act, 2013, SEBI Act, 1992, along with other statutory acts, rules and regulations formed thereunder. She was paid a remuneration of approximately ₹1.65 lacs in Financial Year 2015-16.
- (iii) **Mr. Mediboyena Murali** aged 48 years, is General Manager – Operations of our Company. He has over 20 years of work experience. He holds a degree in Bachelor of Commerce from Andhra University. He has been associated with our Company since April 1, 1996 and is currently responsible for business development and daily operations carried on by our Company in various markets and to also coordinate with all Regional Managers, Branch Managers, Sub-brokers, high-net-worth individuals and other investors. He also oversees the risk management team of our Company. The role of this team is to prevent business losses, ensure client business relationship, regulatory compliance, retaining the client for longer duration. He was paid a remuneration of ₹9.32 lacs in Financial Year 2015-16.
- (iv) **Mr. V. Srinivas** aged 51 years, is General Manager – IT of our Company. He has over 25 years of experience. He holds a degree in Bachelor of Commerce from Ranchi University. He has undergone certificate courses in UNIX, C programming language from Aptech Computer Education, Oracle from Sri Krsn Computers and Cloud Computing from Manrajsoft Pty Ltd, Australia. He has been associated with our Company since January 27, 1997 and is responsible for handling VSAT Network at all the centres to ensure uninterrupted connectivity between the stock exchanges and the remote locations. He also heads the in-house software development team for back-office applications of trading, clearing, finance, e-governance and payroll. Prior to joining our Company he has been associated with Krishna Mohan Beverages & Constructions Limited, Vizag, Tamimi Global Company Limited, Saudi Arabia and Polar Forging & Tools Limited, New Delhi. He was paid a remuneration of ₹9.32 lacs in Financial Year 2015-16.
- (v) **Mr. G. Mohana Rao** aged 44 years, is Project Leader – Software Development of our Company. He has over 17 years of experience. He holds a Diploma in Electronics & Communication from State Board of Technical Education and Training. He has been associated with our Company since April 1, 1999 and is responsible for monitoring the functional behaviour of the web based back-office application and database maintenance. He was paid a remuneration of ₹6.65 lac in Financial Year



2015-16.

- (vi) **Mr. K. Krishna Prasad** aged 52 years is Senior Manager – Legal of our Company. He has over 27 years of experience. He holds a degree of Bachelor of Law from Andhra University He has been associated with our Company since February 22, 2002 and is responsible for overseeing the legal proceedings and other compliances involving our Company. Prior to joining our Company he had independent practice as an Advocate. He was paid a remuneration of ₹4.31 lacs in Financial Year 2015-16.
- (vii) **Mr. N. Kamal Narayan Reddy** aged 43 years is Senior Manager- Accounts of our Company. He has over 16 years of experience. He holds a degree of Bachelor of Commerce from Andhra University. He has been associated with our Company since January 1, 2000 and is responsible for overseeing all the functions and activities of Finance and Accounts Department of our Company. Moreover, he co-ordinates with the internal and Statutory Auditors regularly during the course of audits. He was paid a remuneration of ₹4.79 lacs in Financial Year 2015-16.
- (viii) **Mr. Y. Samba Murthy** aged 46 years is Senior Manager – Surveillance of our Company. He has also been designated as Principal Officer of our Company under PML Act. He has over 20 years of experience. He holds a degree of Master of Commerce from Andhra University along with a degree of Master of Business Administration from Andhra University. He has also obtained a degree in Bachelor of Law He has been associated with our Company since April 1, 1999 and is responsible for handling of trading, surveillance, back-office and is entrusted with the duties and obligations set-out under the PML Act.. Prior to joining our Company he was engaged in stock broking activities. He was paid a remuneration of ₹4.98 lacs in Financial Year 2015-16.
- (ix) **Mr. K.S.V Ramesh Babu**, aged 40 years is Senior Manager – Information Technology of our Company. He has over 15 years of experience. He holds a degree of Bachelor of Engineering from Andhra University. He has been associated with our Company since October 28, 2000 and is responsible for online technical support to ensure trading, back-office and depository operations and e-governance activities at central site as well as remote locations. Moreover, he provides online trading solutions and supports for disconnections, functional errors, database errors, hardware malfunctions and other information technology related problems. He was paid a remuneration of ₹4.98 lacs in Financial Year 2015-16.
- (x) **Mr. Sudhakar Kota** aged 45 years, is Senior Manager – Surveillance of our Company. He has also been designated as Compliance Officer for all the business operations of the Company comprising of stock broking, DP operations and e-governance business. He holds a degree in Master of Business Administration along with a degree in Master of Commerce from Andhra University. He has been associated with our Company since November 30, 1998. He was paid a remuneration of ₹4.85 lacs in Financial Year 2015-16.
- (xi) **Mr. K.V.S Rama Krishna**, aged 38 years is Senior Manager – E-Governance of our Company. He has over 17 years of experience. He holds a degree of Bachelor of Commerce from Andhra University. He has been associated with our Company since January 1, 1999 and is responsible for monitoring and controlling of all the E- Governance activities carried out by our Company. He also oversees the operations of our Company pertaining to depository, National Pension Scheme and National Insurance Repository. He was paid a remuneration of ₹4.52 lacs in Financial Year 2015-16.

Notes:

1. All the key managerial personnel mentioned above are permanent employees of our Companies.
2. Except for Mr. K.S.V Ramesh Babu who is the son of Mr. K. Satyanarayana, Whole-time Director of our Company none of the key managerial personnel mentioned above are related to each other or to any Director of our Company.
3. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any



- of the above mentioned personnel have been recruited.
4. As on the date of filing of this Draft Prospectus, our Company does not have a performance linked bonus or a profit sharing plan with the key management personnel.
 5. No non-salary-related payments or benefits have been made to our key management personnel other than (i) certain performance-linked incentives which were paid by the Company in the past, to its key managerial personnel based on targets achieved and general performance and (ii) vehicle facilities.

Shareholding of Key Managerial Personnel

Other than the following, none of our Key Management Personnel holds Equity Shares in our Company as on the date of filing of this Draft Prospectus: -

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares (Face Value of ₹ 10 each)	Percentage of pre-Offer share capital (%)
1.	Mr. K.S.V Ramesh Babu	91,300	0.73
2.	Mr. Naraharasetti Ramu	47,728	0.39
3.	Mr. Mediboyena. Murali	47,728	0.39
4.	Mr. V. Srinivas	39,728	0.32
5.	Mr. G. Mohana Rao	36,800	0.30
6.	Mr. N. Kamal Narayan Reddy	16,000	0.13
Total		279,284	2.26

Changes in the Key Managerial Personnel during last three years:

Following have been the changes in the key managerial personnel during the last three years:

Sr. No.	Name	Date of Joining	Date of Leaving	Reasons
1.	M. Srividya	October 9, 2015	N.A	Appointed as Company Secretary
2.	Manoranjan Biswal	July 1, 2013	August 31, 2015	Resigned as Company Secretary
3.	Naraharasetti Ramu	August 25, 2014	N.A	Appointed as Chief Financial Officer

Interests of Key Managerial Personnel

Our Key Managerial Personnel are interested to the extent of remuneration paid to them by our Company and to the extent of their shareholding in our Company.

Employees

As on March 31, 2016 we have 506 employees including the employees across our Subsidiary.



Payment or benefit to our officers

No amount or benefit has been paid or given within the two preceeding years or is intended to be paid or given to any officer and consideration for payment of giving of the benefit



OUR PROMOTERS AND PROMOTER GROUP

The following are the Promoters of our Company:

	<p>Mr. G. Sree Rama Murthy, Chairman and Managing Director</p> <p>Mr. G.Sree Rama Murthy aged 67 years, is the Promoter and Chairman cum Managing Director of our Company. He obtained a Diploma Certificate in Civil Engineering from State Board of Technical Education and Training in the year 1972. Thereafter, he graduated in the year 1981 with a degree Bachelor of Engineering in Civil branch, from Andhra University. He obtained a degree in Master of Science in Geo-Engineering and Resource Development in the year 1983 from Andhra University. He obtained a Diploma Certificate of Membership in the year 1983 and became a member of the Institution of Engineers (India) as Chartered Engineer in the year 1985. He had initially served in the private sector for a period of 5 years from 1970 to 1975 handling special foundations and construction projects/contracts in various parts of the country. Subsequently, he had served in a Public Sector Undertaking, Infrastructure Corporation of Andhra Pradesh, as a Civil Engineer between 1976 and 1981 and was involved in project management, implementation of systems & procedures and administration. In the year 1982 he started his own sole proprietorship firm for construction and civil contract projects under the name and style of M/s. G. Sree Rama Murthy. He has over 30 years of varied experience of which more than 21 years he has been involved in stock market operations. Since 1995 he has been associated with our Company and was amongst the key persons involved in the incorporation of the Company. Besides taking care of the day-to-day operations of our Company, he controls the planning, finance and implementation functions of our Company.</p> <p>Passport No.: J3956569 Driving License No.: DLRAP03100207602012 Voter Id No.: N.A. DIN: 00804317 Address: 49-26-11, Madhura Nagar, Visakhapatnam – 530016, Andhra Pradesh</p>
	<p>Mr. K. Satyanarayana, Whole - Time Director</p> <p>Mr. K. Satyanarayana, aged 66 years, is the Promoter and Whole-time Director and designated as Executive Director- Surveillance of our Company. He graduated in the year 1981 with a degree Bachelor of Engineering in Civil branch, from Andhra University. He obtained his a degree in Master of Science in Geo-Engineering and Resource Development in the year 1983 from Andhra University. He has over 30 years of varied experience of which more than 21 years has been involved in stock broking activities. Between the period 1970 and 1983 he had served at different levels in various organisations. Further, from the period 1983 to 1994 he was actively involved in execution of various construction related activities. Finally, from the year 1995 he has been associated with our Company and was amongst the key persons involved in the incorporation of the Company. He takes care of the surveillance requirement of operations and also takes care of the inspection, risk compliance, systems and allied activities.</p> <p>Passport No.: J2330227 Driving License No.: Not Applied Voter Id No.: ACK8258808 DIN: 00045387 Address: 49-54-23, Greenpark, 2nd Floor B.S.Layout Area, Seethammadhara Visakhapatnam 530013, Andhra Pradesh</p>



Dr. Satish Kumar Arya, Whole - Time Director

Dr. Satish Kumar Arya, aged 56 years is the Promoter and Whole-time Director and designated as Director- Operations of our Company. He obtained a degree in Bachelor of Alternative System of Medicines from Indian Board of Alternative Medicines in 2001. He obtained Post-Graduate Diploma in Business Management from Indian Institute of Management & Technology in the year 2004 and Graduate degree in Bachelor of Commerce from Kalinga University in the year 2005. Thereafter, he obtained a Degree of Philosophy in the field of Business Administration from New Age International University in the year 2009. He has served in the Indian Navy on board of various ships and establishments for 15 years in the medical branch from June 1978 to June 1993. From the year 1993, he developed interest in capital market and started trading and investing in stock market. He joined our Company in 1996 as Director. He has been instrumental in developing the Company into various stock market operations including broking, depository participant, commodities and trading. He has over 25 years of experience of which 21 years he has been involved in stock market operations. In the year 2014, he identified new area for operation in the form of e-governance business and developed the same to be one of the profit centres. The said diversification into e-governance business has helped our Company to grow exponentially and establish the foothold pan – India. He is in control of operations of our Company including the trading operations, depository and e-governance, marketing, software development, systems, training, co-ordination with stock exchanges and regulatory authorities. He was a member of various committees formed by National Stock Exchange of India Limited, the BSE and Multi Commodity Exchange of India Limited and Metropolitan Stock Exchange. He is the member of Executive Committee of Association of National Exchanges Members of India (ANMI), Andhra Chapter. He has been a member of the executive committee of East Point Golf Club, Visakhapatnam for several years. He is also on Board of The Vizagpatam Chamber of Commerce & Industry.

Passport No.: F3350836

Driving License No.: 86/c/34127

Voter Id No.: BGY7571243

DIN: 00046156

Address: 50-49-16/6, Flat No. 401, NavyaSoudha TPT Colony, Seethammadhara, Vishakapatnam – 530013, Andhra Pradesh

We confirm that the permanent account number, bank account details and passport number of our Promoters was submitted to the Stock Exchange, at the time of filing the Draft Prospectus with them.

Interest of Promoters

Our Promoters who are also the Directors of our Company and our Subsidiary may be deemed to be interested to the extent of fees, if any payable to them for attending meetings of the Board or a committee thereof as well as to the extent of remuneration, commission and reimbursement of expenses payable to them as per the terms of the Articles of our Company and our Subsidiary and relevant provisions of Companies Act. Our Promoters may also be deemed to be interested to the extent of Equity Shares held by them in our Company and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares in our Company.

Our promoters do not have any other interest in any property acquired or proposed to be acquired by our Company in a period of 2 (two) years before filing of this Draft Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.



Our Promoters are interested in our Company to the extent of their respective shareholding. For details on the shareholding of our Promoters in our Company, please see the section titled “*Capital Structure*” on page 58.

For further information, please refer to the details under the heading “*Our Management – Interest of Directors*” on page 135 of this Draft Prospectus.

Payment or benefits to our Promoters in the last two years

Except as mentioned under the heading “Interest of Promoters” and in the sections titled Annexure XXIX-Statement of Related party disclosures, as restated appearing in the section “Standalone Financial Statements” and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Consolidated Financial Statements” and chapter titled “Objects of the Offer” on pages 177, 202 and 73 respectively of this Draft Prospectus, no amount or benefits were paid or were intended to be paid to our Promoters during the last 2 (two) years from the date of filing of this Draft Prospectus.

Common Pursuits

Our Promoters have not promoted any Promoter Group / Group Company which are engaged in the line of business similar to our Company as on the date of this Draft Prospectus.

Companies with which our Promoters have disassociated in the last three years

None of our Promoters have disassociated themselves from any companies, firms or other entities during the last three years preceding the date of the Draft Prospectus.

Related Party Transactions

For details of related party transactions entered into by our Company during the preceding 2 (two) years from the date of this Draft Prospectus, the nature and the cumulative value of such transactions, please see Annexure XXIX-Statement of Related party disclosures, as restated appearing in the section “Standalone Financial Statements” and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Consolidated Financial Statements” on pages 177 and 202, respectively of this Draft Prospectus.

Litigation

For details regarding litigation involving Promoters, see the section titled “*Outstanding Litigation and Material Developments*”, beginning on page 216.

Change in Management and control of our Company

There has been no change in management of our Company during 5 (five) years immediately preceding the date of filing of this Draft Prospectus.

Promoter Group

Our Promoter Group as defined under Regulations 2(zb)(iv) of the SEBI ICDR Regulations and Section 2(77) of Companies Act read with Rule 4 of Companies (Specification of definition details) Rules, 2014 includes the following individuals:

(i) Natural Persons

(a) Mr. G. Sree Rama Murthy

The following natural persons form part of our Promoter Group as relatives of Mr. G. Sree Rama Murthy:



Name	Relationship
G. Thara	Wife
G. Sirisha	Daughter
T. V. Srikanth	Daughter's Husband
G .V. Vandana	Daughter
P. Madhu	Daughter's Husband
(Late) G. Lakshmana Rao	Brother
G. Krishna Murthy	Brother
A. Padmavathi	Sister

(b) Mr. K. Satyanarayana

The following natural persons form part of our Promoter Group as relatives of Mr. K. Satyanarayana: -

Name	Relationship
K. Mahalakshmi	Wife
K. S. V. Ramesh Babu	Son
K. Mrudula	Son's Wife
K. G.V. Lakshmi	Daughter
K. Srinivas	Daughter's Husband

(c) Dr. Satish Kumar Arya

The following natural persons form part of our Promoter Group as relatives of Dr. Satish Kumar Arya: -

Name	Relationship
Nirmala Devi Arya	Wife
Sachin Arya	Son
Alka Rajput Arya	Son's Wife
Suman Arya Rana	Daughter
Sandeep Rana	Daughter's Husband
Jagadish Singh	Brother

(ii) Corporate Entities forming part of the Promoter Group

Body Corporates:

- (a) Steel City Insurance Private Limited
- (b) Steel City Health Insurance Private Limited
- (c) Steel City Financial Services Private Limited

Proprietary Concern:

- (a) NS Securities

Shareholding of the Promoter Group in our Company

For details of shareholding of members of our Promoter Group as on the date of this Draft Prospectus see section titled "Capital Structure" on page 58.



Other Confirmations:

None of our Promoters are Wilful Defaulters and there are no violations of securities laws committed by our Promoters in past or pending against them. Our Promoters are not prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other regulatory/statutory authority.

None of the Promoters, Promoter Group entities or Group Company have been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of the Offer against our Promoters, except as disclosed under the chapter titled “Outstanding Litigation and Material Developments” beginning on page 216 of this Draft Prospectus.

**OUR GROUP COMPANIES**

As per the requirements of SEBI ICDR Regulations, for the purpose of identification of ‘Group Companies’, our Company has considered those companies as Group Companies, which are included in the list of related parties of the Company, under Accounting Standard 18 or other companies as considered material by our Board. Pursuant to a resolution of our Board dated August 3, 2016, for the purpose of disclosure in offer documents for the Offer, a company shall be considered material and disclosed as a ‘Group Company’ if such company forms part of the Promoter Group of the Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations, companies in which, the investment in the form of equity or loan by the Company exceeds 10% of the consolidated net worth of the Company for the last audited financial year and where the Company has entered into one or more transactions with such company in the last audited financial year, cumulatively exceeding 10% of the total consolidated revenue of the Company for the last audited financial year.

Based on the above, following are our Group Companies:

1. Steel City Financial Services Private Limited;
2. Steel City Infotech Private Limited;
3. Steel City Health Insurance Private Limited; and
4. Steel City Insurance Private Limited.

Following are the details pertaining to our Group Companies:

Steel City Financial Services Private Limited (“SCFSPL”)*Corporate Information:*

SCFSPL was initially incorporated on January 10, 1997 under the provisions of Companies Act, 1956 as Sri Geeta Sai Finvest Private Limited and subsequently changed its name to ‘Steel City Financial Services Private Limited’ on October 22, 2013.

SCFSPL is a NBFC holding a valid Certificate of Registration from Reserve Bank of India dated August 3, 1998 bearing No.09.00178. SCFSPL is carrying on the business of providing services like home loans, car loans, personal loans, commercial business loans and loans against securities.

Audited Financial information:

Particulars	(₹ in Lacs)			
	Quarter Ending June 30, 2016	Year Ending March 31, 2016	Year Ending March 31, 2015	Year Ending March 31, 2014
Authorised Capital.	500.00	500.00	500.00	500.00
Paid-up Equity Capital.	353.00	353.00	353.00	221.00
Reserves & Surplus.	105.42	103.86	78.17	(3.19)
Sales/Income.	4.34	48.95	24.23	17.43
Profit/(Loss) after tax.	1.56	25.69	15.35	(6.23)
Earnings per share (₹).	0.18	0.73	0.58	(0.28)
Net Asset Value per equity share (₹).	12.99	12.94	12.21	9.86

Shareholding Pattern as on June 30, 2016:

Sr. No	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding (%)
1.	Promoters and Promoter Group	3,330,000	94.33
2.	Public shareholding	2,00,000	5.67
	Total	35,30,000	100

**Steel City Infotech Private Limited (“SCITPL”)***Corporate Information:*

SCITPL was incorporated on November 30, 1998 under the provisions of Companies Act, 1956. SCITPL is involved in the business of carrying on the business of providing E- Governance facilities.

*Audited Financial information:**(₹ in Lacs)*

Particulars	Year Ending March 31, 2015	Year Ending March 31, 2014	Year Ending March 31, 2013
Authorised Capital.	15.00	15.00	15.00
Paid-up Equity Capital.	1.50	1.00	1.00
Reserves & Surplus.	0.76	(0.59)	(2.28)
Sales/Income.	12.41	20.07	7.52
Profit/ (Loss) after tax.	1.36	1.69	0.29
Earnings per share (₹).	9.03	16.90	2.91
Net Asset Value per equity share (₹).	15.09	4.07	(12.82)

Shareholding Pattern as on June 30, 2016:

Sr. No	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding (%)
1.	Srinivas Vipparthi	4,000	26.67
2.	Ramu Naraharasetti	3,000	20.00
3.	Murali Mediboyena	3,000	20.00
4.	Steel City Securities Limited	2,500	16.67
5.	K. V. S. Rama Krishna	1,500	10.00
6.	N. Kamal Narayana Reddy	1,000	6.66
Total		15,000	100.00

Steel City Health Insurance Private Limited (“SCHIPL”)*Corporate Information:*

SCHIPL was initially incorporated on May 29, 2013 under the provisions of Companies Act, 2013. SCHIPL is yet to commence its business operations.

*Audited Financial information:**(₹ in Lacs)*

Particulars	Year Ending March 31, 2015	Year Ending March 31, 2014
Authorised Capital.	1.00	1.00
Paid-up Equity Capital.	1.00	1.00
Reserves & Surplus.	(0.18)	(0.09)
Sales/Income.	-	-
Profit/(Loss) after tax.	(0.09)	(0.09)
Earnings per share (₹).	(0.93)	(0.87)
Net Asset Value per equity share (₹).	8.20	9.13

*Shareholding Pattern as on June 30, 2016:*

Sr. No	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding (%)
1.	Kamal Narayana Reddy Naina	5,000	50.00
2.	Satya Venkata Ramesh Babu Kamireddi	5,000	50.00
Total		10,000	100.00

Steel City Insurance Private Limited (“SCIPL”)*Corporate Information:*

SCIPL was incorporated on August 20, 2002 under the provisions of Companies Act, 1956. SCIPL has not carried on any business during the previous 5 (five) years.

*Audited Financial information:**(₹ in Lacs)*

Particulars	Year Ending March 31, 2015	Year Ending March 31, 2014	Year Ending March 31, 2013
Authorised Capital.	5.00	5.00	5.00
Paid-up Equity Capital.	4.00	4.00	4.00
Reserves & Surplus.	(2.85)	(2.61)	(2.55)
Sales/Income.	-	-	-
Profit/ (Loss) after tax.	(0.04)	(0.05)	(0.09)
Earnings per share (₹).	(0.11)	(0.14)	(0.23)
Net Asset Value per equity share (₹).	17.13	16.52	16.38

Shareholding Pattern as on June 30, 2016:

Sr. No	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding (%)
1.	Dharma Rao Yalala	16,000	40.00
2.	G.V. Vandana	4,000	10.00
3.	S. Sirisha	8,000	20.00
4.	B.Kusuma	4,000	10.00
5.	B. Krishna Rao	4,000	10.00
6.	B. Srikanth	4,000	10.00
Total		40,000	100.00

Loss making Entity

Our Group Companies i.e. SCHIPL and SCIPL have incurred loss in the immediate preceding year.

Related Party Transactions

For details of related party transactions please see Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Standalone Financial Statements” and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Consolidated Financial Statements” on pages 177 and 202, respectively of this Draft Prospectus.



Companies with negative net worth

Our Group Companies do not have negative net worth as per the last audited financial statements mentioned herein.

Nature and Extent of Interest of Group Companies

(a) In the promotion of our Company

Our Group Companies do not have any interest in the promotion of our Company.

(b) In the properties acquired or proposed to be acquired by our Company in the past 2 (two) years before filing the Draft Prospectus with Stock Exchange

Our Group Companies do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 (two) years preceding the filing the Draft Prospectus with the Stock Exchange.

(c) Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company

For details of related party transactions please see Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Standalone Financial Statements” and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Consolidated Financial Statements” on pages 177 and 202, respectively of this Draft Prospectus.

Common Pursuits amongst the Group Companies with our Company

As on the date of filing of this Draft Prospectus, our Group Companies are not carrying any business competing with that of our Company.

Sale/Purchase between the Group Companies and Subsidiary exceeding in value in aggregate of 10% of total sales or purchases of our Company

For details of related party transactions please see Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Standalone Financial Statements” and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Consolidated Financial Statements” on pages 177 and 202, respectively of this Draft Prospectus.

Payment of Amount or Benefits to our Group Companies during the Last Two Years

Except as mentioned in the sections titled Annexure XXIX-Statement of Related party disclosures, as restated appearing in the section “Standalone Financial Statements” and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Consolidated Financial Statements” and chapter titled “Objects of the Offer” on pages 177, 202 and 73 respectively of this Draft Prospectus, no amount or benefits were paid or were intended to be paid to our Group Companies during the last 2 (two) years from the date of filing of this Draft Prospectus.

Business Interest of Group Companies

For details of “Interest of Group Companies” please see Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Standalone Financial Statements” and Annexure XXIX- Statement of Related party disclosures, as restated appearing in the section “Consolidated Financial Statements” on pages 177 and 202, respectively of this Draft Prospectus.



Other disclosures:

Our Group Companies have not remained defunct and no application has been made to the Registrar of Companies for striking off the name of our Group Companies during the 5 (five) years preceding the date of filing of the Draft Prospectus with the Stock Exchange.

Our Group Companies are not under any winding up proceedings.

As on June 30, 2016, our Group Companies have not taken any unsecured loans from our Company.

No part of the net proceeds are payable to our Group Companies.

Our Group Companies are not listed on any of the Stock Exchanges and have not made any public/rights issue in last 5 (five) years. Further, no action has been taken against our Group Companies by any Stock Exchange or SEBI.

Our Group Companies are not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and are not under the Board for Industrial and Financial Reconstruction.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against our Group Companies.

Our Group Companies have not been debarred from accessing the capital market for any reasons by the SEBI or any other authorities.

Our Group Companies have not been identified as a willful defaulter by the RBI or other authorities.

**DIVIDEND POLICY**

Under the Companies Act, an Indian company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous Fiscal Years or out of both. At the time of declaration of Dividend transfer to special general reserve under the provisions of Companies (Transfer of Profits to Reserves) Rules, 1975 is being followed.

Our Company does not have a formal dividend policy. Any dividends declared are recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion.

The dividends declared by our Company on the Equity Shares during the last five Financial Years are detailed in the following table:

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Face value per Equity Share ₹	10	10	10	10	10
Dividend paid per EquityShare	1.20	2.80	1.00	0.00	0.00
Dividend paid* (INR)	148.57	346.67	123.81	0.00	0.00

**Excluding dividend distribution tax*

Dividends are payable within 30 days of approval by the Equity Shareholders at its annual general meeting. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the "record date" are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.



SECTION V - FINANCIAL INFORMATION

STANDALONE FINANCIAL STATEMENTS

The Board of Directors,

Steel City Securities Limited
49-52-5/4, Shanthipuram,
Visakhapatnam – 530016

Dear Sirs,

- 1 We have examined the attached Restated Standalone Summary Statement of Assets and Liabilities of Steel City Securities Ltd ('the Issuer') as at 30th June 2016 and March 31, 2016, 2015, 2014, 2013 and 2012 and also related the Restated Standalone Summary Statement of Profits and Losses and related Restated Standalone Summary Statement of Cash Flows for the three months ended June 30th 2016 and the years ended March 31, 2016, 2015, 2014, 2013 and 2012 together with the notes and annexures thereto (collectively 'the Restated Standalone Summary Statements') annexed to this report for the purpose of inclusion in the offer document to be issued by the Issuer in connection with the proposed Initial Public Offering ('IPO') of its equity shares.
- 2 The Restated Standalone Summary Statements are prepared by management of the Issuer from the audited financial statements of the respective period / years, in accordance with the requirements of section 26 of the Companies Act, 2013 ('the Act') read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 ('the Rules') and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ('the Regulations'), and have been approved by the Issuer's board of directors on September 17, 2016.
- 3 We have examined the Restated Standalone Summary Statements in accordance with:
 - a) the terms of reference vide our engagement letter dated 03/08/2016 to carry out work on such financial information included in the offer document of the Issuer in connection with its IPO;
 - b) the Guidance Notes on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India and
 - c) we ,in view of note no.2 to clause IX of Para No.2 of Part A of Schedule VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, re audited in accordance with the standards on auditing, the Standalone Balance Sheets of the Issuer for the three months period ended June 30, 2016 and for the year ended March 31, 2016 and the related Standalone Statements of Profit and Loss and related Standalone Cash Flows Statements for the period or years ended , together with the related schedules, notes and annexures, prepared in accordance with generally accepted accounting principles in India ("Indian GAAP"). As of and for the years ended March 31st 2015, 2014, 2013 and 2012 March the standalone financial statements of the company are prepared in accordance with Indian GAAP and audited in accordance with the standards on auditing by the Statutory Auditors of the Issuer, namely M/s Sudhakar & Kumar Associates Chartered Accountants, Visakhapatnam ("the Other Auditors".) Collectively, the standalone financial statements referred to in this paragraph are the "Audited Standalone Financial Statements"



- 4 On the basis of our examination we are of the opinion that:
- a) the Restated Standalone Summary Statement of Assets and Liabilities as at June 30th 2016 and March 31, 2016, 2015, 2014, 2013 and 2012 (Annexure I), read together with notes on material adjustments (Annexure IV A) and with the related significant accounting policies (Annexure IV B) and other notes on accounts (Annexure IV C), are on the basis of the Audited Standalone Financial statements after making such adjustments as are required by the Regulations;
 - b) the Restated Standalone Summary Statement of Profits and Losses for the three months ended June 30th 2016 and the years ended March 31, 2016, 2015, 2014, 2013 and 2012 (Annexure II), read together with the notes on material adjustments (Annexure IV A) and with the related significant accounting policies (Annexure IV B) and other notes on accounts (Annexure IV C), are on the basis of the Audited Standalone Financial Statements after making such adjustments as are required by the Regulations;
 - c) the Restated Standalone Summary Statement of Cash Flows for the three months ended June 30th, 2016 and the years ended March 31, 2016, 2015, 2014, 2013 and 2012 (Annexure III), read together with the notes on material adjustments (Annexure IV A) and with the related significant accounting policies (Annexure IV B) and other notes on accounts (Annexure IV C), are on the basis of the Audited Standalone Statements Audited after making such adjustments as are required by the Regulations;
 - d) necessary adjustments for material prior period items and incidental tax adjustments are done and
 - e) there are no changes in the accounting policies. The accounts do not contain any extraordinary items that need to be disclosed and also do not contain any audit qualifications requiring adjustment.

Other financial information

- 5 We have also examined the following financial information proposed to be included in the offer document:
- i. Statement of Notes to Restated Summary Statements of the Company (Annexure IV);
 - ii. Statement of Long Term Borrowings, As Restated (Annexure V);
 - iii. Statement of Short Term Provisions, As Restated (Annexure VI);
 - iv. Statement of Short Term Borrowings, As Restated (Annexure VII);
 - v. Statement of Trade Payables, As Restated (Annexure VIII);
 - vi. Statement of Other Current Liabilities, As Restated (Annexure IX);
 - vii. Statement of Share Capital, As Restated (Annexure X);
 - viii. Statement of Reserves and Surplus, As Restated (Annexure XI);
 - ix. Statement of Deferred Tax Liabilities (Net), As Restated (Annexure XII);
 - x. Statement of Long Term Loans and Advances, As Restated (Annexure XIII);
 - xi. Statement of Short Term Loans and Advances, As Restated (Annexure XIV);
 - xii. Statement of Other Non Current Assets, As Restated (Annexure XV);
 - xiii. Statement of Non-Current Investments, As Restated (Annexure XVI);
 - xiv. Statement of Trade Receivables, As Restated (Annexure XVII);
 - xv. Statement of Cash and Bank Balances, As Restated (Annexure XVIII);
 - xvi. Statement of Revenue from operations, As Restated (Annexure XIX);
 - xvii. Statement of Other Income, As Restated (Annexure XX);
 - xviii. Statement of Operating Costs, As Restated (Annexure XXI);
 - xix. Statement of Employee Benefit Expense, As Restated (Annexure XXII);
 - xx. Statement of Finance Cost, As Restated (Annexure XXIII);
 - xxi. Statement of Other Expenses, As Restated (Annexure XXIV);
 - xxii. Capitalisation Statement, As Restated (Annexure XXV);
 - xxiii. Statement of Tax Shelter, As Restated (Annexure XXVI);
 - xxiv. Statement of Accounting Ratios, As Restated (Annexure XXVII);



- xxv. Statement of Dividend paid, As Restated (Annexure XXVIII);
 - xxvi. Statement of Related Parties Transactions, As Restated (Annexure XXIX);
 - xxvii. Statement of Contingent Liabilities, As Restated (Annexure XXX);
- 6 In our opinion, the other financial information read with the notes on material adjustments (Annexure IV A) and with the significant accounting policies (Annexure IV B) are prepared in accordance with the requirements of the Act and of the Regulations. (kindly correct the number line)
- 7 This report should not in any way be construed as a reissuance or re-dating of any of the previous reports issued by us / Other Auditors nor should it be construed as a new opinion on any of the financial statements referred to herein.
- 8 We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 9 This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For **B.V.Rao & Co LLP**
Chartered Accountants
FRN No. 03118S

Sd/-

(B.A.S.P.Ranga)
Partner
M.No 022649



Annexure I - SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in INR lacs)

Sr. No.	Particulars	As at 30 th June 2016	As At 31 st March				
			2016	2015	2014	2013	2012
A.	Non Current Assets						
	Fixed Assets						
	Tangible assets	300.10	306.32	315.90	431.02	466.95	487.84
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	300.10	306.32	315.90	431.02	466.95	487.84
	Intangible Assets	15.25	9.08	10.93	43.32	64.51	74.32
	Non-current Investments	285.14	285.14	241.59	137.29	103.35	66.15
	Long term loans and advances	369.51	369.48	326.65	312.96	290.19	231.91
	Other non-current assets	528.78	423.47	527.44	202.25	217.03	166.34
	Total Non Current Assets	1498.78	1393.49	1422.51	1126.84	1142.03	1026.56
B.	Current assets						
	Trade receivables	5947.94	4388.89	4727.39	3707.78	3875.23	3237.82
	Cash and bank balances	1691.16	1700.27	2400.10	2362.82	2609.73	2707.01
	Short term loans and Advances	121.94	94.22	23.38	20.69	25.34	20.51
	Total Current Assets	7761.04	6183.38	7150.87	6091.29	6510.30	5965.34
C.	Non Current Liabilities						
	Long term borrowings	11.38	14.00	25.95	4.61	6.64	0.94
	Deferred Tax Liabilities(Net)	5.99	4.00	6.68	19.91	29.00	35.21
	Total Non Current Liabilities	17.37	18.00	32.63	24.52	35.64	36.15
D.	Current liabilities						
	Short term borrowings	161.76	466.41	1738.06	337.39	1312.94	581.62
	Trade payables	3442.94	1675.19	1273.76	1883.93	1492.19	1921.56
	Other current liabilities	466.96	370.69	322.35	290.13	311.85	309.67
	Short term provisions	219.87	181.15	553.55	162.07	169.94	126.26
	Total current liabilities	4291.53	2693.44	3887.72	2673.52	3286.92	2939.11
	Net Worth (A+B-C-D)	4950.92	4865.43	4653.03	4520.09	4329.77	4016.64
	Represented by:						
E.	Share capital	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09
F.	Reserves and surplus	3712.83	3627.34	3414.94	3282.00	3091.68	2778.55
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserves & Surplus(Net of revaluation reserves)	3712.83	3627.34	3414.94	3282.00	3091.68	2778.55
	Net Worth (E+F)	4950.92	4865.43	4653.03	4520.09	4329.77	4016.64

The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV

This is the Summary Statement of Assets and Liabilities, As Restated, referred to in our report of even date.



Annexure II - SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 March				
		2016	2015	2014	2013	2012
Revenue						
Revenue from operations	667.15	2490.99	2962.72	1942.19	2122.38	2088.50
Other income	25.60	175.27	201.08	224.69	202.33	190.25
Total Revenue	692.75	2666.26	3163.80	2166.88	2324.71	2278.75
Expenses						
Operating Expenses	29.41	83.45	94.74	82.37	86.95	80.27
Employee benefit expenses	189.27	764.13	684.07	658.89	722.92	744.43
Finance cost	26.44	133.39	136.95	87.96	95.51	98.80
Depreciation & Amortizations expense	14.79	59.53	86.05	80.90	81.49	89.54
Less: Transferred from Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Other expenses	312.82	1053.84	1158.33	787.55	869.01	915.98
Total Expenses	572.73	2094.34	2160.14	1697.67	1855.88	1929.02
Profit before extra ordinary items and tax	120.02	571.92	1003.66	469.21	468.83	349.73
Tax						
Current tax	40.99	180.88	359.13	148.53	160.43	122.80
Fringe benefit tax	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax	(0.81)	(1.86)	(12.73)	(8.60)	(5.72)	(0.26)
Total Tax Expenses	40.18	179.02	346.40	139.93	154.71	122.54
Profit from continuing operations after tax	79.84	392.90	657.26	329.28	314.12	227.19
Net Profit after tax before restatement	79.84	392.90	657.26	329.28	314.12	227.19
Prior period items Income/(expense)	8.44	(2.50)	(1.49)	(1.49)	(1.48)	(1.48)
Current Tax Impact	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Adjustment (DTL)/DTA	(2.79)	0.82	0.50	0.49	0.49	0.49
Total of tax adjustments	(2.79)	0.82	0.50	0.49	0.49	0.49
Profit after Tax (as restated)	85.49	391.22	656.27	328.28	313.13	226.20

Note: The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV.

This is the Summary Statement of Profits and Losses, As Restated, referred to in our report of even date.



Annexure III - STATEMENT OF CASH FLOWS, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended	For the year ended 31 March				
		30 th June, 2016	2016	2015	2014	2013
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before tax, as restated	128.46	569.42	1002.17	467.72	467.35	348.25
Adjustments for:						
Depreciation and amortization	14.79	59.53	84.45	80.96	81.30	85.76
Finance Cost	26.44	133.39	136.95	87.96	95.51	98.80
Loss on sale of fixed assets	0.00	0.00	1.60	(0.06)	0.19	3.78
Interest income	25.60	118.15	186.51	183.94	202.06	190.01
Dividend Income	0.00	49.06	14.57	40.74	0.26	0.18
Operating profit before working capital changes	144.09	595.13	1024.09	411.91	442.03	346.40
Adjustments for Increase / Decrease in:						
Trade Payable	1767.75	401.43	(610.17)	391.75	(429.39)	(549.97)
Other Current Liabilities & Provisions	134.99	(324.06)	423.71	(29.61)	45.86	(365.51)
Other Receivables	(27.72)	(70.84)	(2.70)	4.65	(4.83)	36.51
Trade Receivable	(1559.05)	338.50	(1019.60)	167.45	(637.41)	(818.97)
Other Current Assets	(105.34)	61.14	(338.89)	(7.99)	(108.97)	192.16
Cash generated from operations	354.72	1001.30	(523.56)	938.14	(692.71)	(1159.38)
Income taxes paid (including fringe benefit tax)	40.99	180.88	359.13	148.53	160.43	122.80
Net Cash from Operating activities	313.73	820.42	(882.69)	789.62	(853.13)	(1282.18)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchases of fixed assets	14.74	48.10	58.61	23.90	51.89	46.33
Sale of Fixed Assets	0.00	0.00	9.85	0.13	1.10	7.21
Net Purchase and Sale of Investments	0.00	(43.55)	(104.30)	(33.94)	(37.20)	1.60
Interest income	25.60	118.15	186.51	183.94	202.06	190.01
Dividend Income	0.00	49.06	14.57	40.74	0.26	0.18
Net cash used in investing activities	(10.86)	(75.56)	(48.02)	(166.97)	(114.33)	(152.67)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Changes in Long Term Borrowings	2.61	11.95	(21.33)	2.03	(5.71)	3.74
Changes in Short Term Borrowings	304.65	1271.65	(1400.68)	975.55	(731.32)	(581.62)
Interest Paid	26.44	133.39	136.95	87.96	95.51	98.80
Payment of Dividend	0.00	178.82	413.11	137.96	0.00	0.00
Net Cash from/used in financing activities	333.70	1595.81	(871.95)	1203.50	(641.52)	(479.08)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(9.11)	(699.83)	37.28	(246.91)	(97.28)	(650.43)
Opening cash and cash equivalents	1700.27	2400.10	2362.82	2609.73	2707.01	3357.44
Closing cash and cash equivalents	1691.16	1700.27	2400.10	2362.82	2609.73	2707.01

Note:

The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV

This is the Summary Statement of Cash Flows, as Restated, referred to in our report of even date.



ANNEXURE IV - NOTES TO RESTATED STANDALONE SUMMARY FINANCIAL STATEMENTS.

ANNEXURE IV A: Notes on material adjustments to restated financial statements

1. The Accounts for the years have been restated considering the guidance note on “Reports in Company Prospectus” issued by ICAI. Effect of these changes has been shown as separate line items in Annexure-II.
2. The prior period items in the Profit and Loss Account have been restated to the respective years to which they relate.
3. Current Tax and deferred tax impact on the adjustments made have been computed on the restated profit at the rates applicable to respective years.
4. In respect of the qualification in the Audit Report for the Financial Year 2015-16 relating to Income and Expenditure entries were passed as Prior Period Items in the accounts for three months period ended on 30th June,2016 and necessary adjustments are made in Restated Financial Statements.
5. There are no changes in accounting policies.
6. The accounts do not contain any extra ordinary items.

ANNEXURE IV B: Significant Accounting Policies

1. Preparation of Financial Statements:

The Restated Standalone Financial Statements are prepared from the audited financial statements for three months ended 30th June,2016 and the years ended 31st March 2016, 31st March,2015, 31st March 2014, 31st March,2013 and 31st March,2012, in accordance with the requirements of section 26 of the Companies Act, 2013 (‘the Act’) read with Companies (Prospectus and Allotment Securities) Rules,2014 (‘the Rules’) and the requirements of the Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulation, 2009 as amended (‘the Regulations’).

Accordingly, these restated STANDALONE financial statements are prepared for the purpose of inclusion in the offer document in connection with the proposed IPO of the Company.

2. Revenue Recognition:

a) Operation Income

Income from Trading Operations, which comprises of Brokerage is accounted for up to the date of last settlement in the reporting period, Income from DP Operations are recognised on accrual basis and TINFC's are accounted on transaction basis.

b) Interest Income

Revenue is recognized on a time proportion basis taking into account the amount of deposit and a rate applicable

c) Dividend Income

Revenue is recognized when the shareholders right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirements of the schedule III to the Act.

3. Expenses

- a) Expenses are accounted on accrual basis and Provisions made for all known liabilities and losses on available information.



- b) Trading losses arising out of communication & computer disruptions and other operational reasons are treated as trading expenses

4. Employee Retirement Benefits

- a) The Company's contribution to Provident Fund is recognized on accrual basis.
- b) In accordance with applicable India laws, the Company provides for gratuity a defined benefit retirement plan (Gratuity plan) covering all employees. The Gratuity plans provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company has an employees' gratuity fund managed by LIC of India.
- c) Leave encashment liability is provided on the basis of actual valuation made by the management at the end of each calendar year.

5. Fixed Assets (Tangible/ Intangible)

Fixed Assets are valued at cost less accumulated Depreciation. Cost include all expenses incurred to bring the asset to its present location and condition

6. Depreciation / Amortisation

- a) Depreciation on Tangible Fixed Assets is provided under straight-line method over the useful lives of assets as prescribed in Schedule II to the Companies Act, 2013 from the year ended 31st March,2015
- b) Computer software, an intangible asset, is amortised under straight-line method over the estimated useful life of 3 years.
- c) For the years ended 31st March 2014, 2013, and 2012 depreciation on all assets is calculated using straight line method at rates prescribed by schedule XIV to the Companies Act,1956 from time to time.

7. Investments

- a) Investments that are intended to be held for more than a year are classified as Long-term Investments. All other investments are classified as current investments.
- b) Long-term investments are carried at cost, unless there is depreciation other than temporary in their value.
- c) Current Investments are valued at lower of cost or market value.

8. Stock-in-Trade (Shares)

Equity Shares are valued scrip wise at cost or market value whichever is lower.

9. Taxes on Income

- a) Provision for current tax is provided after considering all exemptions and deductions available under the provisions of Income Tax Act, 1961.
- b) Deferred Tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantially enacted by the Balance Sheet Date.

ANNEXURE IV C: Other notes on accounts

1. Contingent Liabilities:



- a. The Company has provided a Corporate Guarantee in favour of HDFC Bank Ltd to the extent of ₹4,00,00,000/- for the credit facilities in the form of Bank Guarantees extended to its Subsidiary i.e M/s.Steel City Commodities Private Limited.
- b. Bank Guarantees extended by The Karnataka Bank Ltd for ₹3,00,00,000/-, favouring National Securities Clearing Corporation Limited , HDFC Bank for ₹11,00,00,000/- favouring National Securities Clearing Corporation Limited & Bombay Stock Exchange Limited and Karur Vysya Bank Ltd for ₹8,00,00,000/- favouring National Securities Clearing Corporation Limited .
- c. The Income Tax Assessments of the Company have been completed up to the accounting year 2012-2013 relevant to the assessment year 2013-2014. The disputed demand for the said assessment years is as follows:

Sl. No	Assessment Years	Demand Outstanding(Rs) (amount in lacs)
1	2008-2009	34.71
2	2009-2010	34.37
3	2010-2011	32.07
4	2012-2013	118.50
5	2013-2014	1.67

As the demand for the A.Y 2012-13 is raised due to non deduction of income tax from certain payments and the company's appeal against the demand raised for the A.Y 2011-12 for an identical issue was decided by CIT(Appeals) in favour of the company and the order of CIT (A) reached finality, the Company is confident of getting favorable orders for the A..Y 2012-13 also.

- d. (i) Claims against the Company and not acknowledged as debts, amounting to ₹27.33 lakhs are pending at various courts/forums and out of these, claims amounting to ₹15.18 lakhs orders were passed infavour of the company and the appeals of the claimants, against these orders are pending and the company is confident of getting favorable orders.

(ii) The suit filed against the company in the Court of the Additional District & Sessions Judge (Fast Track Court), Visakhapatnam, claiming partial title (share) in one of the properties owned by the company, was dismissed and an appeal, which has been filed against this dismissal order, is pending in A.P. High Court. The book value of such claim is ₹58.28 lakhs. The company is confident of getting favorable order.
2. Show cause Notice for the period 01-07-2012 to 31-03-2015 has been issued by Service Tax Department for ₹1,79.89 lakhs towards service tax on "Penalty / Delayed Payment Charges" which represents "Interest on Delayed Payin" and presented as interest income in the Financial Statements and this is not considered as contingent liability as no order is passed / demand is raised.
3. Provision for Taxation has been made after taking in to account difference between depreciation in the accounts and the depreciation allowable as per the Income Tax Act, 1961 and other deductions /additions allowable/disallowable under the Income Tax Act, 1961.

4. Segment Reporting

- a. The Company is engaged in the business of providing broking and broking related services i.e. depository participant services to predominantly retail clients. Accordingly the primary segments have been identified as broking (including broking related services) Thus, it operates in a single primary segment.
- b. Further the Company has no geographical segments which are subject to different risk and returns. Hence, no separate disclosure in terms of Accounting Standard (AS -17) on segment reporting is considered necessary.

**ANNEXURE V - STATEMENT OF LONG TERM BORROWINGS, AS RESTATED***(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Secured Vehicle Loans From:						
HDFC Bank Ltd	0.00	0.18	2.40	4.61	6.64	0.94
Steel City Financial Services Pvt.Ltd	11.38	13.82	23.55	0.00	0.00	0.00
Total	11.38	14.00	25.95	4.61	6.64	0.94

Note: The repayment terms including interest rates on vehicle loans are as per the agreements with the respective banks/institutions

ANNEXURE VI - STATEMENT OF SHORT TERM PROVISIONS, AS RESTATED*(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Provision for Employee benefits – Gratuity	0.00	2.27	5.94	14.46	12.09	8.59
Provision for Taxation	219.87	178.88	357.35	147.61	157.85	117.67
Provision for Dividend and Dividend Tax	0.00	0.00	190.26	0.00	0.00	0.00
Total	219.87	181.15	553.55	162.07	169.94	126.26

Note: Provision is made for gratuity based on actuarial valuation, carried out by Actuary as at the balance sheet

ANNEXURE VII - STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED*(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
The Karnataka Bank Ltd	95.83	90.94	748.32	190.51	748.99	397.49
The Karur Vysya Bank Ltd	0.00	68.14	490.87	146.88	363.70	184.13
HDFC Bank Ltd	65.93	307.33	498.87	0.00	0.00	0.00
Loan Against FDR – Karnataka Bank Limited	0.00	0.00	0.00	0.00	200.25	0.00
Total	161.76	466.41	1738.06	337.39	1312.94	581.62

Note:

- The repayment terms including interest rates are as per the agreements with the respective banks.
- Working Capital facilities from The Karnataka Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) , Collateral Security of Specific Immovable Property belongs to the Company, personal guarantee of Directors and Properties belonging to Directors/ others aggregated of ₹3.90 Cr.
- Working Capital facilities from Karur Vysya Bank is secured by specific Immovable Property belongs to the Company , Personal guarantee of Directors and Properties belonging to Directors/others aggregated of ₹6.78 Cr.



- d. Working Capital facilities from The HDFC Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) and personal guarantee of Directors.

ANNEXURE VIII- STATEMENT OF TRADE PAYABLE, AS RESTATED*(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Trade Payable to Clients	1619.08	479.61	373.26	670.64	276.35	314.84
Margin Money from Trade Clients	1823.86	1195.58	900.50	1213.29	1215.84	1606.72
Total	3442.94	1675.19	1273.76	1883.93	1492.19	1921.56

Note: In order to secure the performance by the clients of their obligations, commitments & liabilities to the company they placed the margins with the company.

ANNEXURE IX - STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED*(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Accrued Expenses	292.57	264.25	219.84	190.81	213.67	209.26
Margin Money from TINFCs	71.72	0.00	0.00	0.00	0.00	0.00
Unpaid Dividends	19.05	22.82	18.89	15.70	14.57	14.57
Vsat Deposits from Sub-brokers	83.62	83.62	83.62	83.62	83.61	85.84
Total	466.96	370.69	322.35	290.13	311.85	309.67

Note:

a) There is no interest payable on Vsat Deposits taken from Franchises and the same was paid to Vsat Providers for purchase of VSATs.

b)) Unpaid dividends do not include any amount due and outstanding to be credited to investor education and protection funds.

ANNEXURE X- STATEMENT OF SHARE CAPITAL, AS RESTATED*(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Authorised:						
2,50,00,000 Equity Shares of INR 10/- each.	2500.00	2500.00	2500.00	2500.00	2500.00	2500.00
Issued, Subscribed and Paid up:						
1,23,80,912 Equity Shares of INR 10/- each.	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09
Total	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09



Notes:

a) Reconciliation of the equity share capital:

(Amount in INR lacs)

Particulars	30 th June 2016		31 st March 2016		31 st March 2015		31 st March 2014		31 st March 2013		31 st March 2012	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
No of Equity shares outstanding at the end of the period Face Value of INR 10/-	12380912	1238.09	12380912	1238.09	12380912	1238.09	12380912	1238.09	12380912	1238.09	12380912	1238.09

b) Rights, preferences and restrictions attached to shares:

The company has one class of Equity Shares having a par value of INR 10/- per share. Each equity holder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c) Number of Equity shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	No of Shares as at 30 th June, 2016	% of Shares held	No of Shares as at 31 st March 2016	% of Shares held	No of Shares as at 31 st March 2015	% of Shares held	No of Shares as at 31 st March 2014	% of Shares held	No of Shares as at 31 st March 2013	% of Shares held	No of Shares as at 31 st March 2012	% of Shares held
G Sree Rama Murthy	5524640	44.62	5524640	44.62	5524640	44.62	5524640	44.62	5524640	44.62	5524640	44.62
K Satyanarayana	2173440	17.55	2173440	17.55	2173440	17.55	2173440	17.55	2173440	17.55	2173440	17.55
G Raja Gopal Reddy	1098568	8.87	1098568	8.87	1464768	11.83	1830968	14.79	2121368	17.13	2197168	17.75
Satish Kumar Arya	795840	6.43	795840	6.43	779040	6.30	779040	6.30	779040	6.30	779040	6.30



ANNEXURE XI - STATEMENT OF RESERVES AND SURPLUS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Securities Premium	105.62	105.62	105.62	105.62	105.62	105.62
General Reserve	680.68	672.13	633.01	567.38	534.55	503.24
Surplus in Statement of Profit and Loss	2926.53	2849.59	2676.31	2609.00	2451.51	2169.69
Total	3712.83	3627.34	3414.94	3282.00	3091.68	2778.55

ANNEXURE XII- STATEMENT OF DEFERRED TAX LIABILITIES (NET), AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Deferred Tax Liability (A)						
Depreciation	5.99	6.79	8.65	21.38	29.98	35.7
Gratuity/ Bad Debts/ Prior period Income	2.79	0.00	0.00	0.00	0.00	0.00
Deferred Tax Asset (B)						
Gratuity/ Bad Debts/ Prior period Income	(2.79)	(2.79)	(1.97)	(1.47)	(0.98)	(0.49)
Deferred Tax Liabilities (Net) [C] (A-B)	5.99	4.00	6.68	19.91	29.00	35.21

The Company has since inception of Accounting Standard 22 on Accounting for Taxes on Income, recognized the deferred tax expenses, which arises primarily from depreciation on tangible fixed assets on basis of currently applicable enacted regular tax rates

ANNEXURE XIII - STATEMENT OF LONG TERM LOANS AND ADVANCES AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Interest free Security Deposit with Exchanges	295.35	295.35	254.10	245.10	221.10	162.10
V Sat Deposits with Exchanges	0.50	0.50	0.50	0.50	6.50	6.50
Telephone Deposits	7.38	7.38	7.47	7.43	7.40	7.37
Rental Deposits	47.87	47.84	45.48	41.17	36.72	39.14
Electricity Deposits	12.72	12.72	12.71	12.48	12.07	11.95
Other Deposits	5.69	5.69	6.39	6.28	6.40	4.85
Total	369.51	369.48	326.65	312.96	290.19	231.91

ANNEXURE XIV - STATEMENT OF SHORT TERM LOANS AND ADVANCES, AS RESTATED

(Amount in INR lacs)

Particulars	Ast at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Advances to Suppliers	2.68	0.47	0.01	12.31	15.72	13.35
Receivable from TINFCs	18.40	0.00	0.00	0.00	0.00	0.00
Advance to Employees	4.26	3.94	1.74	1.67	0.63	1.21
Others	96.60	89.81	21.63	6.71	8.99	5.95
Total	121.94	94.22	23.38	20.69	25.34	20.51



ANNEXURE XV- STATEMENT OF OTHER NON CURRENT ASSETS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Advance Income Tax	455.88	410.15	503.70	189.39	198.11	154.00
Prepaid Expenses	72.90	13.32	23.74	12.86	18.92	12.34
Total	528.78	423.47	527.44	202.25	217.03	166.34

ANNEXURE XVI - STATEMENT OF NON-CURRENT INVESTMENTS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Subsidiary:						
Equity Shares with Steel City Commodities Private Limited	194.89	194.89	151.09	107.29	73.35	66.15
Associate:						
Equity Shares with Steel City Financial Services Pvt. Limited	90.00	90.00	90.00	30.00	30.00	0.00
Other Investments:						
Equity Shares with BSE Ltd (4394 Shares)	0.00	0.00	0.00	0.00	0.00	0.00
Equity Shares with Steel City Infotech Private Limited	0.25	0.25	0.50	0.00	0.00	0.00
Total	285.14	285.14	241.59	137.29	103.35	66.15

ANNEXURE XVII - STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Unsecured, considered good						
Debts outstanding for a period exceeding six months from the date they are due for payment	1074.46	534.26	480.29	576.53	525.44	550.88
Others	4873.48	3854.63	4247.10	3131.25	3349.79	2686.94
Dues from Directors and Relatives of Directors	0.00	0.00	0.00	0.00	0.00	0.00
Total	5947.94	4388.89	4727.39	3707.78	3875.23	3237.82

ANNEXURE XVIII - STATEMENT OF CASH AND BANK BALANCES, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Cash and cash equivalents						
Cash on hand	22.36	25.21	13.76	10.72	10.00	12.80
Cheques, drafts on hand	43.84	57.37	85.93	53.52	57.13	87.30
Balance with Bank						
Balances with banks (including deposits with less than 3 months maturity)	240.85	242.50	305.15	309.05	554.66	466.07



Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Other bank balances						
- Deposits with original maturity of more than three months but less than 12 months	215.06	202.37	776.37	323.83	323.37	326.27
- Margin Money for Bank Guarantees	1150.00	1150.00	1200.00	1650.00	1650.0	1800.00
- Unclaimed Dividends Accounts	19.05	22.82	18.89	15.70	14.57	14.57
Total	1691.16	1700.27	2400.10	2362.82	2609.73	2707.01

ANNEXURE XIX - STATEMENT OF REVENUE FROM OPERATIONS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Income from Broking Operations	608.54	2323.09	2720.35	1721.99	1904.31	1876.75
Income from DP Operations	37.59	134.81	233.95	220.20	218.07	211.75
Income from TINFC Operations	21.02	33.09	8.42	0.00	0.00	0.00
Total	667.15	2490.99	2962.72	1942.19	2122.38	2088.50

ANNEXURE XX - STATEMENT OF OTHER INCOME, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June 2016	For the Year ended 31 st March					Nature: Recurring/ Non- Recurring	Related / Not Related to the Business Activity
		2016	2015	2014	2013	2012		
Interest Income from Bank Deposits	25.60	118.15	186.51	183.94	202.07	190.01	Recurring	Related
Dividend Income from long term investments	0.00	49.06	14.57	40.74	0.26	0.18	Recurring	Related
Other non-operating Income	0.00	8.06	0.00	0.01	0.00	0.06	Recurring	Related
Total	25.60	175.27	201.08	224.69	202.33	190.25		

ANNEXURE XXI - STATEMENT OF OPERATING COSTS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Transaction Charges	9.18	10.04	9.95	4.67	5.64	1.07
Trading Expenses	0.45	1.64	0.79	0.15	0.26	0.57
Annual Subscriptions	0.00	0.00	0.00	0.00	1.56	1.00
Insurance	1.00	4.48	5.02	6.06	5.44	4.99
Vsat Charges and Maintenance	13.93	56.33	56.73	51.66	51.14	51.01
Batteries, UPS Maintenance	4.85	10.96	22.25	19.83	22.91	21.63
Total	29.41	83.45	94.74	82.37	86.95	80.27



Note: Trading Expenses is expenses on purchase and sale of shares wherever there was operational problem due to communication & computer disruptions, data entry operator's mistakes, share deliveries mismatch and other reasons, to come out of the long or short struck positions.

ANNEXURE XXII - STATEMENT OF EMPLOYEE BENEFIT EXPENSE, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Salaries, wages and bonus	174.68	696.78	621.51	594.60	658.01	678.65
Contribution to provident and other funds	12.76	60.14	55.01	57.15	56.29	57.22
Staff welfare expenses	1.83	7.21	7.55	7.14	8.62	8.56
Total	189.27	764.13	684.07	658.89	722.92	744.43

Note: Salaries, wages and bonus includes Salary paid to Directors.

Disclosures pursuant to AS-15 Employee Benefits:

Provident Fund : Company pays fixed contribution to Provident Fund at predetermined rates to the EPF fund maintained by Employees' Provident Fund Organisation, Government of India. Company obligation is limited to payment of contribution at the pre determined rates. The settlement to the employees shall be made by the EPF organisation.

Gratuity: Payable to employees, who render continuous service of 5 years or more, on separation, @15 days of last drawn pay of each completed year of service.

Leave encashment: Leave encashment amount is paid to the employees at the end of the each calendar year.

Disclosures as required by the Accounting Standard (AS-15) "Employee Benefits", are made as far as practicable and the liability is provided for the stub period ending 30/06/2016 proportionately based on actuary valuation certificate for the financial year 2015-16.

ANNEXURE XXIII - STATEMENT OF FINANCE COST, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Interest expenses	12.93	91.73	103.70	54.51	55.84	42.75
Bank Guarantee Commission and Charges	13.51	39.33	31.26	32.98	39.63	55.73
Other Borrowing Costs	0.00	2.33	1.99	0.47	0.04	0.32
Total	26.44	133.39	136.95	87.96	95.51	98.80

ANNEXURE XXIV - STATEMENT OF OTHER EXPENSES, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Auditor's Remuneration						
- for Certification	0.00	0.35	0.35	0.25	0.75	0.00
- for Expenses	0.10	0.00	0.06	0.09	0.48	0.51
- for Internal Audit Fee – Accounts	0.00	1.44	1.44	1.20	1.20	1.20



Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
- for Internal Audit Fee-DP Ops.	0.07	1.57	2.03	1.24	1.45	1.57
- for Internal Audit Fee-SEBI	0.00	0.30	0.91	0.50	0.49	0.49
- for Statutory Audit	0.20	0.80	0.80	0.50	0.50	0.50
- for Tax Audit	0.00	0.80	0.80	0.50	0.50	0.50
- for Tax Representation	0.00	0.80	0.80	0.50	0.50	0.50
A C Maintenance	0.86	1.62	0.93	1.08	1.05	1.04
Advertisements	0.05	0.19	0.21	0.25	0.78	0.99
Bad Debts Written off	28.24	10.59	7.88	6.23	0.00	0.00
Books & Periodicals	0.67	2.79	2.70	2.34	2.13	1.99
Business Development	4.67	34.67	31.49	35.91	27.95	49.71
Computer maintenance including parts	8.10	26.58	36.62	25.91	26.54	27.59
Conveyance	0.59	2.89	2.20	1.91	1.80	2.00
C S R Expenses	0.00	12.57	0.00	0.00	0.00	0.00
Current Repairs to lease holdbuildings	0.00	2.71	0.00	0.00	0.00	0.00
Demat charges	0.64	1.16	1.29	0.64	0.57	0.78
Donations	1.50	0.00	0.20	0.05	0.12	0.13
Electricity Charges and maintenance	18.20	58.25	52.64	57.66	45.89	49.55
Epabx maintenance	0.00	0.00	0.40	0.36	0.04	0.20
Fee to Company Secretary	0.00	1.26	1.26	0.90	0.90	0.90
Fees & Charges, Filing fee	4.49	21.33	18.71	18.60	21.22	11.45
Generator maintenance	0.57	2.34	5.91	3.89	4.54	4.67
Insurance	0.40	7.69	8.25	7.31	8.74	8.65
Legal, Consultancy and Prof.fee	24.64	38.34	21.62	23.12	26.03	30.65
Meeting & Conferences	0.00	0.00	0.00	0.00	0.09	0.08
Miscellaneous expenses	0.00	0.00	0.02	0.00	0.01	0.02
Office Maintenance	10.56	34.69	33.41	27.78	27.73	37.48
Office Rent	25.16	96.79	88.93	81.61	73.22	72.51
Printing, Postage and courier charges & other documentation charges	2.11	14.93	8.14	3.63	8.50	19.69
Provision for Bad Debts	0.00	0.00	23.00	0.00	0.00	0.00
Sub-brokerage	166.03	605.58	734.91	411.41	519.54	517.46
Subscriptions	0.49	4.08	4.56	3.40	12.28	12.13
Telephone Charges & Maintenance	10.69	52.26	48.81	53.16	37.27	41.93
Tours and Travels	1.51	3.36	4.64	3.47	3.97	6.13
Transportation charges	0.07	0.54	0.49	0.47	0.48	0.49
Vehicle maintenance	1.95	10.05	11.20	10.31	10.37	11.59
Xerox and coolers maintenance	0.26	0.52	0.72	1.37	1.38	0.90
Total	312.82	1053.84	1158.33	787.55	869.01	915.98

ANNEXURE XXV - CAPITALISATION STATEMENT, AS RESTATED

(Amount in INR lacs)

Particulars	Pre IPO as at 30th June 2016 below	Post IPO (Refer Note [●])
Borrowings:		
Short-term	161.76	161.76
Long Term	11.38	11.38
Total Debt	173.14	173.14
Shareholders funds:		
Share Capital	1238.09	[●]



Reserves and Surplus (Net of Revaluation Reserve)	3712.83	[●]
Total Shareholders Funds	4950.92	[●]

Notes: [●] Information will be furnished once the issue price is fixed

- 1) The figures disclosed above are based on the Restated Summary Statements of the company.
- 2) The figure of Reserves and Surplus in the Company's Post IPO capitalisation data has been updated only in respect of Securities Premium to be generated on account of proposed fresh issue of shares under IPO.



ANNEXURE-XXVI-STATEMENT OF TAX SHELTER, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Profit before tax, As Restated (A)	128.46	569.42	1002.17	467.72	467.35	348.25
Tax rate - statutory rate (B)	0.33	0.33	0.34	0.32	0.32	0.33
Tax as per actual rate on profits (C = A*B)	42.47	188.27	340.64	151.75	151.63	115.68
Adjustments						
Permanent differences						
Donation not allowable as per the provisions of the Income tax Act,1961	1.50	0.00	0.20	0.05	0.12	0.13
Dividend Income Exempt	0.00	-49.06	-14.57	-40.74	-0.26	-0.18
Capital Gain considered separately	0.00	0.00	0.00	0.00	0.00	0.00
Deduction under section 80-JJA of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00	0.00
Loss on sale of Assets	0.00	0.00	1.60	-0.06	0.19	3.78
Provision for doubtful assets	0.00	0.00	23.00	0.00	0.00	0.00
Expenditure disallowed under Section - 37 of Income-tax Act, 1961	0.00	12.57	0.00	0.00	0.00	0.00
Interest on tax	0.00	0.00	0.00	0.00	0.00	0.00
Total	1.50	-36.49	10.23	-40.75	0.05	3.73
Total tax impact of permanent difference (D)	0.50	-12.06	3.48	-13.22	0.02	1.24
Timing differences						
Difference between book depreciation and tax depreciation	2.45	5.62	37.45	26.51	17.64	0.77
Disallowance under section 43B---Gratuity	-2.26	-3.68	0.00	0.00	0.02	0.00
Bad debts	-28.24	28.24	1.48	1.48	1.48	1.48
Income	22.06	-22.06	0.00	0.00	0.00	0.00
Other adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Total	-5.99	8.12	38.93	27.99	19.13	2.25
Tax impact of restatement Adjustments (E)	-1.98	2.68	13.23	9.08	6.21	0.75
Net adjustments F=(D+E)	-1.48	-9.38	16.71	-4.14	6.23	1.99
Adjusted tax liability (C+F)	40.99	178.89	357.35	147.62	157.85	117.67
Total tax as per return of income	40.99	178.89	357.35	147.62	157.85	114.93

Notes:

1. The aforesaid Statement of Tax Shelters has been prepared as per the Summary Statement of Profits and Losses, As Restated of the Company.
2. The above statement should be read with the Notes to the Summary Statement of Assets and Liabilities, As Restated, Summary Statement of Profits and Losses, As Restated and Summary Statement of Cash Flows, As Restated as appearing in Annexure IV.
3. The permanent / timing differences for the three months period ended on 30th June,2016 and year ended March 31, 2016, 2015, 2014, 2013 and 2012 have been computed based on acknowledged copies of Income Tax Returns of the respective years.



ANNEXURE XXVII - STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Particulars	For the period ended 30 th June 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Net Worth (INR in lacs)	4950.92	4865.43	4653.03	4520.09	4329.77	4016.64
Restated Profit After Tax (INR in lacs)	85.49	391.22	656.27	328.28	313.13	226.20
Total number of shares outstanding at the end of the period / year after considering Sub-division * (Nos.)	12380912	12380912	12380912	12380912	12380912	12380912
Number of shares outstanding during the period / year after considering Sub-division and Bonus issue* (Nos.)	12380912	12380912	12380912	12380912	12380912	12380912
Earnings Per Share INR 10/- each (Annualised)	2.76	3.16	5.30	2.65	2.53	1.83
Basic & Diluted Earnings Per Share after considering Sub-division and Bonus issue* (INR) (Annualised)	2.76	3.16	5.30	2.65	2.53	1.83
Return On net Worth (%)	6.91	8.04	14.10	7.26	7.23	5.63
Net Assets Value Per Share of INR 10/- each after considering Sub-division and Bonus issue* (INR)	39.99	39.30	37.58	36.51	34.97	32.44
Face Value after considering Subdivision* (INR)	10/-	10/-	10/-	10/-	10/-	10/-

Notes:

1) **The ratios have been computed as below:**

- Earnings Per Share - Basic & Diluted = Net Profit After Tax As Restated/Number of Equity Shares Outstanding for the Year
- Net Asset Value Per Share (INR) = Net Worth As Restated As At Year End/ Number of Equity Shares as at Year End
- Return On Net Worth (%) = Net Profit After Tax As Restated/Net Worth as Restated as at Year End

3) The figures disclosed above are based on the Restated Summary Statements of the Company.

Annexure XXVIII - STATEMENT OF DIVIDEND, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Dividend on Equity Shares						
Dividend in % - Interim	0.00	12%	15%	10%	0.00	0.00
Dividend in % - Final	0.00	0.00	13%	0.00	0.00	0.00
Total Dividend %	0.00	12%	28%	10%	0.00	0.00
Proposed Dividend	0.00	148.57	346.67	123.81	0.00	0.00
Dividend Tax	0.00	30.25	66.44	14.15	0.00	0.00



Note:

* Face Value of the Equity Shares - INR 10/-

ANNEXURE XXIX – STATEMENT OF RELATED PARTIES TRANSACTIONS, AS RESTATED

Names of the related parties and Nature of Relationships as per the Accounting Standard 18- "Related Party Disclosures"

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, have been identified on the basis of representation made by the Management and taken on record by the Board of Directors.

(Amount in INR lacs)

Sr No.	Particulars	For the period ended 30 th June 2016	For the year ended 31 st March				
			2016	2015	2014	2013	2012
1	Related parties where control exists						
	Subsidiaries	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited
	Group Companies	Steel city financial services private limited	Steel city financial services private limited	-	-	-	-
2	Key Managerial Personnel (KMP)						
		Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy
		Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana
		Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya

Transactions with related party:

(Amount in INR lacs)

Sr No.	Nature of transactions / relationship / Name of Related Party	As at 30 th June, 2016	As at / Year ended				
			2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
1	Salary * / perquisites / Dividend Key Management Personnel (KMP) **						
	Director						
	Remuneration 1. G.Sree Rama Murthy	7.50	30.00	30.00	30.00	30.00	30.00



Sr No.	Nature of transactions / relationship / Name of Related Party	As at 30 th June, 2016	As at / Year ended				
			2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
	2. K satyanarayana	7.50	30.00	30.00	30.00	30.00	30.00
	3. Sathish Kumar Arya	6.00	24.00	24.00	24.00	24.00	23.00
	Dividend						
	1. G.Sree Rama Murthy	0.00	66.30	154.69	55.25	0.00	0.00
	2. K satyanarayana	0.00	26.10	60.86	21.73	0.00	0.00
	3. Sathish Kumar Arya	0.00	9.40	21.81	7.79	0.00	0.00
	Total	21.00	185.80	321.36	168.77	84.00	83.00
2	Transactions / Expenses incurred on behalf of:						
	Dividend (received) /paid						
	Steel city Commodities private limited	0.00	(48.70)	(14.4)	(40.57)	0.00	0.00
	Steel city financial services private limited	0.00	7.40	0.00	0.00	0.00	0.00
	Total	0.00	(41.30)	(14.4)	(40.57)	0.00	0.00
3	Guarantees given outstanding						
	Steel city Commodities private limited	400.00	400.00	400.00	400.00	400.00	400.00
	Total	400.00	400.00	400.00	400.00	400.00	400.00
4	Accounts Receivable Outstanding						
	Total						
5	Accounts Payable Outstanding[
	Steel city Commodities private limited	10.20	0.00	0.00	0.00	0.00	0.00
	Steel city financial services private limited	10.40	12.50	0.00	0.00	0.00	0.00
	Total	20.60	12.50	0.00	0.00	0.00	0.00

ANNEXURE XXX –STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

Contingent Liability not provided for

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Corporate guarantee given to HDFC Bank for credit facilities to its subsidiary	400.00	400.00	400.00	400.00	400.00	400.00
Bank Guarantees:						
Karnataka Bank	300.00	300.00	500.00	850.00	1000.00	1000.00
HDFC Bank	1100.00	1100.00	1100.00	1100.00	1100.00	1100.00
Karur Vysya Bank	800.00	800.00	800.00	1900.00	1900.00	1500.00
Income tax Assessments:						
Disputed Demand	221.32	221.32	238.50	400.59	43.96	0.00
Claims against the company at various courts	85.61	85.61				
Total	2906.93	2906.93	3038.50	4250.59	4043.96	4000.00

**CONSOLIDATED FINANCIAL STATEMENTS**

To
The Board of Directors
Steel City Securities Limited
49-52-5/4, Shanthipuram,
Visakhapatnam – 530016

Dear Sirs,

- 1 We have examined the Restated Consolidated Statement of Assets and Liabilities of STEEL CITY SECURITIES LIMITED ('the Issuer') and its subsidiary (together 'the Group') as at June 30th 2016, and March 31, 2016, 2015, 2014, 2013 and 2012 and also the related Restated Consolidated Statement of Profits and Losses and related Restated Consolidated Statement of Cash Flows for the three months period ended June 30th 2016 and the years ended March 31, 2016, 2015, 2014, 2013 and 2012 together with the notes and annexures thereto (collectively 'the Restated Consolidated Summary Statements') annexed to this report for the purpose of inclusion in the offer document to be issued by the Issuer connection with the proposed Initial Public Offering ('IPO') of its equity shares.

- 2 The Restated Consolidated Statements are prepared by management of the Issuer from the Audited Consolidated Financial Statements of the respective three months period / years, in accordance with the requirements of section 26 of the Companies Act, 2013 ('the Act') read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 ('the Rules') and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ('the Regulations'), and have been approved by the Company's board of directors on September 17, 2016.

- 3 We have examined the restated consolidated summary statements in accordance with:
 - a) the terms of reference vide our engagement letter dated 03/08/2016 to carry out work on such financial information included in the offer document of the Company in connection with its IPO;
 - b) the Guidance Notes on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India and .
 - c) we, in view of note no.2 to clause IX of Para No.2 of Part A of Schedule VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, re audited in accordance with the standards on auditing, the Consolidated Balance Sheets of the Issuer for the three months period ended June 30, 2016 and for the year ended March 31, 2016 and the related Consolidated Statements of Profit and Loss and related Consolidated Cash Flows Statements for the period or years ended , together with the related schedules, notes and annexures, prepared in accordance with generally accepted accounting principles in India ("Indian GAAP"). As of and for the years ended March 31st 2015, 2014, 2013 and 2012 March the Consolidated Financial Statements of the Issuer are prepared in accordance with Indian GAAP and audited in accordance with the standards on auditing by the Statutory Auditors of the Issuer, namely M/s Sudhakar & Kumar Associates Chartered Accountants, Visakhapatnam ("the Other Auditors".) and we relied on their reports. Collectively, the Consolidated Financial Statements referred to in this paragraph are the "Audited Consolidated Financial Statements"
 - d) We did not audit the financial statements of the Company's subsidiary and Associate for any of the following periods/years. The total assets and revenues of the subsidiary were as follows:

₹ in lacs

	Total Assets	Total Revenues
June 30 th , 2016	1984.34	90.23
March 31 st , 2016	1888.11	415.06
March 31 st , 2015	1740.09	330.34
March 31 st , 2014	1739.61	567.81
March 31 st , 2013	2343.95	810.72
March 31 st , 2012	2295.05	1038.82



- 4 On the basis of our examination as mentioned in paragraph 3 above, we are of the opinion that:
- (a) the restated Consolidated Statement of Assets and Liabilities as at June 30th 2016 and March 31, 2016, 2015, 2014, 2013 and 2012 (Annexure I), read together with the notes on material adjustments (Annexure IV A) and with the related significant accounting policies (Annexure IV B) and other notes on accounts (Annexure IV C), are on the basis of the Audited Consolidated Financial Statements after making such adjustments as are required by the Regulations;
 - (b) the Restated Consolidated Statement of Profits and Losses for the three months ended June 30th, 2016 and the years ended March 31, 2016, 2015, 2014, 2013 and 2012 (Annexure II), read together with the notes on material adjustments (Annexure IV A) and with the related significant accounting policies (Annexure IV B) and other notes on accounts (Annexure IV C), are on the basis of the Audited Consolidated Financial Statements after making such adjustments as are required by the Regulations;
 - (c) the Restated Consolidated Statement of Cash Flows for the three months ended June 30th, 2016 and the years ended March 31, 2016, 2015, 2014, 2013 and 2012 (Annexure III), read together with the notes on material changes (Annexure IV A) and with the related significant accounting policies (Annexure IV B) and other notes on accounts (Annexure IV C), are on the basis of the Audited Consolidated Financial Statements after making such adjustments as are required by the Regulations; and
 - (d) adjustments regarding the prior period items, audit qualifications and incidental tax adjustments are furnished in Annexure IV A and do not contain any extraordinary item that needs to be disclosed separately.

Other financial information

- 5 We have also examined the following financial information proposed to be included in the offer document:
- 10 We have also examined the following financial information proposed to be included in the offer document:
- i. Statement of Notes to Restated Consolidated Summary Statements of the Issuer (Annexure IV);
 - ii. Restated Consolidated Statement of Long Term Borrowings (Annexure V);
 - iii. Restated Consolidated Statement of Short Term Provisions (Annexure VI);
 - iv. Restated Consolidated Statement of Short Term Borrowings (Annexure VII);
 - v. Restated Consolidated Statement of Trade Payables (Annexure VIII);
 - vi. Restated Consolidated Statement of Other Current Liabilities (Annexure IX);
 - vii. Restated Consolidated Statement of Share Capital (Annexure X);
 - viii. Restated Consolidated Statement of Reserves and Surplus, As Restated (Annexure XI);
 - ix. Restated Consolidated Statement of Deferred Tax Liabilities (Net) (Annexure XII);
 - x. Restated Consolidated Statement of Long Term Loans and Advances (Annexure XIII);
 - xi. Restated Consolidated Statement of Short Term Loans and Advances (Annexure XIV);
 - xii. Restated Consolidated Statement of Other Non Current Assets (Annexure XV);
 - xiii. Restated Consolidated Statement of Non-Current Investments (Annexure XVI);
 - xiv. Restated Consolidated Statement of Trade Receivables (Annexure XVII);
 - xv. Restated Consolidated Statement of Cash and Bank Balances (Annexure XVIII);
 - xvi. Restated Consolidated Statement of Revenue from operations (Annexure XIX);
 - xvii. Restated Consolidated Statement of Other Income (Annexure XX);
 - xviii. Restated Consolidated Statement of Operating Costs (Annexure XXI);
 - xix. Restated Consolidated Statement of Employee Benefit Expense (Annexure XXII);
 - xx. Restated Consolidated Statement of Finance Cost (Annexure XXIII);
 - xxi. Restated Consolidated Statement of Other Expenses (Annexure XXIV);
 - xxii. Restated Consolidated Capitalisation Statement (Annexure XXV);
 - xxiii. Restated Consolidated Statement of Tax Shelter (Annexure XXVI);
 - xxiv. Restated Consolidated Statement of Accounting Ratios (Annexure XXVII);
 - xxv. Restated Consolidated Statement of Dividend paid (Annexure XXVIII);



- xxvi. Restated Consolidated Statement of Related Parties Transactions (Annexure XXIX);
xxvii. Restated Consolidated Statement of Contingent Liabilities (Annexure XXX);
- 6 In our opinion, the other financial information read with the notes on material adjustments (Annexure IV A) and with the significant accounting policies in Annexure IV B are prepared in accordance with the requirements of the Act and of the Regulations.
- 7 This report should not in any way be construed as a reissuance or re-dating of any of the previous reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to herein.
- 8 We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 9 This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For **B.V.Rao & Co LLP**
Chartered Accountants
FRN No. 03118S

Sd/-

(B.A.S.P.Ranga)
Partner
M.No 022649



Annexure I – CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
(Amount in INR lacs)

Sr. No.	Particulars	As at 30 th June, 2016	As At 31 st March				
			2016	2015	2014	2013	2012
A.	Non Current Assets						
	Fixed Assets						
	Tangible assets	314.30	320.32	333.82	459.31	488.59	491.73
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	314.30	320.32	333.82	459.31	488.59	491.73
	Intangible Assets	135.62	129.71	92.38	90.47	81.04	84.27
	Non-current Investments	268.98	268.42	159.50	60.00	60.00	0.00
	Long term loans and advances	466.13	466.09	423.51	410.10	443.02	326.91
	Other non-current assets	581.12	463.91	554.55	251.52	321.76	337.11
	Total Non Current Assets	1766.15	1648.45	1563.76	1271.40	1394.41	1240.02
B.	Current assets						
	Trade receivables	6110.40	4530.12	4858.23	3937.35	4279.67	3327.98
	Cash and bank balances	3167.97	3125.31	3793.97	3657.02	4227.51	4631.94
	Short term loans and Advances	127.03	46.67	11.11	22.91	27.95	20.86
	Total Current Assets	9405.40	7702.10	8663.31	7617.28	8535.13	7980.78
C.	Non Current Liabilities						
	Long term borrowings	11.38	14.58	28.86	9.86	6.64	0.94
	Deferred Tax Liabilities(Net)	7.65	5.82	10.10	25.42	33.35	37.74
	Total Non Current Liabilities	19.03	20.40	38.96	35.28	39.99	38.68
D.	Current liabilities						
	Short term borrowings	161.76	466.41	1738.06	337.39	1312.94	581.62
	Trade payables	3866.63	2034.97	1572.18	2204.15	2409.86	2910.26
	Other current liabilities	539.67	447.97	384.56	360.56	368.30	394.91
	Short term provisions	351.23	253.73	591.00	208.11	270.49	290.88
	Total current liabilities	4919.29	3203.08	4285.80	3110.21	4361.59	4177.67
E.	Minority Interest	338.15	352.68	378.10	421.38	420.59	356.77
	Net Worth (A+B-C-D-E)	5895.08	5774.39	5524.21	5321.81	5107.37	4647.68
	Represented by:						
F.	Share capital	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09
G.	Reserves and surplus	4656.99	4536.30	4286.12	4083.72	3869.28	3409.59
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserves & Surplus(Net of revaluation reserves)	4656.99	4536.30	4286.12	4083.72	3869.28	3409.59
	Net Worth (F+G)	5895.08	5774.39	5524.21	5321.81	5107.37	4647.68

The above statement should be read with the Statement of Notes to Restated Consolidated Summary Statements of the Company in Annexure IV

This is the Consolidated Summary Statement of Assets and Liabilities, As Restated, referred to in our report of even date.



Annexure II - CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED
(Amount in INR lacs)

Particulars	For the period ended 30 th June 2016	For the year ended 31 March				
		2016	2015	2014	2013	2012
Revenue						
Revenue from operations	734.73	2798.58	3189.54	2423.92	2839.56	3061.08
Other income	48.25	234.05	290.21	270.21	295.87	256.49
Total Revenue	782.97	3032.63	3479.75	2694.13	3135.43	3317.57
Expenses						
Operating Costs	29.92	84.46	103.43	86.84	92.13	82.83
Employee benefit expense	206.66	835.69	759.77	747.80	798.17	753.55
Finance cost	27.02	136.52	143.11	96.52	107.62	111.39
Depreciation & Amortizations expense	15.84	67.75	98.76	87.50	86.70	93.14
Less: Transferred from Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Other expenses	353.46	1259.65	1302.00	1101.28	1266.73	1430.80
Total Expenses	632.90	2384.07	2407.07	2119.94	2351.35	2471.71
Profit before tax	150.07	648.56	1072.68	574.19	784.08	845.86
Tax						
Current tax	51.07	223.47	386.89	195.50	262.90	288.87
Deferred tax	(0.96)	(3.46)	(14.81)	(7.44)	(3.91)	(0.08)
Total Tax Expenses	50.12	220.01	372.08	188.06	258.99	288.80
Net profit as restated before Minority Interest	99.96	428.55	700.60	386.13	525.09	557.07
Add: Share of Associate	0.56	9.17	0.00	0.00	0.00	0.00
Less : Minority Interest	5.11	21.17	16.17	30.13	70.15	111.66
Net Profit after tax before restatement	95.41	416.55	684.43	356.00	454.94	445.41
Changes in accounting policy	0.00	0.00	0.00	0.00	0.00	0.00
Prior period items Income/(expense)	8.44	(2.50)	(1.49)	(1.49)	(1.48)	(1.48)
Current Tax Impact	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Adjustment (DTL)/DTA	(2.79)	0.82	0.50	0.49	0.49	0.49
Total of tax adjustments	(2.79)	0.82	0.50	0.49	0.49	0.49
Profit after Tax(as restated)	101.06	414.87	683.44	355.00	453.95	444.42

Note: The above statement should be read with the Statement of Notes to Restated Consolidated Summary Statements of the Company in Annexure IV.

This is the Consolidated Summary Statement of Profits and Losses, As Restated, referred to in our report of even date.



Annexure III - CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 March				
		2016	2015	2014	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before tax, as restated	158.51	646.06	1071.69	572.70	782.60	844.38
Adjustments for:						
Depreciation and amortization	15.84	67.77	97.16	87.57	86.51	89.35
Finance Cost	27.02	136.52	143.11	96.52	107.62	111.39
Loss on sale of fixed assets	0.00	0.00	1.60	(0.06)	0.19	3.78
Interest income	48.25	222.83	290.03	270.00	295.60	256.25
Dividend Income	0.00	0.37	0.17	0.18	0.26	0.18
Operating profit before working capital changes	153.12	627.15	1023.36	486.55	681.06	792.47
Adjustments for Increase / Decrease in:						
Trade Payable	1831.66	462.79	(631.97)	(205.71)	(500.41)	(229.59)
Other Current Liabilities & Provisions	147.92	(273.87)	406.87	(70.12)	(46.99)	(304.14)
Other Receivables	(39.08)	(35.56)	11.79	5.04	(7.09)	37.50
Trade Receivable	(1580.28)	328.11	(920.88)	342.32	(951.69)	(746.18)
Other Current Assets	(117.24)	48.06	(316.45)	103.16	(100.75)	66.64
Cash generated from operations	396.10	1156.68	(427.78)	661.24	(925.87)	(383.30)
Income taxes paid	51.08	223.47	386.89	195.50	262.90	288.87
Net Cash from Operating activities	345.02	933.21	(814.67)	465.74	(1188.77)	(672.17)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchases of fixed assets	15.74	91.59	99.87	67.77	81.43	50.24
Sale of Fixed Assets	0.00	0.00	9.85	0.13	1.10	7.21
Net Purchase and Sale of Investments	0.00	(102.67)	(102.42)	(2.32)	(60.60)	1.60
Interest income	48.25	222.83	290.03	270.00	295.60	256.25
Dividend Income	0.00	0.37	0.17	0.18	0.26	0.18
Net cash used in investing activities	(32.51)	(28.94)	(97.76)	(200.22)	(154.93)	(215.00)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Changes in Long Term Borrowings	3.20	14.28	(19.00)	(3.22)	(5.71)	3.74
Changes in Short Term Borrowings	304.65	1271.65	(1400.68)	975.56	(731.32)	(581.62)
Interest Paid	27.02	136.52	143.11	96.52	107.62	111.39
Payment of Dividend includes tax on dividend	0.00	208.36	422.71	167.59	0.00	0.00
Net Cash from/used in financing activities	334.87	1630.81	(853.86)	1236.45	(629.41)	(466.49)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	42.66	(668.66)	136.95	(570.49)	(404.43)	9.32
Opening cash and cash equivalents	3125.31	3793.97	3657.02	4227.51	4631.94	4622.62
Closing cash and cash equivalents	3167.97	3125.31	3793.97	3657.02	4227.51	4631.94



Note:

The above statement should be read with the Statement of Notes to Restated Consolidated Summary Statements of the Company in Annexure IV

This is the Consolidated Summary Statement of Cash Flows, as Restated, referred to in our report of even date.

ANNEXURE IV - NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS.

ANNEXURE IV A: Notes on material adjustments to Restated Financial Statements

7. The Accounts for the years have been restated considering the guidance note on “Reports in Company Prospectus” issued by ICAI. Effect of these changes has been shown as separate line items in Annexure-II.
8. The prior period items in the Profit and Loss Account have been restated to the respective years to which they relate.
9. Current Tax and deferred tax impact on the adjustments made have been computed on the restated profit at the rates applicable to respective years.
10. a. In respect of the qualification in the Audit Report for the Financial Year 2015-16 relating to Income and Expenditure entries were passed as Prior Period Items in the accounts for three months period ended on 30th June, 2016 and necessary adjustments are made in Restated Consolidated Financial Statements.
b. In respect of the audit qualification in the Audit Report of the Financial Year 2015-16, regarding the error in consolidation of the Financial Statements of Associate, necessary adjustments, in incomes to the tune ₹ 15.67 lakhs, expenses to the tune of ₹14.89 lakhs and assets and liabilities to the tune of ₹329.85 lakhs are made in the Restated Consolidated Financial Statements.
c. Based on the audit qualification in the Audit Report of the Financial Year 2015-16, necessary adjustments regarding non elimination of the dividend received from the subsidiary necessary adjustments are made in all the years in the Restated Consolidated Financial Statements.
11. There are no changes in accounting policies.
12. The accounts do not contain any extra ordinary items.

ANNEXURE IV B: Significant Accounting Policies

1. a. Steel City Securities Limited (“the Company”) along with its subsidiary i.e Steel city commodities Pvt Ltd (having 74.91% of shares) are primarily engaged in the business of retail broking (securities and commodity broking), DP Services, Corporate insurance agents, marketing support services and dealing in stocks and commodities.
b. Steel City Securities Limited (“the Company”) along with its subsidiary i.e Steel city commodities Pvt Ltd is having 35.69% of share in the associate i.e. Steel City Financial Services Private Limited.

2. Preparation of Financial Statements:

- a. The financial statements are prepared on the basis of historical cost convention and are in accordance with the accounting principles generally accepted in India and are in line with the applicable accounting Standards as prescribed under the Companies Act, 2013
- b. The Restated Consolidated Financial Statements are prepared from the consolidated audited financial statements for three months ended 30th June, 2016 and the years ended 31st March 2016, 2015,



2014,2013,2012, in accordance with the requirements of section 26 of the Companies Act, 2013 ('the Act') read with Companies (Prospectus and Allotment Securities) Rules,2014 ('the Rules') and the requirements of the Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulation, 2009 as amended ('the Regulations'). Accordingly, these Restated Consolidated Financial Statements are prepared for the purpose of inclusion in the offer document in connection with the proposed IPO of the Company.

3. PRINCIPLES OF CONSOLIDATION:

- a) The financial statements of the Parent Company and its subsidiary have been consolidated on line-by-line basis by adding together the book values of the like items of the assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Parent Company's independent financial statements.
- b) Minority interest in the net assets of subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment is made by company in the subsidiary company and further movements in their share in equity, subsequent to the date of investment.
- c) Goodwill on consolidation represents the difference between the Group's share in the networth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary as per Accounting Standard (AS) 21 "Consolidated Financial Statements". For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill arising on Consolidation as per Accounting Standard (AS) 21 "Consolidated Financial Statements" is tested for impairment at every Balance Sheet date . In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

4. REVENUE RECOGNITION:

- a) **Operating Income:**
Income from Trading Operations, which comprises of Brokerage is accounted for up to the date of last settlement in the reporting period, Income from DP Operations are recognised on accrual basis and TINFC's are accounted on transaction basis.
- b) **Interest Income**
Revenue is recognized on a time proportion basis taking into account the amount of deposit and a rate applicable
- c) **Dividend Income**
Revenue is recognized when the shareholders right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirements of the schedule III to the Act.

5. Expenses:

- c) Expenses are accounted on accrual basis and Provisions made for all known liabilities and losses on available information.
- d) Trading losses arising out of communication & computer disruptions and other operational reasons are treated as trading expenses



6. Employee Retirement Benefits

- a) The Company's contribution to Provident Fund is recognized on accrual basis.
- b) In accordance with applicable India laws, the Company provides for gratuity a defined benefit retirement plan (Gratuity plan) covering all employees. The Gratuity plans provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company has an employees' gratuity fund managed by LIC of India.
- c) Leave encashment liability is provided on the basis of actual valuation made by the management at the end of each calendar year.

7. Fixed Assets (Tangible/ Intangible)

Fixed Assets are valued at cost less accumulated Depreciation. Cost include all expenses incurred to bring the asset to its present location and condition

8. Depreciation / Amortisation:

- d) Depreciation on Tangible Fixed Assets is provided under straight-line method over the useful lives of assets as prescribed in Schedule II to the Companies Act, 2013 from the year ended 31st March,2015. For the years ended 31st March 2014, 2013, and 2012 depreciation on all assets is calculated using straight line method at rates prescribed by schedule XIV to the Companies Act,1956 from time to time.
- e) Computer software, an intangible asset, is amortised under straight-line method over the estimated useful life of 3 years.

9. Investments:

- a) Investments that are intended to be held for more than a year are classified as Long-term Investments. All other investments are classified as current investments.
- b) Long-term investments are carried at cost, unless there is depreciation other than temporary in their value.
- c) Current Investments are valued at lower of cost or market value.

10. Stock-in-Trade (Shares)

Equity Shares are valued scrip wise at cost or market value whichever is lower.

11. Taxes on Income:

- c) Provision for current tax is provided after considering all exemptions and deductions available under the provisions of Income Tax Act, 1961.
- d) Deferred Tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantially enacted by the Balance Sheet Date.

**ANNEXURE IV C: Other notes on accounts****1. Contingent Liabilities:**

- e. The Company has provided a Corporate Guarantee in favour of HDFC Bank Ltd to the extent of ₹4,00,00,000/- for the credit facilities in the form of Bank Guarantees extended to its Subsidiary i.e M/s.Steel City Commodities Private Limited.
- f. Bank Guarantees extended by The Karnataka Bank Ltd for ₹3,00,00,000/-, favouring National Securities Clearing Corporation Limited HDFC Bank for ₹11,00,00,000/- favouring National Securities Clearing Corporation Limited & Bombay Stock Exchange Limited and Karur Vysya Bank Ltd for ₹8,00,00,000/- favouring National Securities Clearing Corporation Limited.
- g. The Income Tax Assessments of the Company have been completed up to the accounting year 2012-2013 relevant to the assessment year 2013-2014. The disputed demand for the said assessment years is as follows:

SL. No	Asst.Years	Demand Outstanding (Rs) (amount in lacs)
1	2008-2009	34.71
2	2009-2010	34.37
3	2010-2011	32.07
4	2012-2013	118.50
5	2013-2014	1.67

As the demand for the A.Y 2012-13 is raised due to non deduction of income tax from certain payments and the company's appeal against the demand raised for the A.Y 2011-12 for an identical issue was decided by CIT(Appeals) in favour of the company and the order of CIT (A) reached finality, the Company is confident of getting favorable orders for the A..Y 2012-13 also.

- h. (i) Claims against the Company and not acknowledged as debts, amounting to ₹27.33 lakhs are pending at various courts/forums and out of these, claims amounting to ₹15.18 lakhs orders were passed infavour of the company and the appeals of the claimants, against these orders are pending and the company is confident of getting favorable orders.

(ii) The suit filed against the company in the Court of the Additional District & Sessions Judge (Fast Track Court), Visakhapatnam, claiming partial title (share) in one of the properties owned by the company, was dismissed and an appeal, which has been filed against this dismissal order, is pending in A.P. High Court. The book value of such claim is ₹58.28 lakhs. The company is confident of getting favorable order.

2. Show cause Notice for the period 01-07-2012 to 31-03-2015 has been issued by Service Tax Department for ₹1,79.89 lakhs towards service tax on "Penalty / Delayed Payment Charges" which represents "Interest on Delayed Payin" and presented as interest income in the Financial Statements and this is not considered as contingent liability as no order is passed / demand is raised.
3. Provision for Taxation has been made after taking in to account difference between depreciation in the accounts and the depreciation allowable as per the Income Tax Act, 1961 and other deductions /additions allowable/disallowable under the Income Tax Act, 1961.

4. Segment Reporting

- c. The Company is engaged in the business of providing broking and broking related services i.e. depository participant services to predominantly retail clients. Accordingly the primary segments have been identified as broking (including broking related services) Thus, it operates in a single primary segment.



d. Further the Company has no geographical segments which are subject to different risk and returns. Hence, no separate disclosure in terms of Accounting Standard (AS -17) on segment reporting is considered necessary.

5. The details of the subsidiary included in the Consolidated Financial Statements is as under:

Name of the subsidiary	Country of Incorporation	Proportion of ownership as at 30 th June 2016 (%)	Proportion of ownership as at 31 st March (%)				
			2016	2015	2014	2013	2012
Steel City Commodities Private Limited	India	74.91	74.91	71.99	69.07	66.75	66.13

6. Additional Disclosure as per Schedule III of the Companies Act,2013.

₹ in Lacs

Name of the entity	Apr'16 to June'16			
	Net Assets, i.e total assets minus total liabilities		Share in profit	
	As % of amount consolidated net assets	Amount	As % of amount consolidated profit or loss	Amount
A. Parent				
Steel City Securities Limited	83.98%	4950.92	84.59%	85.49
B. Subsidiary				
Steel Commodities Private Limited	22.86%	1347.49	19.91%	20.12
Total (A+B)	106.84%	6298.30	104.50%	105.61
Less : CFS adjustments and eliminations	6.84%	403.22	4.50%	4.55
Total	100.00%	5895.08	100.00%	101.06

₹ in Lacs

Name of the entity	Apr'15 to Mar'16			
	Net Assets, i.e total assets minus total liabilities		Share in profit	
	As % of amount consolidated net assets	Amount	As % of amount consolidated profit or loss	Amount
A.Parent				
Steel City Securities Limited	84.26%	4865.43	94.30%	391.24
B.Subsidiary				
Steel Commodities Private Limited	22.99%	1327.38	20.33%	84.35
Total (A+B)	107.25%	6193.03	114.63%	475.57
Less : CFS adjustments and eliminations	7.25%	418.64	14.63%	60.70
Total	100.00%	5774.39	100.00%	414.87

₹ in Lacs



Name of the entity	Apr'14 to Mar'15			
	Net Assets, i.e total assets minus total liabilities		Share in profit	
	As % of amount consolidated net assets	Amount	As % of amount consolidated profit or loss	Amount
A.Parent				
Steel City Securities Limited	84.23%	4653.03	96.02%	656.26
B.Subsidiary				
Steel Commodities Private Limited	23.92%	1321.27	8.45%	57.78
Total (A+B)	108.15%	5974.43	104.47%	713.99
Less : CFS adjustments and eliminations				
	8.15%	450.22	4.47%	30.5498
Total	100.00%	5524.21	100.00%	683.44

ANNEXURE V - CONSOLIDATED STATEMENT OF LONG TERM BORROWINGS, AS RESTATED
(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Secured Vehicle Loans From:						
HDFC Bank Ltd	0.00	0.76	5.31	9.86	6.64	0.94
Steel City Financial Services Pvt.Ltd	11.38	13.82	23.55	0.00	0.00	0.00
Total	11.38	14.58	28.86	9.86	6.64	0.94

Note: The repayment terms including interest rates on vehicle loans are as per the agreements with the respective banks/institutions

ANNEXURE VI - CONSOLIDATED STATEMENT OF SHORT TERM PROVISIONS, AS RESTATED
(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Provision for Employee benefits – Gratuity #	0.00	2.26	5.93	14.43	12.09	8.59
Provision for Taxation	273.00	221.93	385.21	193.68	258.40	282.29
Provision for Dividend and Dividend Tax ##	78.23	29.54	199.86	0.00	0.00	0.00
Total	351.23	253.73	591.00	208.11	270.49	290.88

Provision is made for gratuity based on actuarial valuation, carried out by Actuary as at the balance sheet.

Includes dividend distribution tax on holding company share.



ANNEXURE VII - CONSOLIDATED STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED
(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
The Karnataka Bank Ltd	95.83	90.94	748.32	190.51	748.99	397.49
The Karur Vysya Bank Ltd	0.00	68.14	490.87	146.88	363.70	184.13
HDFC Bank Ltd	65.93	307.33	498.87	0.00	0.00	0.00
Loan Against FDR – Karnataka Bank Limited	0.00	0.00	0.00	0.00	200.25	0.00
Total	161.76	466.41	1738.06	337.39	1312.94	581.62

Note: The repayment terms including interest rates are as per the agreements with the respective banks.

- The repayment terms including interest rates are as per the agreements with the respective banks.
- Working Capital facilities from The Karnataka Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) , Collateral Security of specific Immovable Property belongs to the Company personal guarantee of Directors and Properties belonging to Directors/ others aggregated of ₹3.90 Cr.
- Working Capital facilities from Karur Vysya Bank is secured by specific Immovable Property belong to the Company , Personal guarantee of Directors and Properties belonging to Directors/others aggregated of ₹6.78 Cr.
- Working Capital facilities from The HDFC Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) and personal guarantee of Directors.

ANNEXURE VIII- CONSOLIDATED STATEMENT OF TRADE PAYABLE, AS RESTATED
(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Trade Payable to Clinets	1653.93	507.32	396.87	709.25	457.54	522.27
Margin Money from Trade Clients	2212.70	1527.65	1175.31	1494.90	1952.32	2387.99
Total	3866.63	2034.97	1572.18	2204.15	2409.86	2910.26

Note: In order to secure the performance by the clients of their obligations, commitments & liabilities to the company they placed the margins with the company.

ANNEXURE IX - CONSOLIDATED STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Accrued Expenses	365.28	341.53	282.05	261.24	270.12	294.50
Margin money from TINFCs	71.72	0.00	0.00	0.00	0.00	0.00
Unpaid Dividends	19.05	22.82	18.89	15.70	14.57	14.57
Vsat Deposits from Sub-brokers	83.62	83.62	83.62	83.62	83.61	85.84
Total	539.67	447.97	384.56	360.56	368.30	394.91

Note:

- There is no interest payable on Vsat Deposits taken from Franchises and the same was paid to Vsat Providers for purchase of VSATs.
- Unpaid dividends do not include any amount due and outstanding to be credited to investor education and protection funds.

**ANNEXURE X- CONSOLIDATED STATEMENT OF SHARE CAPITAL, AS RESTATED***(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Authorised:						
2,50,00,000 Equity Shares of INR 10/- each.	2500.00	2500.00	2500.00	2500.00	2500.00	2500.00
Issued, Subscribed and Paid up:						
1,23,80,912 Equity Shares of INR 10/- each.	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09
Total	1238.09	1238.09	1238.09	1238.09	1238.09	1238.09



Notes:

a) Reconciliation of the equity share capital:

(Amount in INR lacs)

Particulars	30 th June 2016		31 st March 2016		31 st March 2015		31 st March 2014		31 st March 2013		31 st March 2012	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
No of Equity shares outstanding at the end of the period Face Value of INR 10/-	12380912	1238.09	12380912	1238.09	12380912	1238.09	12380912	1238.09	12380912	1238.09	12380912	1238.09

b) Rights, preferences and restrictions attached to shares:

The company has one class of Equity Shares having a par value of INR 10/- per share. Each equity holder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c) Number of Equity shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	No of Shares as at 30 th June 2016	% of Shares held	No of Shares as at 31 st March 2016	% of Shares held	No of Shares as at 31 st March 2015	% of Shares held	No of Shares as at 31 st March 2014	% of Shares held	No of Shares as at 31 st March 2013	% of Shares held	No of Shares as at 31 st March 2012	% of Shares held
G Sree Rama Murthy	5524640	44.62	5524640	44.62	5524640	44.62	5524640	44.62	5524640	44.62	5524640	44.62
K Satyanarayana	2173440	17.55	2173440	17.55	2173440	17.55	2173440	17.55	2173440	17.55	2173440	17.55
G Raja Gopal Reddy	1098568	8.87	1098568	8.87	1464768	11.83	1830968	14.79	2121368	17.13	2197168	17.75
Satish Kumar Arya	795840	6.43	795840	6.43	779040	6.30	779040	6.30	779040	6.30	779040	6.30



ANNEXURE XI - CONSOLIDATED STATEMENT OF RESERVES AND SURPLUS, AS RESTATED
(Amount in INR lacs)

Particulars	As at	As at 31 st March				
	30 th June, 2016	2016	2015	2014	2013	2012
Securities Premium	105.62	105.62	105.62	105.62	105.62	105.62
General Reserve	804.87	795.40	744.53	669.18	634.45	592.49
Surplus in Statement of Profit and Loss	3746.50	3635.28	3435.97	3308.92	3129.21	2711.48
Total	4656.99	4536.30	4286.12	4083.72	3869.28	3409.59

ANNEXURE XII- CONSOLIDATED STATEMENT OF DEFERRED TAX LIABILITIES (NET), AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Deferred Tax Liability (A)						
Depreciation/amortization	7.65	8.61	12.07	26.89	34.33	38.23
Gratuity/ Bad Debts/ Prior period Income	0.00	(2.79)	(1.97)	(1.47)	(0.98)	(0.49)
Deferred Tax Asset (B)						
Deferred Tax Liabilities (Net) [C] (A-B)	7.65	5.82	10.10	25.42	33.35	37.74

The Company has since inception of Accounting Standard 22 on Accounting for Taxes on Income, recognized the deferred tax expenses, which arises primarily from depreciation on tangible fixed assets on basis of currently applicable enacted regular tax rates



ANNEXURE XIII - CONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Interest free Security Deposit with Exchanges	385.61	385.60	344.35	335.35	366.10	257.10
V Sat Deposits with Exchanges	0.50	0.50	0.50	0.50	6.50	6.50
Telephone Deposits	7.38	7.38	7.47	7.43	7.40	7.37
Rental Deposits	54.01	53.98	51.88	47.83	44.55	39.14
Electricity Deposits	12.94	12.94	12.92	12.71	12.07	11.95
Other Deposits	5.69	5.69	6.39	6.28	6.40	4.85
Total	466.13	466.09	423.51	410.10	443.02	326.91

ANNEXURE XIV - CONSOLIDATED STATEMENT OF SHORT TERM LOANS AND ADVANCES, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Advances to Suppliers	2.68	0.47	0.01	12.30	15.71	13.35
Receivables from TINFCs	18.40	0.00	0.00	0.00	0.00	0.00
Advance to Employees	4.34	4.06	2.23	2.36	1.60	1.21
Others	101.61	42.14	8.87	8.25	10.64	6.30
Total	127.03	46.67	11.11	22.91	27.95	20.86

ANNEXURE XV- CONSOLIDATED STATEMENT OF OTHER NON CURRENT ASSETS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Advance Income Tax	499.61	449.87	529.92	236.39	299.58	320.62
Prepaid Expenses	81.51	14.04	24.63	15.13	22.18	16.49
Total	581.12	463.91	554.55	251.52	321.76	337.11

ANNEXURE XVI - CONSOLIDATED STATEMENT OF NON-CURRENT INVESTMENTS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Associate:						
Equity Shares with Steel City Financial Services Pvt. Limited	168.73	168.17	159.00	60.00	60.00	0.00
Other Investments:						
Equity Shares with BSE Ltd (4394 Shares)	0.00	0.00	0.00	0.00	0.00	0.00
Pref.Equity Shares with MELIORA ARC LTD	100	100	0.00	0.00	0.00	0.00
Equity Shares with Steel City	0.25	0.25	0.50	0.00	0.00	0.00



Infotech Private Limited						
Total	268.98	268.42	159.50	60.00	60.00	0.00

ANNEXURE XVII - CONSOLIDATED STATEMENT OF TRADE RECEIVABLES, AS RESTATED
(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Unsecured, considered good						
Debts outstanding for a period exceeding six months from the date they are due for payment	1142.91	602.45	540.99	638.63	564.41	589.57
Others	4967.49	3927.67	4317.24	3298.72	3715.26	2738.41
Dues from Directors and Relatives of Directors	0.00	0.00	0.00	0.00	0.00	0.00
Total	6110.40	4530.12	4858.23	3937.35	4279.67	3327.98

ANNEXURE XVIII - CONSOLIDATED STATEMENT OF CASH AND BANK BALANCES, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Cash and cash equivalents						
Cash on hand	28.36	26.12	16.08	12.19	13.73	22.03
Cheques, drafts on hand	48.75	69.95	93.83	72.60	77.62	99.13
Balance with Bank						
Balances with banks (including deposits with less than 3 months maturity)	454.31	415.72	576.49	611.02	1151.80	1399.59
Other bank balances						
- Deposits with original maturity of more than three months but less than 12 months	1267.50	1240.70	1688.68	895.51	919.79	896.62
- Margin Money for Bank Guarantees	1350.00	1350.00	1400.00	2050.00	2050.00	2200.00
- Unclaimed Dividends Accounts	19.05	22.82	18.89	15.70	14.57	14.57
Total	3167.97	3125.31	3793.97	3657.02	4227.51	4631.94

ANNEXURE XIX - CONSOLIDATED STATEMENT OF REVENUE FROM OPERATIONS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Income from Broking Operations	676.12	2630.69	2947.17	2203.71	2621.48	2849.33
Income from DP Operations	37.59	134.81	233.94	220.21	218.08	211.75
Income from TINFC Operations	21.02	33.08	8.43	0.00	0.00	0.00
Total	734.73	2798.58	3189.54	2423.92	2839.56	3061.08



ANNEXURE XX - CONSOLIDATED STATEMENT OF OTHER INCOME, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	For the Year ended 31 st March					Nature: Recurring/ Non-Recurring	Related / Not Related to the Business Activity
		2016	2015	2014	2013	2012		
Interest Income from Bank Deposits	48.25	222.83	290.04	270.00	295.61	256.25	Recurring	Related
Dividend Income from long term investments	0.00	0.37	0.17	0.18	0.26	0.18	Recurring	Related
Other non-operating Income	0.00	10.85	0.00	0.03	0.00	0.06	Recurring	Related
Total	48.25	234.05	290.21	270.21	295.87	256.49		

ANNEXURE XXI - CONSOLIDATED STATEMENT OF OPERATING COSTS, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Transaction Charges	9.18	9.42	10.72	5.75	7.14	1.07
Trading Expenses	0.45	1.64	0.79	0.15	0.26	2.23
Annual Subscriptions	0.38	1.59	1.50	1.31	2.81	1.00
Insurance	1.00	4.48	5.02	6.06	5.44	5.19
Vsat Charges and Maintenance	14.07	56.38	59.28	53.73	51.89	51.71
Batteries, UPS Maintenance	4.84	10.95	26.12	19.84	24.59	21.63
Total	29.92	84.46	103.43	86.84	92.13	82.83

Note: Trading Expenses is expenses on purchase and sale of shares wherever there was operational problem due to communication & computer disruptions, data entry operator's mistakes, share deliveries mismatch and other reasons, to come out of the long or short struck positions.

ANNEXURE XXII - CONSOLIDATED STATEMENT OF EMPLOYEE BENEFIT EXPENSE, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Salaries, wages and bonus	191.20	762.37	690.52	676.07	727.64	687.60
Contribution to provident and other funds	13.53	65.56	61.10	63.93	61.04	57.39
Staff welfare expenses	1.93	7.76	8.15	7.80	9.49	8.56
Total	206.66	835.69	759.77	747.80	798.17	753.55

Note: Salaries, wages and bonus includes Salary paid to Directors.

Disclosures pursuant to AS-15 Employee Benefits:

Provident Fund : Company pays fixed contribution to Provident Fund at predetermined rates to the EPF fund maintained by Employees' Provident Fund Organisation, Government of India. Company obligation is limited to



payment of contribution at the pre determined rates. The settlement to the employees shall be made by the EPF organisation.

Gratuity: Payable to employees, who render continuous service of 5 years or more, on separation, @15 days of last drawn pay of each completed year of service.

Leave encashment: Leave encashment amount is paid to the employees at the end of the each calendar year.

Disclosures as required by the Accounting Standard (AS-15) “Employee Benefits”, are made as far as practicable and the liability is provided for the stub period ending 30/06/2016 proportionately based on actuary valuation certificate for the financial year 2015-16.

ANNEXURE XXIII - CONSOLIDATED STATEMENT OF FINANCE COST, AS RESTATED

(Amount in INR lacs)

Particulars	As at 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Interest expenses	12.94	91.73	104.09	54.77	55.84	42.75
Bank Guarantee Commission and Charges	14.08	42.27	37.03	40.86	51.74	68.32
Other Borrowing Costs	0.00	2.52	1.99	0.89	0.04	0.32
Total	27.02	136.52	143.11	96.52	107.62	111.39

ANNEXURE XXIV - CONSOLIDATED STATEMENT OF OTHER EXPENSES, AS RESTATED

(Amount in INR lacs)

Particulars	For the Period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Auditor's Remuneration						
- for Certification	0.00	0.50	0.50	0.25	0.75	0.00
- for Expenses	0.100	0.00	0.06	0.09	0.50	0.54
- for Internal Audit Fee – Accounts	0.00	2.04	2.04	1.80	1.80	1.80
- for Internal Audit Fee-DP Ops.	0.07	1.57	2.03	1.24	1.45	1.57
- for Internal Audit Fee-SEBI	0.00	0.30	0.91	0.50	0.49	0.49
- for Statutory Audit	0.20	1.20	1.20	0.90	0.90	0.90
- for Tax Audit	0.00	1.20	1.20	0.85	0.85	0.85
- for Tax Representation	0.00	1.20	1.20	0.85	0.85	0.85
A C Maintenance	0.86	1.62	0.95	1.08	1.08	1.04
Advertisements	0.05	0.19	0.38	0.25	0.78	0.99
Bad Debts Written off	28.24	12.47	7.88	6.23	0.00	11.35
Books & Periodicals	0.67	2.79	2.71	2.39	2.14	1.99
Business Development	5.69	39.01	35.89	36.19	31.25	50.73
Computer maintenance including parts	10.78	37.00	49.27	38.09	34.20	31.98
Conveyance	0.59	2.89	2.20	2.00	1.85	2.00
C S R Expenses	0.00	12.57	0.00	0.00	0.00	0.00
Current Repairs to lease holdbuildings	0.00	2.71	0.00	0.00	0.00	0.00
Demat charges	1.04	1.21	1.57	0.71	0.78	0.82
Donations	1.50	0.00	0.20	0.05	0.37	0.13



Particulars	For the Period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Electricity Charges and maintenance	18.78	64.89	59.08	65.62	51.09	51.06
Epabx maintenance			0.40	0.36	0.04	0.20
Fee to Company Secretary	0.00	1.56	1.56	1.20	1.20	1.20
Fees & Charges, Filing fee	5.14	24.95	19.17	19.17	21.85	11.82
Generator maintenance	0.62	2.40	6.02	4.30	5.26	4.67
Insurance	0.49	8.64	9.29	8.57	10.06	8.65
Legal, Consultancy and Prof.fee	25.43	38.96	22.65	33.23	35.42	30.70
Meeting & Conferences			0.00	0.00	0.09	0.08
Miscellaneous expenses	0.00	0.00	0.02	0.00	0.01	0.02
Office Maintenance	10.94	38.20	34.79	29.24	29.05	37.48
Office Rent	27.56	106.41	97.12	91.47	82.89	74.67
Preliminary Expenses			0.00	0.00	0.00	0.00
Printing, Postage and courier charges & other documentation charges	2.12	15.36	8.90	6.21	11.43	23.37
Provision for Bad Debts	0.00	0.00	23.00	0.00	0.00	0.00
Sub-brokerage	197.22	766.25	838.83	674.84	867.94	1003.26
Subscriptions	0.76	4.66	4.80	3.69	16.02	14.36
Telephone Charges & Maintenance	10.71	52.27	48.97	53.79	37.73	42.12
Tours and Travels	1.51	3.37	4.64	3.53	4.16	6.13
Transportation charges	0.07	0.69	0.49	0.48	0.58	0.49
Vehicle maintenance	2.05	10.05	11.37	10.71	10.48	11.59
Xerox and coolers maintenance	0.27	0.52	0.71	1.38	1.39	0.90
Total	353.46	1259.65	1302.00	1101.28	1266.73	1430.80

ANNEXURE XXV - CONSOLIDATED CAPITALISATION STATEMENT, AS RESTATED
(Amount in INR lacs)

Particulars	Pre IPO as at 30/06/2016	Post IPO (Refer Note [●])
Borrowings:		
Short-term	161.76	161.76
Long Term	11.38	11.38
Total Debt	173.14	173.14
Shareholders funds:		
Share Capital	1238.09	[●]
Reserves and Surplus (Net of Revaluation Reserve)	4656.99	[●]
Total Shareholders Funds	5895.08	[●]

Notes: Information will be furnished once the issue price is fixed

The figures disclosed above are based on the Restated Summary Statements of the company.

2) The figure of Reserves and Surplus in the Company's Post IPO capitalisation data has been updated only in respect of Securities Premium to be generated on account of proposed fresh issue of shares under IPO.



ANNEXURE XXVI - CONSOLIDATED STATEMENT OF TAX SHELTER, AS RESTATED
(Amount in INR lacs)

Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Profit before tax, As Restated (A)	158.51	646.06	1071.69	572.70	782.60	844.38
Tax rate - statutory rate (B)	0.33	0.33	0.34	0.32	0.32	0.33
Tax as per actual rate on profits (C = A*B)	52.41	213.61	364.27	185.81	253.91	280.48
Adjustments						
Permanent differences						
Donation not allowable as per the provisions of the Income tax Act,1961	1.50	0.00	0.20	0.05	0.37	0.13
Dividend Income Exempt	0.00	-0.37	-0.17	-0.18	-0.26	-0.18
Capital Gain considered separately	0.00	0.00	0.00	0.00	0.00	0.00
Loss on sale of Assets	0.00	0.00	1.60	-0.06	0.19	3.78
Provision for doubtful assets	0.00	0.00	23.00	0.00	0.00	0.00
Expenditure disallowed under Section - 37 of Income tax Act, 1961	0.00	12.57	0.00	0.00	0.00	0.00
Total	1.50	12.20	24.63	-0.19	0.30	3.73
Total tax impact of permanent difference (D)	0.50	4.03	8.37	-0.06	0.10	1.24
Timing differences						
Difference between tax depreciation and book depreciation	2.91	10.47	44.19	22.93	12.04	0.23
Disallowance u/s 43B ---gratuity	-2.26	-3.68	1.48	1.48	1.50	1.48
Bad debts	-28.24	28.24	0.00	0.00	0.00	0.00
Income	22.06	-22.06	0.00	0.00	0.00	0.00
Total	-5.53	12.97	45.67	24.41	13.54	1.71
Total tax impact of Timing difference (E)	-1.83	4.29	15.52	7.92	4.39	0.57
Net adjustments F=(D+E)	-1.33	8.32	23.89	7.86	4.49	1.81
Adjusted tax liability (C+F)	51.08	221.93	388.16	193.67	258.40	282.29
Total tax as per return of income	50.43	221.92	385.20	193.68	258.40	275.73

Notes:

1. The aforesaid Statement of Tax Shelters has been prepared as per the Consolidated Summary Statement of Profits and Losses, As Restated of the Company.
2. The above statement should be read with the Notes to the Consolidated Summary Statement of Assets and Liabilities, As Restated, Consolidated Summary Statement of Profits and Losses, As Restated and Consolidated Summary Statement of Cash Flows, As Restated as appearing in Annexure IV.



3. The permanent / timing differences for the years ended March 31, 2015, 2014, 2013, 2012 and 2011 have been computed based on acknowledged copies of Income Tax Returns of the respective years.

ANNEXURE XXVII - CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Net Worth (INR in lacs)	5895.08	5774.39	5524.21	5321.81	5107.37	4647.68
Restated Profit After Tax (INR in lacs)	101.06	414.87	683.44	355.00	453.95	444.42
Total number of shares outstanding at the end of the period / year after considering Sub-division * (Nos.)	12380912	12380912	12380912	12380912	12380912	12380912
Number of shares outstanding during the period / year after considering Sub-division and Bonus issue* (Nos.)	12380912	12380912	12380912	12380912	12380912	12380912
Earnings Per Share INR 10/- each	3.27	3.35	5.52	2.87	3.67	3.59
Basic & Diluted Earning Per Share after considering Sub-division and Bonus issue* (INR)	3.27	3.35	5.52	2.87	3.67	3.59
Return On net Worth (%)	6.86	7.18	12.37	6.67	8.89	9.56
Net Assets Value Per Share of INR 10/- each after considering Sub-division and Bonus issue* (INR)	47.61	46.63	44.62	42.98	41.25	37.54
Face Value after considering Subdivision* (INR)	10/-	10/-	10/-	10/-	10/-	10/-

Notes:

1) The ratios have been computed as below:

Earnings Per Share - Basic & Diluted = Net Profit After Tax As Restated/Number of Equity Shares Outstanding for the Year

Net Asset Value Per Share (INR) = Net Worth As Restated As At Year End/ Number of Equity Shares as at Year End

Return On Net Worth (%) = Net Profit After Tax As Restated/Net Worth as Restated as at Year End

3) The figures disclosed above are based on the Consolidated Restated Summary Statements of the Company.

Annexure XXVIII - CONSOLIDATED STATEMENT OF DIVIDEND, AS RESTATED

(Amount in INR lacs)

Particulars	For the period ended 30 th June 2016	For the year ended 31 st March				
		2016	2015	2014	2013	2012
Dividend on Equity Shares						
Dividend in % - Interim	0.00	12%	15%	10%	0.00	0.00
Dividend in % - Final	0.00	0.00	13%	0.00	0.00	0.00
Total Dividend %	0.00	12%	28%	10%	0.00	0.00
Proposed Dividend	0.00	148.57	346.67	123.81	0.00	0.00
Dividend Tax	0.00	30.25	66.44	14.15	0.00	0.00



Note:

* Face Value of the Equity Shares - INR 10/-

ANNEXURE XXIX – CONSOLIDATED STATEMENT OF RELATED PARTIES TRANSACTIONS, AS RESTATED

Names of the Related parties and Nature of Relationships as per the Accounting Standard 18- "Related Party Disclosures"

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, have been identified on the basis of representation made by the Management and taken on record by the Board of Directors.

(Amount in INR lacs)

Sr No.	Particulars	For the period ended 30 th June, 2016	For the year ended 31 st March				
			2016	2015	2014	2013	2012
1	Related parties where control exists						
	Holding company	Steel city securities limited	Steel city securities limited	Steel city securities limited	Steel city securities limited	Steel city securities limited	Steel city securities limited
	Subsidiary company	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited	Steel city Commodities private limited
	Group Companies	Steel city financial services private limited	Steel city financial services private limited	-	-	-	-
2	Key Managerial Personnel (KMP)						
		Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy	Mr.G.Sree Rama Murthy
		Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana	Mr.K satyanarayana
		Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya	Mr.Sathish Kumar Arya



Transactions with related party:

(Amount in INR lacs)

Sr No.	Nature of transactions / relationship / Name of Related Party	As at/period ended 30 th June, 2016	As at / Year ended					
			2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	
1	Salary * / perquisites / Dividend Key Management Personnel (KMP) **							
	Director							
	Remuneration							
	1. G.Sree Rama Murthy	7.50	30.00	30.00	30.00	30.00	30.00	30.00
	2. K satyanarayana	7.50	30.00	30.00	30.00	30.00	30.00	30.00
	3. Sathish Kumar Arya	6.00	24.00	24.00	24.00	24.00	24.00	23.00
	Dividend							
	1. G.Sree Rama Murthy	0.00	66.30	154.69	55.25	0.00	0.00	0.00
	2. K satyanarayana	0.00	26.10	60.86	21.73	0.00	0.00	0.00
	3. Sathish Kumar Arya	0.00	9.40	21.81	7.79	0.00	0.00	0.00
Total	21.00	185.80	321.36	168.77	84.00	83.00		
2	Transactions / Expenses incurred on behalf of:							
	Dividend (received) /paid							
	Steel city Commodities private limited	0.00	(48.70)	(14.4)	(40.57)	0.00	0.00	
	Steel city financial services private limited	0.00	7.40	0.00	0.00	0.00	0.00	
	Total	0.00	(41.30)	(14.4)	(40.57)	0.00	0.00	
3	Guarantees given outstanding							
	Steel city Commodities private limited	400.00	400.00	400.00	400.00	400.00	400.00	400.00
	Total	400.00	400.00	400.00	400.00	400.00	400.00	
4	Accounts Receivable Outstanding							
	Total							
5	Accounts Payable Outstanding							
	Steel city Commodities private limited	10.20	0.00	0.00	0.00	0.00	0.00	0.00
	Steel city financial services private limited	10.40	12.50	0.00	0.00	0.00	0.00	0.00
	Total	20.60	12.50	0.00	0.00	0.00	0.00	0.00

**ANNEXURE XXX – CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED****Contingent Liability not provided for***(Amount in INR lacs)*

Particulars	As at 30 th June, 2016	As at 31 st March				
		2016	2015	2014	2013	2012
Corporate guarantee given to HDFC Bank for credit facilities to its subsidiary	400.00	400.00	400.00	400.00	400.00	400.00
Bank Guarantees:						
Karnataka Bank	300.00	300.00	500.00	850.00	1000.00	1000.00
HDFC Bank	1575.00	1575.00	1500.00	1500.00	1500.00	1500.00
Karur Vysya Bank	800.00	800.00	800.00	1900.00	1900.00	1900.00
Income tax Assessments:						
Disputed Demand	221.32	221.32	238.50	400.59	43.96	0.00
Claims against the company at various courts	85.61	85.61	0.00	0.00	0.00	0.00
Total	3381.96	3381.93	3438.50	5050.59	4843.96	4800.00



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements for the years ended March 31, 2012, 2013, 2014, 2015, 2016, and for the three months period ended June 30, 2016 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "*Financial Statements*" on page 157 of this Draft Prospectus.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

Overview

Steel City Securities Limited is a leading retail stock broking company in Southern part of India. We are the pioneers and prime leaders in introducing the Franchisee model to extend our business potential in urban and rural areas of Andhra Pradesh & have our business operations in the states of Andhra Pradesh, Tamil Nadu, Karnataka, Odisha, Chattisgarh and Maharashtra. We have Capital Market foot print of 779 locations across India with 1600+ terminal licenses being connected to the Central Location.

We have memberships in National level Exchanges viz; NSE, BSE, MCX, MSE (Formerly known as MCX-SX) and NCDEX for Stock, Derivative, Commodity and Currency segments. We are providing a trading platform for Capital Market, Futures & Options, Commodities and Currency Derivatives of NSE, BSE, MCX, MSE (Formerly known as MCX-SX), and NCDEX. We also act as the depository participant of NDSL and CDSL. We have made available a mobile trading app on the website of our Company (www.steelcitynettrade.com) to enable our customers to trade anywhere, anytime using their mobile. We have also introduced the online payment system for all online and offline trading clients.

We provide e-governance services vide our 837 centres located across India which includes products like PAN, TAN, e-TDS, AIR, Form 24G, change requests of PAN, TAN, through TIN-FC and UIDAI (Aadhaar Kendra) through NSDL e-Governance locations. We have distribution of Mutual funds and IPO to reach every potential investor. We promote pension schemes through PFRDA for the retirement benefits of both employees and business people.

Factors Affecting our Results of Operations

Our results of operations, cash flows and financial condition are affected by a number of factors, including the following:

1. Capital Market Conditions :

A significant portion of our revenue is derived from equity broking services that is dependent on favourable capital market conditions, investor confidence and other factors that affect the volume of trading in India. We have diversified our operations by entering into e-governance business which are not directly linked to the stock market volume. Hence, events adversely impacting stock markets volumes may adversely affect our capital market business. In recent years, Indian and world securities market have been fluctuating, however with an overall upward movement of Indian market. Revenues have benefited from the increased trading volume and we expect the current positive market segment to continue, however, there may be factors outside our control which may offset future increases or result in a decline in trading volume.



2. Economic growth in India :

We are affected by general global and Indian economic conditions. India's GDP and the economic and other conditions of the states in which we operate or intend to operate have been and will continue to be of importance in determining our operating results and future growth. India is amongst the fastest growing major economies in the world, with expected GDP growth rate of 7.6% in financial year 2016 as compared to 7.2% in financial year 2015 recording the highest percentage increase in the last five years. This year, India became the fastest growing major economy, surpassing China in terms of GDP growth. The economic reforms introduced by the government, a stable macro-economic environment and the falling commodity prices are some of the factors that have helped India achieve robust economic growth estimates. In recent years, India has become a global preferred destination for FDI, owing to its large consumer market and efforts by the government to position it as one of the front-runners of the rapidly growing Asia Pacific region. The growth in the Indian economy shall have a positive effect on the financial services sector.

3. Client Relationships :

Our results of operations depend largely on the number of our client relationships, our ability to maintain the relationships and grow our share of clients' business. We believe successfully developing new client relationships and maintaining existing client relationships, are critical for growing our business and consequently our results of operations.

Significant Accounting Policies

10. Preparation of Financial Statements:

The Restated Standalone Financial Statements are prepared from the audited financial statements for three months ended 30th June, 2016 and the years ended 31st March 2016, 31st March, 2015, 31st March 2014, 31st March, 2013 and 31st March, 2012, in accordance with the requirements of section 26 of the Companies Act, 2013 ('the Act') read with Companies (Prospectus and Allotment Securities) Rules, 2014 ('the Rules') and the requirements of the Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulation, 2009 as amended ('the Regulations').

Accordingly, these restated standalone financial statements are prepared for the purpose of inclusion in the offer document in connection with the proposed IPO of the Company.

11. Revenue Recognition:

d) Operation Income

Income from Trading Operations, which comprises of Brokerage is accounted for up to the date of last settlement in the reporting period, Income from DP Operations are recognised on accrual basis and TINFC's are accounted on transaction basis.

e) Interest Income

Revenue is recognized on a time proportion basis taking into account the amount of deposit and a rate applicable

f) Dividend Income

Revenue is recognized when the shareholders right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirements of the schedule III to the Act.

12. Expenses

e) Expenses are accounted on accrual basis and Provisions made for all known liabilities and losses on available information.



- f) Trading losses arising out of communication & computer disruptions and other operational reasons are treated as trading expenses

13. Employee Retirement Benefits

- d) The Company's contribution to Provident Fund is recognized on accrual basis.
- e) In accordance with applicable India laws, the Company provides for gratuity a defined benefit retirement plan (Gratuity plan) covering all employees. The Gratuity plans provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company has an employees' gratuity fund managed by LIC of India.
- f) Leave encashment liability is provided on the basis of actual valuation made by the management at the end of each calendar year.

14. Fixed Assets (Tangible/ Intangible)

Fixed Assets are valued at cost less accumulated Depreciation. Cost include all expenses incurred to bring the asset to its present location and condition

15. Depreciation / Amortisation

- f) Depreciation on Tangible Fixed Assets is provided under straight-line method over the useful lives of assets as prescribed in Schedule II to the Companies Act, 2013 from the year ended 31st March,2015
- g) Computer software, an intangible asset, is amortised under straight-line method over the estimated useful life of 3 years.
- h) For the years ended 31st March 2014, 2013, and 2012 depreciation on all assets is calculated using straight line method at rates prescribed by schedule XIV to the Companies Act,1956 from time to time.

16. Investments

- d) Investments that are intended to be held for more than a year are classified as Long-term Investments. All other investments are classified as current investments.
- e) Long-term investments are carried at cost, unless there is depreciation other than temporary in their value.
- f) Current Investments are valued at lower of cost or market value.

17. Stock-in-Trade (Shares)

Equity Shares are valued scrip wise at cost or market value whichever is lower.

18. Taxes on Income

- e) Provision for current tax is provided after considering all exemptions and deductions available under the provisions of Income Tax Act, 1961.
- f) Deferred Tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantially enacted by the Balance Sheet Date.



Summary Results of Operations

The following table sets forth select financial data from our statement of profit and loss as per our restated Standalone financial statements for the Fiscal 2013, 2014, 2015 and 2016

(Amount in INR lacs)

Particulars	For the year ended 31 March			
	2016	2015	2014	2013
Revenue				
Revenue from operations	2490.99	2962.72	1942.19	2122.38
Other income	175.27	201.08	224.69	202.33
Total Revenue	2666.26	3163.80	2166.88	2324.71
Expenses				
Operating Expenses	83.45	94.74	82.37	86.95
Employee benefit expenses	764.13	684.07	658.89	722.92
Finance cost	133.39	136.95	87.96	95.51
Depreciation & Amortizations expense	59.53	86.05	80.90	81.49
Other expenses	1053.84	1158.33	787.55	869.01
Total Expenses	2094.34	2160.14	1697.67	1855.88
Profit before extra ordinary items and tax	571.92	1003.66	469.21	468.83
Tax				
Current tax	180.88	359.13	148.53	160.43
Deferred tax	(1.86)	(12.73)	(8.60)	(5.72)
Total Tax Expenses	179.02	346.40	139.93	154.71
Net Profit after tax before restatement	392.90	657.26	329.28	314.12
Prior period items Income/(expense)	(2.50)	(1.49)	(1.49)	(1.48)
Deferred Tax Adjustment (DTL)/DTA	0.82	0.50	0.49	0.49
Total of tax adjustments	0.82	0.50	0.49	0.49
Profit after Tax(as restated)	391.22	656.27	328.28	313.13

- Revenue:** Our income consists of revenue from operations and other income:

 - Income from Operations: Our revenues are derived from income from broking operations, income from DP operations and income from e-governance operations.
 - Other Income:* Other income mainly consists of income from interest on fixed deposits and dividend income.
- Expenses:** Our expenses are divided into Expenditure on trading operations, employee costs, finance costs, other expenses and depreciation:

 - Expenditure on trading operations: The expenditure on trading operations are primarily in nature of transaction charges, trading expenses, insurance and maintenance of equipments used in trading operations such as Batteries, V Sat Charges etc.
 - Employee Costs: The employee costs are towards Salaries, wages and bonus, which forms the bulk of the costs, followed by contribution to provident and other funds and staff welfare expenses.



- Finance Costs: The finance cost includes interest expenses, bank guarantee commission and charges and other borrowing costs.
- Other expenses: This head is for miscellaneous expenses incurred by our Company and consists of Electricity charges, Office Rent, Repairs and maintenance, Auditor's Remuneration, sub-brokerage payable, legal consultancy and professional fee, Printing & Stationery, Administrative and General Expenses, Advertisement, Books & Periodicals, Subscriptions and Membership Fees, Travelling Expenses and other sundries.
- Depreciation: Depreciation and amortisation expense consists of depreciation expense on tangible assets and amortization expense on intangible assets.

Results of Operations

Financial Year 2016 compared to Financial Year 2015

Income :

Total Revenue: Our total revenue for the Fiscal 2016 was ₹ 2666.26 lacs as compared to ₹ 3163.80 lacs for the Fiscal 2015. The total revenue for the year decreased by 15.73%.

Revenue from operations: Our revenue from operations decreased by 15.92 % to ₹ 2490.99 lacs for the Fiscal 2016 from ₹ 2962.72 lacs for the Fiscal 2015 as result of subdued capital market activity during the year especially in the high yield cash segment. Though the income from broking operations and income from DP operations have reduced by 14.60%, and 42.38% respectively, the income from E-governance activities (TINFC operations) has increased by 292.99% as compared to the previous year. During Fiscal 2016, the Company was appointed to act as Empanelment Agency for issuing AADHAR by UIDAI. The company has taken all necessary steps to expand its activities by establishing new branches /centers in other States and also by adding new services and products.

Other Income: The other income decreased by 12.84% to ₹175.27 lacs for the Fiscal 2016 from ₹ 201.08 lacs for the Fiscal 2015 primarily as result of decrease in interest income from Fixed deposits (due to fall in the rate of interest) to ₹ 118.15 lacs for Fiscal 2016 from ₹ 186.51 lacs for the Fiscal 2015. During the same period the dividend income has increased to ₹ 49.06 lacs from 14.57 lacs i.e. an increase of 236.72%. The dividend income is mainly from its subsidiary & from BSE Limited. During the year, the dividend declared by the subsidiary was 65% as compared to 20% in the Fiscal 2015.

Expenditure :

Total Expenses: Our total expenses decreased by 3.05% to ₹ 2094.34 lacs for the Fiscal 2016 from ₹ 2160.14 lacs for the Fiscal 2015 as result of reduced business activity and reduction in expenses relating to Batteries , UPS maintenance.

Expenditure on trading operations: The expenditure on trading decreased by 11.92% to ₹ 83.45 lacs for the Fiscal 2016 from ₹ 94.74 lacs for the Fiscal 2015 mainly due to decrease in expenses relating to V Sat, Batteries , UPS maintenance to ₹ 10.96 lacs in Fiscal 2016 from ₹22.25 in Fiscal 2015.

Employee benefit expense: Our employee benefit expense increased by 11.70% to ₹ 764.13 lacs for the Fiscal 2016 from ₹ 684.07 lacs for the Fiscal 2015 primarily due to (a) increase in salaries, wages and bonus and consequently increase in contribution to provident and other funds.

Finance Cost: On an overall basis our finance cost for Fiscal 2016 has decreased to ₹ 133.39 lacs from ₹ 136.95 for Fiscal 2015 due to the fall in the interest rates. However, the charges and commission on bank guarantees have increased to ₹ 39.33 lacs in Fiscal 2016 from ₹ 31.26 lacs in Fiscal 2015 whereas the interest expense has reduced to ₹91.73 lacs in Fiscal 2016 from ₹103.70 lacs in Fiscal 2015. The Company needs to keep margin with the Exchange



for providing trading facilities to clients, which is met by issue of bank guarantees backed by Fixed Deposit Receipts/Collaterals.

Other Expenses: Our other expenses decreased to ₹ 1053.84 lacs for the Fiscal 2016 from ₹ 1158.33 lacs for the Fiscal 2015, thereby representing 9.02% decrease. This is primarily due to decrease in sub-brokerage paid to ₹ 605.58 lacs in the Fiscal 2016 from ₹734.91 lacs in the Fiscal 2015, and computer maintenance expenses paid to ₹ 26.58 lacs in Fiscal 2016 from 36.62 lacs paid. This was partly offset by increase in electricity and maintenance expenses, legal and professional fees.

Net Profit, as Restated: As a result of the above, our net profit, as restated, decreased by 40.22% to ₹ 392.90 lacs for the Fiscal 2016 from ₹ 657.26 lacs for the Fiscal 2015.

Financial Year 2015 compared to Financial Year 2014

Income

Total Revenue: Our total revenue for the Fiscal 2015 was ₹ 3163.80 lacs as compared to ₹ 2166.88 lacs for the Fiscal 2014. The total revenue for the year increased by 46.00%.

Revenue from operations: Our revenue from operations increased by 38.64% to ₹ 2962.72 lacs for the Fiscal 2015 from ₹ 1942.19 lacs for the Fiscal 2014. This increase was mainly due to increase in trading operations in the Capital Market and also due to geographic expansion of our brokerage business and start of e-governance business. Income from broking operations and income from DP operations had increased by 57.98%, and 6.24% respectively.

During the Financial Year 2014-15, the Company had forayed into e-Governance business and derived an income of ₹ 8.42 lacs from this segment. The Company was appointed as a TIN-FC of NSDL e-Governance which includes, e-TDS Return Statements, TAN, PAN, PAN Change request, TAN Change request, e-TDS Returns/Statements, Annual Information Return (AIR) and Form 24G.

Other Income: The other income decreased to ₹201.08 lacs for the Fiscal 2015 from ₹ 224.69 lacs for the Fiscal 2014, thereby representing a decrease of 10.62%. This was primarily due to decrease in dividend income to ₹ 14.57 lacs for Fiscal 2015 from ₹ 40.74 lacs for the Fiscal 2014. The dividend declared by the subsidiary had reduced from 60% to 20%. During the same period the interest income from Fixed deposits increased to ₹ 186.51 lacs from ₹183.94 lacs, thereby representing an increase of 1.40%. This was largely due to higher prevailing interest rate.

Expenditure

Total Expenses: Our total expenses increased by 27.24% to ₹ 2160.14 lacs for the Fiscal 2015 from ₹ 1697.67 lacs for the Fiscal 2014 as result of increased business activity. The principle increases in expenditure are discussed below.

Expenditure on trading operations: The expenditure on trading operations increased by 15.02% to ₹ 94.74 lacs for the Fiscal 2015 from ₹ 82.37 lacs for the Fiscal 2014 mainly due to increase in expenses relating to V Sat, Batteries , UPS maintenance to ₹ 22.25 lacs in Fiscal 2015 from ₹19.83 in Fiscal 2014. Transaction charges also increased to ₹9.95 lacs from ₹4.67 lacs in Fiscal 2014.

Employee benefit expense: Our employee benefit expense increased to ₹ 684.07 lacs for the Fiscal 2015 from ₹ 658.89 lacs for the Fiscal 2014, representing an increase of 3.82%. This was primarily due to increase in salaries, wages and bonus and consequent increase in contribution to Staff Welfare.

Finance Cost: On an overall basis our finance cost for Fiscal 2015 has increased to ₹ 136.95 lacs from ₹ 87.96 lacs in Fiscal 2014 due to the increase in rates of interest on the bank guarantee (BG) and overdraft (OD) facilities availed by the Company. Due to increase in business, the BG and OD facilities availed by the Company also increased.

Other Expenses: Our other expenses increased to ₹ 1158.33 lacs for the Fiscal 2015 from ₹ 787.55 lacs for the Fiscal 2014, representing an increase of 47.08%. Besides a general increase in the expense attributable to increase of



volume and the scale of our operations as evidenced by the growth in total income, this increase can also be specifically attributed, inter alia, increase in, sub-brokerage paid by 78.76% to ₹ 734.91 lacs in the Fiscal 2015 from ₹ 411.41 lacs in the Fiscal 2014, computer maintenance expenses by 41.34% to ₹ 36.62 lacs in the Fiscal 2015 from ₹ 25.91 lacs in the Fiscal 2014 and Office rent expense by 8.97% to ₹ 88.93 lacs in Fiscal 2015 from ₹ 81.61 lacs in Fiscal 2014 and provision of doubtful assets of ₹ 23.00 lacs in Fiscal 2015.

Net Profit, as Restated: Due to the increase in the income to ₹ 3163.80 lacs for the Fiscal 2015 from ₹ 2166.88 lacs for the Fiscal 2014, our net profit, as restated, increased by 99.61 % to ₹ 657.26 lacs for the Fiscal 2015 from ₹ 329.28 lacs for the Fiscal 2014

Financial Year 2014 compared to Financial Year 2013

Income

Total Revenue: Our total revenue for the Fiscal 2014 was ₹ 2166.88 lacs as compared to ₹ 2324.71 lacs for the Fiscal 2013. The total revenue for the year decreased by 6.79 %.

Revenue from operations: Our income from operations decreased by 8.49% to ₹ 1942.19 lacs for the Fiscal 2014 from ₹ 2122.38 lacs for the Fiscal 2013 as result of prevailing market condition in the Capital Market.

Though the income from broking operations had reduced by 9.57%, the income from DP operations has increased marginally as compared to the previous year.

Other Income: The other income increased by 11.05% to ₹ 224.69 lacs for the Fiscal 2014 from ₹ 202.33 lacs for the Fiscal 2013. During Fiscal 2014, the Company earned dividend @ 60% from its subsidiary which amounted to ₹ 40.56 as against Nil dividend during the previous year. During the same period the interest income from Fixed deposits decreased to ₹ 183.94 lacs from ₹ 202.07 lacs.

Expenditure

Total Expenses: Our total expenses decreased by 8.52% to ₹ 1697.67 lacs for the Fiscal 2014 from ₹ 1855.88 lacs for the Fiscal 2013 as result of reduced business activity. The principle decreases in expenditure are discussed below.

Expenditure on trading operations: The expenditure on trading operations decreased by 5.27% to ₹ 82.37 lacs for the Fiscal 2014 from ₹ 86.95 lacs for the Fiscal 2013 mainly due to decrease in expenses relating to Batteries , UPS maintenance amounting to ₹19.83 lacs for Fiscal 2014 from ₹22.91 for Fiscal 2013. Transaction charges also decreased to ₹4.67 lacs in Fiscal 2014 from ₹5.64 lacs in Fiscal 2013.

Employee benefit expense: Our total employee benefit expense reduced to ₹ 658.89 lacs for the Fiscal 2014 from ₹ 722.92 lacs for the Fiscal 2013, representing a decrease by 8.86%. This was primarily due to decrease in overall incentives paid to the employees.

Finance Cost: On an overall basis our finance cost for Fiscal 2014 had decreased to ₹ 87.96 lacs from ₹95.51 Lacs in Fiscal 2013. This was due to the decrease in interest expense to ₹ 54.51 lacs in Fiscal 2014 from ₹ 55.84 lacs in Fiscal 2013 and due to decrease in Bank Guarantee Charges to ₹32.98 lacs in Fiscal 2014 from ₹39.63 in Fiscal 2013.

Other Expenses: Our other expenses decreased to ₹ 787.55 lacs for the Fiscal 2014 from ₹ 869.01 lacs for the Fiscal 2013, representing an decrease of 9.37%. This decrease can be specifically attributed, inter alia, decrease in sub-brokerage paid by 20.81% to ₹ 411.41 lacs in the Fiscal 2014 from ₹519.54 lacs in the Fiscal 2013. This was partly offset by increase in electricity and maintenance expenses and Business Development by 25.65% and 28.48% respectively.

Net Profit, as Restated: Due to the reduction in overheads, our net profit, as restated, increased by 4.82% to ₹ – 329.28 lacs for the Fiscal 2014 from ₹ 314.12 lacs for the Fiscal 2013.



Other Qualitative Factors

Seasonality of Business

Our business is not seasonal. Our broking business is largely dependent on the state of capital markets.

Unusual or infrequent events or transactions

There have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

Significant economic/regulatory changes

Our broking business is dependent on the conditions in the Capital Market, the regulatory environment & on general economic conditions in the market we operate.

Known trends or uncertainties

To our knowledge, there are no other known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between costs and revenues

There are no known factors affecting the future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Dependence on a single or few customers

Our revenue is not dependent on a single or a few customers.

Competitive Conditions

Please refer to the sections “*Our Business*” and “*Risk Factors*” on pages 97 and 18 respectively, of this Prospectus, for discussions regarding competition.

Significant Developments after March 31, 2016

To our knowledge and belief, no circumstances other than as those disclosed in this Prospectus have arisen since the date of the last financial statements contained in this Prospectus which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.



FINANCIAL INDEBTEDNESS

Name of the Banks	The Karnataka Bank Limited		The Karur Vysya Bank Limited		HDFC Bank Limited	
	Fund Based	Non-Fund Based	Fund Based	Non-Fund Based	Fund Based	Non-Fund Based
Sanctioned Amount (₹ in Lacs)	750.00	300.00	500.00	800.00	1. Over Draft: 500.00 2. Loan against Securities: 500.00	1800.00
Date of Sanction	April 13, 2016	April 13, 2016	November 4, 2015	November 4, 2015	January 20, 2016	January 20, 2016
Amount Outstanding as on June 30, 2016 (₹ in Lakhs)	95.83	270.00	0.00	800.00	1. Over-Draft: 65.93 2. Loan against Securities: NIL	1175.00
Rate of Interest on the Loan as per original sanction letter	One year MCLR (currently is 9.20%) + 3.75% p.a. i.e. 12.95%	1.50%	12.40%	1.15%	1. Over Draft 11.35% 2. Loan against Securities: 11%	0.75%
Rate of Interest on the Loan	One year MCLR (currently is 9.20%) + 3.75% p.a. i.e. 12.95%	1.50%	12.40	1.00%	1. Over Draft 11.35% 2. Loan against Securities: 11%	0.75%
Repayment Schedule	On Demand	As per Bank Guarantee Rules i.e. 1 (one) year	On Demand	As per Bank Guarantee Rules i.e. 1 (one) year	On Demand	As per Bank Guarantee Rules i.e. 1 (one) year
Security	Note 1	Note 1	Note 2	Note 2	Note 3	Note 3

Except as stated above:

- The Company has not availed of any unsecured loan which can be recalled by the lenders at any time.
- The Company has not made any investment in debt instruments which are unsecured or which carry interest rate lower than the market rate.

**I. The Karnataka Bank Limited**

Note 1:

Primary Security for Fund Based:

Hypothecation of Trade Receivables.

Primary Security for Non Fund Based:

50% cash margin in the form of term deposits.

Collateral Security:

Equitable Mortgage (“Mortgaged Asset”):

1. T S No., 32/3(P) situated at Seethammapeta Visakhapatnam
2. D.No. 1-163 Sc. No. 1089, Susarla Colony, Gopalapatnam, Visakhapatnam
3. D.No. 45-42/6, Plot No. 22, S.No. 70 Akkayapalem, Visakhapatnam

Personal Guarantee:

Sr. No.	Particulars	Sr. No.	Particulars
1.	Mr. G. Sree Rama Murthy	5.	Mr. Hara Jagannadha Rao Malla
2.	Mr. Satish Kumar Arya	6.	Mr. Murali Krishna Cherukuri
3.	Mr. K. Satyanarayana	7.	Sri. S.S. Raghuv eer
4.	Mr. Satya Rama Prasad Godithi	8.	Sri. Prudhvi Soumith

II. The Karur Vysya Bank Limited

Note 2:

Primary Security for Fund Based:

1. Additional EM charge on Residential Flat No.101, Ground Floor, Door No.39-22-11-2/1, Sri Durga Residency, Plot No.7 & 8, S. No.20/4B Madhurawada, Vizag admeasuring 1550 sft. In the name of G. Sree Rama Murthy valued at ₹57.35 lakhs as per VR dated 26.08.2015.
2. Additional EM charge on Residential Flat No.102, Ground Floor, Door No.39-22-11-2/1, Sri Durga Residency, Plot No.7 & 8, S No : 20/4B Madhuwada, Vizag admeasuring 1550 sft. In the name of G. Sree Rama Murthy valued at ₹57.35 lakhs as per VR dated 26.08.2015.
3. Additional EM charge on Residential Flat No.501, 4th Floor, D No. 10-1-8/24, MVV Royale Palace, plot no.4A (4A1 to 4A2) and 4/2, Block No.9, TS No.77/1A1/1B1A1, Waltair Ward, Visakhapatnam in the name of G. Sree Rama Murthy valued at ₹115.75 lakhs as per VR dates 26.08.2015.
4. Additional EM charge on Residential flat no.401, 3rd floor, D No.50-49-16/6, Navya Souda, plot no.4, MIG, Seethammadhara layout, Near NRI Hospital, S No.6, Resapuvanipalem, Visakhapatnam admeasuring 1725 sft in the name of Dr. Satishkumar Arya valued at ₹86.38 lakhs as per VR dated 26.08.2015.
5. Additional EM Charge on Building property situated at D No.1-141, Susaria Colony, Gopalapatnam under RS NI44/1, Visakhapatnam in the name of G Krishna Murthy admeasuring 407 sq. yds valued at ₹131.25 lakhs as per VR dated 18.03.2014.



6. Additional EM charge on Building at 63/P, Plot No.20, Kakani Nagar, Butchirajupalem, Gopalapatnam, Visakhapatnam admeasuring 303 sq.yds. and building therein 1600 sft valued at ₹90.92 lakhs as on 18.03.2014.
7. Additional EM charge on building situated at D No. 49-54-23, HIG 15, S No:55/1, Part III, Sramika Nagar, Akkayypalem, Visakhapatnam standing in the name of K. Satyanarayana admeasuring 350 sq.yds and building 4618 sft valued at ₹234.31 lacs as on VR dated 18.03.2014. (Value as per Second VR dt. 18.03.2014 is ₹237.35 lacs).
8. Additional EM charge on building situated at S No.63/P, HNo 21-224, plot no.101, Ward No.44B, Kakani Nagar, Butchirajupalem, Gopalapatnam, Visakhapatnam standing in the name of Late B Appa Rao admeasuring 426.42 sqmts and building 1500 sft valued at ₹151.35 lacs as per VR 18.03.2014. (Value as per Second VR dt. 28.06.2014 is ₹153.72 lacs).
9. Additional EM charge on Residential Flat No.501 & 502, Plot no.1-8-215/7/1&2 Sonus manor, Prenderghast Street, Secunderabad in the name of M/s Steel City Securities admeasuring 2500 sft valued at ₹85.95 lakhs as per VR dates 18.03.2014.

Primary Security for Non Fund Based:

50% Cash Margin in the form of Fixed Deposits

Collateral Security:

Primary Security for Over Draft will be collateral for Bank Guarantee limit

Personal Guarantee:

All the Directors of the Company and Title holders of the properties

III. HDFC Bank Limited

Note 3:

Primary Security for Fund Based:

50% on Receivables.

Primary Security for Non Fund Based:

50% Cash Margin in the form of Fixed Deposits

Personal Guarantee

1. G. Sree Rama Murthy;
2. K. Satyanarayana; and
3. Satish Kumar Arya



SECTION VI – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no:

A. (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; or (iv) Material Litigation (as defined below); involving our Company, Directors, Promoters, Group Companies or Subsidiary. Our Board, in its meeting held on August 3, 2016, determined that outstanding legal proceedings involving the Company, Subsidiaries, Directors, Promoters and Group Companies: (a) where the aggregate amount involved, in such individual litigation exceeds 1% of the consolidated profit after tax before minority interest of our Company as per last consolidated audited financial statements; or (b) where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 1% of the consolidated profit after tax as per the last consolidated audited financial statements, if similar litigations put together collectively exceed 1% of the consolidated profit after tax of the Company, or (c) litigations whose outcome could have a material impact on the business, operations, prospects or reputation of our Company, will be considered as material litigation (“Material Litigation”).

B. (i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries; or (vi) material frauds committed against our Company in the last five years.

C. (i) outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on August 3, 2016, determined that outstanding dues to creditors in excess of 5% of our Company’s consolidated trade payables as per last audited financial statements shall be considered as material dues (“Material Dues”). Details of outstanding dues to creditors (including micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006) as required under the SEBI ICDR Regulations have been disclosed on our website at www.steelcitynettrade.com

Our Company, Directors, Promoters and Group Companies are not Wilful Defaulters and there have been no violations of securities laws in the past or pending against them.

LITIGATION INVOLVING OUR COMPANY

A. LITIGATION AGAINST OUR COMPANY

1. Criminal matters

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities

(i) Direct Tax Liabilities

Direct tax Proceedings



Sr. No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	Income Tax	0	NIL
Total		0	NIL

(ii) **Indirect Taxes Liabilities***Indirect tax Proceedings*

Sr. No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	Service Tax	1	179,891,54*
Total		1	179,891,54

*Our Company had filed a response to the Show Cause Notice dated August 17, 2016 bearing no.35/2016/ST/COMMNR issued by the Commissioner of Central Excise and Service tax, Vishakhapatnam Audit Commissionerate under which the liability of ₹ 179,891,54 has arisen. However, no further order/demand notice was issued to the Company in this regard.

4. Other Pending Litigations**1. CMA No.164/2006 filed by Mr. A. T. Rayudu (“Registered Client”) against the Company before the High Court of Andhra Pradesh, Hyderabad**

The Andhra Pradesh High Court at Hyderabad has passed an order dated February 2, 2009 directing the Registered Client to deposit a sum of ₹28,31,879/- (Rupees Twenty Eight Lakhs Thirty One Thousand Eight Hundred Seventy Eight and Five Paise only) with the District Court, for grant of interim stay on June 5, 2006. The Arbitral tribunal passed an award dated August 21, 2001 (“**Award**”) in A. M. No. CH56/2000 directing the Registered Client to pay a sum of ₹28,31,878.05/- (Rupees Twenty Eight Lakhs Thirty One Thousand Eight Hundred Seventy Eight and Five Paise only) with interest @ 18%p.a. from November 25, 2000 until the date of settlement. The Arbitral Tribunal passed the Award in A. M. No. CH056/2000 directing the Registered Client to pay a sum of ₹28,31,878.05/- (Rupees Twenty Eight Lakhs Thirty One Thousand Eight Hundred Seventy Eight and Five Paise only) (“**Disputed Amount**”) The Registered Client filed an a petition under Section 34 of the Arbitration Act dated April 20, 2005 bearing A.O.P. 1565/2001 (“**Petition**”) against the Company before the Court of the District Judge, Visakhapatnam (“**District Court**”) praying inter-alia for (i) setting-aside the Award; and, (ii) grant of costs and other reliefs against the Registered Client.. The District Court dismissed the appeal vide order dated May 24, 2005. The Registered Client thereafter filed the Civil Miscellaneous Appeal No. 164 of 2005 before the High Court of Andhra Pradesh, Hyderabad (“**High Court**”) challenging the order dated April 20, 2005 in A.O.P. 1565 of 2001. The High Court passed the dated February 27, 2006 granting a stay on the proceedings pending in A.O.P. 1565 of 2001. The Registered Client also filed CMP No. 316 of 2006 seeking a stay on proceedings in A.O.P. No. 1565 of 2001 pending CMA No.164 of 2005, and the Company filed CMP No. 741 of 2006 before the High Court. The High Court passed the order dated June 5, 2006 inter-alia vacating the aforesaid stay and directing the Registered Client in the aforesaid Petition to deposit the Disputed Amount before the District Court pursuant to which stay as requested for by the Registered Client would be granted.

2. A. S. No. 3369 of 2004 filed by Atchi Reddy and Another (“Registered Client”) before the High Court of Andhra Pradesh against the Company

The Company filed a suit bearing Suit No. 155 of 1998 before the Court of the District Judge, Visakhapatnam (“**District Court**”) for recovery of ₹5,07,530.79/- arising on account of transactions carried out by the company on behalf of the Registered Client. The District Court passed the decree dated November 24, 2003 (“**Decree**”) directing the Registered Client to pay the Disputed Amount with interest @ 24% p.a. from the date of filing the suit i.e. December 11, 1998 until the date of realisation and costs of ₹23,981/-. Subsequently, the Registered Client filed an appeal bearing A. S. No.3369 of 2004 dated April 30, 2004 before the High Court of Andhra Pradesh inter-alia praying for setting-aside the Decree passed against him.



3. A.S. Nos. 438 of 2007, 373 of 2007 and 372 of 2007 filed by Allori Venkata Ramana and Others before the High Court of Andhra Pradesh against the Company and Others

Allori Venkata Ramanna and Others (“**Plaintiffs**”) had filed a suit bearing Suit No. 65 of 2001 before the Court of IX Additional District & Sessions Judge (Fast Track Court) at Vishakhapatnam (“**District Court**”) against the Company and others for partition and allotment of Plaintiffs’ share in suit scheduled property situated at Door No. 50-81-18, Seethammapeta, Resapuvanitaleam, Visakhapatnam-530016. Thereafter the District Court passed the Decree dated April 13, 2007 dismissing the Suit No. 65 of 2001. Subsequently, the Plaintiffs have filed an appeal before the High Court of Andhra Pradesh under Section 96 of the C.P.C. dated June 18, 2007 bearing A.S. No. 438 of 2007 inter-alia praying for setting aside the decree.

The Plaintiffs had filed a suit bearing Suit No. 50 of 2001 before District Court against the Company and the District Court passed the Decree dated April 13, 2007 granting permanent injunction restraining the Defendants and their men and officials from ever interfering with possession of 40 sq. yards of property out of 800 sq. of the suit scheduled property otherwise than in the due process of law. The Plaintiffs filed an appeal before the High Court of Andhra Pradesh bearing A.S. No. 438 of 2007 dated June 18, 2007 inter-alia praying for setting aside the decree. Subsequently, the Plaintiffs filed an appeal before the High Court of Andhra Pradesh under Section 96 of the C.P.C. dated June 18, 2007 bearing A.S. No. 373 of 2007 inter-alia praying for setting aside the decree.

The Company and others (“**Plaintiffs**”) had filed a suit bearing Suit No. 51 of 2001 before the District Court against Allori Venkata Ramanna (“**Defendants**”) and others for recovery of possession of 40 sq. yards of property out of 800 sq. yards of the suit scheduled property. The District court passed the decree dated October 31, 2006 in favour of the Plaintiffs. Subsequently, the Plaintiffs filed an appeal before the High Court of Andhra Pradesh under Section 96 of the C.P.C. dated June 18, 2007 bearing A.S. No. 372 of 2007 inter-alia praying for setting aside the decree.

4. O.P. No. 254 of 2008 filed by Mrs. Meera Kalva (“Registered Client”) before Court of the I Additional District Judge, Warangal against the Company

The Registered Client has filed a petition under Section 34 of the Arbitration Act bearing O.P. No. 254 of 2008 (“**Petition**”) challenging the Arbitration Award dated July 16, 2007 (“**Award**”) before the Court of I Additional District Judge, Warangal (“**District Court**”) inter-alia praying for setting-aside the Award and making a counter-claim of ₹6,04,171.12/- (Rupees Six Lakhs Four Thousand One Hundred Seventy One and Twelve Paise only). Pursuant to the Arbitration Application filed by the Company in the year 2006 (“**Arbitration Application**”) against Registered Client before the NSE for recovery of an amount of ₹95,369.85/- (Rupees Ninety Five Thousand Three Hundred Sixty Nine and Eighty Five Paise only) (“**Disputed Amount**”) the Hon’ble Arbitrator, passed the Award in A.M. No. F&O/C-0039/ 2006 directing the Registered Client to pay the Disputed Amount together with interest @ 18% p.a. from the date of filing of the application on November 25, 2006 towards the payment due to the Company. Further, the Hon’ble Arbitrator had directed the Registered Client to bear the costs incurred by NSE towards the arbitration proceedings. Thereafter, the Registered Client filed the aforesaid Petition inter-alia challenging the Award. Simultaneously, the Company filed an Execution Petition bearing E.P. No. 257 of 2008 before the Court of the District Judge/ Principal Senior Civil Judge, Warangal against the Registered Client for recovery of the Disputed Amount with interest of ₹28,600/- (Rupees Twenty Eight Thousand Six Hundred only) and costs of ₹1,462/- (Rupees One Thousand Four Hundred Sixty Two only). The aforesaid Petition and the Execution Petition are pending before the District Court at Warangal.

5. O.P. No. 259 of 2008 filed by Ms. Jyothi Kalva (“Registered Client”) before the Court of the I Additional District Judge, Warangal against the Company

The Registered Client has filed a petition under Section 34 of the Arbitration Act bearing O.P. No. 257 of 2008 (“**Petition**”) challenging the Arbitration Award dated July 16, 2007 (“**Award**”) before the Court of the I



Additional District Judge, Warangal (“**District Court**”) inter-alia praying for setting-aside of the Award and making a counter-claim of ₹12,86,794/- (Rupees Twelve Lakhs Eighty Six Thousand Seven Hundred Ninety Four only).

Pursuant to the Arbitration Application filed by the Company in the year 2006 (“**Arbitration Application**”) against Registered Client before the NSE for recovery of an amount of ₹3,90,337.36/- (Rupees Three Lakhs Ninety Thousand Three Hundred Thirty Seven and Thirty Six Paise only) (“**Disputed Amount**”) the Hon’ble Arbitrator passed the Award in A.M. No. F&O/C-0040/2006 directing the Registered Client to pay the Disputed Amount together with interest @ 18% p.a. from the date of filing of the application on November 25, 2006 towards the payment due to the Company. Further, the Hon’ble Arbitrator has directed the Registered Client to bear the costs incurred by NSE towards the arbitration proceedings. Thereafter, the Registered Client filed the aforesaid Petition inter-alia challenging the Award. Simultaneously, the Company filed an Execution Petition bearing E.P. No. 259 of 2008 (the “**Execution Petition**”) before the Court of the District Judge/ Principal Senior Civil Judge, Warangal against the Registered Client praying for attachment and sale of the immovable properties of the Registered Client for recovery of Disputed Amount with interest of ₹1,17,090/- (Rupees One Lakh Seventeen Thousand Ninety only) and costs of ₹1,462/- (Rupees One Thousand Four Hundred Sixty Two only). The aforesaid Petition and the Execution Petition are pending before the District Court at Warangal.

6. **O.P. No. 256 of 2008 filed by Ms. Vasuki Kalva (“Registered Client”) before the Court of the I Additional District Judge, Warangal against the Company**

The Registered Client has filed a petition under Section 34 of the Arbitration Act bearing O.P. No. 256 of 2008 (“**Petition**”) challenging the Arbitration Award dated July 16, 2007 (“**Award**”) before the Court of I Additional District Judge, Warangal (“**District Court**”) inter-alia setting-aside the Award and making a counter-claim of ₹5,01,462.98/- (Rupees Five Lakhs One Thousand Four Hundred Sixty Two and Ninety Eight Paise only).

Pursuant to the Arbitration Application filed by the Company in the year 2006 (“**Arbitration Application**”) against Registered Client before the NSE for recovery of an amount of ₹2,74,711.42/- (Rupees Two Lakhs Seventy Four Thousand Seven Hundred Eleven and Forty Two Paise only) (“**Disputed Amount**”) the Hon’ble Arbitrator passed the Award in A.M. No. F&O/C-0041/2006 directing the Registered Client to pay the Disputed Amount together with interest @ 18% p.a. from the date of filing of the application on November 25, 2006 towards the payment due to the Company. Further, the Hon’ble Arbitrator has directed the Registered Client to bear the costs incurred by NSE towards the arbitration proceedings. Thereafter, the Registered Client filed the aforesaid Petition inter-alia challenging the Award. Simultaneously, the Company filed an Execution petition bearing E. P. No. 260/2008 (“**Execution Petition**”) before the Court of the District Judge/ Senior Civil Judge, Warangal against the Registered Client praying for attachment and sale of the immovable properties of the Registered Client for recovery of the Disputed Amount with interest of ₹82,400/- (Rupees Eighty Two Thousand Four Hundred only) and costs of ₹1,462/- (Rupees One Thousand Four Hundred Sixty Two only). The aforesaid Petition and the Execution Petition are pending before the District Court at Warangal.

7. **O.P. No. 35 of 2010 filed by Mr. A. Sridharan (“Registered Client”) before the High Court of Madras against the Company and Mr C. Rangamani (“Hon’ble Arbitrator”)**

The Registered Client has filed a petition under Section 34 of the Arbitration Act dated April 29, 2009 bearing O.P. No. 35 of 2010 (“**Petition**”) challenging the Arbitration Award dated February 3, 2009 (the “**Award**”) before the High Court of Judicature at Madras (“**High Court**”) inter-alia praying for (i) setting-aside of the Award; and, (ii) order costs and other reliefs to the Company.

Pursuant to the Arbitration Application filed by the Company dated June 6, 2008 (“**Arbitration Application**”) against Registered Client before the NSE for recovery of an amount of ₹4,88,370.96/- (Rupees Four Lakhs Eighty Eight Thousand Three Hundred Seventy and Ninety Six Paise only) (“**Disputed Amount**”) with interest @ 18%p.a. the Hon’ble Arbitrator passed the Award directing the Registered Client to pay the Disputed Amount within 30 days from the date of the Award in A.M. No. F&O/C-0206/2008,



failing which the Registered Client shall be liable to pay an interest @ 12% p.a. from the date of the Award to the date of payment. Further, the Hon'ble Arbitrator has directed the Company to bear the costs incurred by NSE towards the arbitration proceedings and directed the Company and the Registered Client to bear the costs of the Petition individually. Thereafter, the Registered Client filed the aforesaid Petition before the High Court of Madras inter-alia challenging the Award. Subsequently, the Company has filed an Execution Petition dated July 17, 2009 bearing E.P. No.1432 of 2009 before the Court of the City Civil Court, Madras ("**City Civil Court**") against the Registered Client inter-alia praying that the Court pass an order directing the Registered Client to pay the Disputed Amount with interest of ₹24,418.50/- (Rupees Twenty Four Thousand Four Hundred Eighteen and Fifty Paise only), failing which, to inter-alia pass an order to arrest the Registered Client under Order 21, Rule 37 and 38 of the C.P.C. Presently, the Petition and the Execution Petition are pending.

8. **O.P. No. 37 of 2009 filed by Mr. B Ramaswami ("Registered Client") before the High Court of Madras against the Company and Mr C. Rangamani ("Hon'ble Arbitrator")**

The Registered Client has filed a petition under Section 34 of the Arbitration Act dated April 29, 2009 bearing O.P. No. 37 of 2010 (the "**Petition**") challenging the Arbitration Award dated February 3, 2009 (the "**Award**") before the High Court of Judicature at Madras ("**High Court**") inter-alia praying for (i) setting-aside of the Award; and, (ii) order costs and other reliefs to the Company.

Pursuant to the Arbitration Application filed by the Company dated June 6, 2008 ("**Arbitration Application**") against Registered Client before the NSE for recovery of an amount of ₹5,62,173.21/- (Rupees Five Lakhs Sixty Two Thousand One Hundred Seventy Three and Twenty One Paise only) ("**Disputed Amount**") with interest @ 18%p.a. the Hon'ble Arbitrator passed the Award in A.M. No. F&O/C-0204/2008 directing the Registered Client to pay the Disputed Amount within 30 days from the date of the Award, failing which the Registered Client shall be liable to pay an interest @ 12% p.a. from the date of the Award to the date of payment. Further, the Hon'ble Arbitrator had directed the Company to bear the costs incurred by NSE towards the arbitration proceedings and directed the Company and the Registered Client to bear the costs of the Petition individually. Thereafter, the Registered Client filed the aforesaid Petition before the High Court of Madras inter-alia challenging the Award. Subsequently, the Company has filed an Execution Petition dated July 8, 2009 bearing E. P. No. 1428 of 2009 before the Court of the City Civil Court, Madras (the "**City Civil Court**") against the Registered Client inter-alia praying that the Court pass an order directing the Registered Client to pay the Disputed Amount with interest of ₹28,108.66/- (Rupees Twenty Eight Thousand One Hundred Eight and Sixty Six Paise only), failing which, to inter-alia pass an order to arrest the Registered Client and pass such other orders as the City Civil Court may deem fit. Presently, the Petition and the Execution Petition are pending.

9. **Suit No. O.S. 5 of 2001 filed by Mr. K. Kameswara Rao ("Registered Client") before the Court of the Senior Civil Judge, Annakapalle against Mrs. Tammineni Padmavathi, Mr. Tammineni Suryanarayana and the Company**

The Registered Client had filed the suit bearing Suit No. O.S. 5 of 2001 ("**Suit**") on January 29, 2001 against Mrs. Tammineni Padmavathi, Mr. Tammineni Suryanarayana (collectively "**Sub-brokers**") and the Company before the Court of the Senior Civil Judge at Anakapalli, Visakhapatnam ("**Hon'ble Court**") for recovery of an amount of ₹1,49,025/- (Rupees One Lakh Forty Nine Thousand Twenty Five only) with interest @ 24% p.a. arising on account of the Registered Client being induced by the Company into purchasing the shares upon a promise of earning substantial profits by the Company. The Company filed a written statement in December 2003 stating inter-alia the Company does not have any control over the business of the Sub-brokers and that the amount paid by the Registered Client towards purchase of shares whose prices fell due to the downturn of the stock market, thereby causing loss to the Registered Client. Moreover, upon settling of the accounts of the Registered Client by the Company, the Registered Client has to pay ₹14,411.42/- (Rupees Fourteen Thousand Four Hundred Eleven and Forty Two Paise only) to take delivery of shares, which has been paid by the Registered Client. Consequently, the Company prays that the Hon'ble Court dismiss the Suit with costs as there is no cause of action against the Company. The Suit is presently pending before the Hon'ble Court as aforesaid.



10. **A.O.P. No. 447/2013 filed by the Mr. Kudaravalli Satyanarayana (“Registered Client”) before the High Court of Madras against the Company**

The Registered Client has filed a petition under Section 34 bearing A.O.P. No. 447 of 2013 against the Company before the High Court of Madras under Section 34 of the Arbitration Act (“**Petition**”) inter-alia praying for (i) setting-aside the Arbitral Award dated March 24, 2009 (“**Award**”); and, (ii) order costs and other reliefs to the Registered Client.

Pursuant to the Arbitration Application filed by the Registered Client dated September 5, 2008 before the NSE against the Company for recovery of an amount of ₹8,57,633/- (Rupees Eight Lakh Fifty Seven Thousand Six Hundred Thirty Three only) including interest of ₹91,888/- (Rupees Ninety One Thousand Eight Hundred Eighty Eight only) for the period commencing from January 24, 2008 to September 24, 2008 arising on account of failure of the Company to execute the orders place by the Registered Client. The Company filed its Reply dated December 1, 2008. Thereafter, the Registered Client made its submission dated December 22, 2008. Consequently, the Hon’ble Arbitrator passed Award inter-alia holding that (i) the Company was in order in not executing the Registered Client’s purchase orders; and, (ii) that the claim of the Registered Client is not based on merits considering the volatility in the market situation. Consequently the Registered Client filed the Petition challenging the Award as aforesaid.

B. CASES FILED BY OUR COMPANY

1. Litigation Involving Criminal matters

Matters under Section 190(1)(a) and 200 of Code of Criminal Procedure, 1873 for the offence committed under Section 138 and 142 of the Negotiable Instruments Act, 1881

1. Appeal filed by the Company against Mr. Uppala Srinivasa Rao (“Accused No.1”) and State of Andhra Pradesh (“Accused No.2”)

The Accused No.2 had filed Criminal Appeal No. 168 of 2013 against the Company and the State Representative by its Additional Public Prosecutor before the Hon’ble Court of the I Additional Metropolitan Sessions Judge, Visakhapatnam on October 13, 2015 preferred against the Judgment dated July 2, 2013 (“**the Judgment**”) in Criminal Complaint No. 138/2009 passed by the Special Judicial First Class Magistrate (Prohibition and Excise Department), Visakhapatnam (“**the Court**”). The Company had filed a Criminal Complaint No. 138/2009 dated April 16, 2008 against the Accused, who is a registered client of the Company, before the Court for dishonour of a cheque no. 213670 dated December 13, 2007 issued by the Accused for a sum of ₹2,00,000/- (Rupees Two Lakhs only) in consideration for trading services provided by the Company inter-alia stating that the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated March 5, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Court passed the Judgment inter alia sentencing the Accused to suffer simple imprisonment for a period of 6 (six) months and to pay a compensation of ₹2,00,000/- (Rupees Two Lakhs Only), failing which the Accused would be to simple imprisoned for a period of One month. Aggrieved by the Judgment the Accused filed the Appeal. Subsequently, vide Judgment dated October 13, 2015 before the Hon’ble Court of the I Additional Metropolitan Sessions Judge, Visakhapatnam declared the Accused as not guilty for the offence punishable under Section 138 of N.I Act and acquitted the Accused under Section 255 (1) of Code of Criminal Procedure, 1873, directing the Company to return the fine amount if any paid by the Accused. Thereafter, the Company has filed the appeal before the High Court of Andhra Pradesh against the Judgment dated October 13, 2015 which is currently pending for admission in the High Court of Andhra Pradesh.

2. Criminal Appeal dated April 7, 2016 filed by the Company against Shaik Mohammed Arshad (“Accused”).

The Company filed the said Appeal against the Accused before the High Court of Judicature at Hyderabad,



Telangana and Andhra Pradesh on April 7, 2016 preferred against the Judgment dated January 4, 2016 in Criminal Complaint No. 378/2010 passed by the Special Judicial First Class Magistrate (Prohibition and Excise Department), Visakhapatnam (“**the Court**”). The Company had filed a Criminal Complaint No. 378/2010 dated January 7, 2011 against the Accused, who is a registered client of the Company, before the Court for dishonour of a cheque no. 002343 dated June 26, 2008 issued by the Accused for a sum of ₹1,00,000/- (Rupees One Lakh Only) in consideration for trading services provided by the Company stating inter-alia that the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated December 02, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Court passed the Judgment dated July 15, 2013 inter alia sentencing the Accused to simple imprisonment for a period of 6 (six) months and to pay a compensation of ₹ 1,00,000/- (Rupees One Lakh Only) in accordance with Section 357(3) of Code of Criminal Procedure, 1873 failing which the Accused would be imprisoned for a period of one month. Aggrieved by the aforementioned Judgment the Accused filed a Criminal Appeal before Hon’ble Court of the I Additional Metropolitan Sessions Judge, Visakhapatnam bearing No. 166/2013. Subsequently, vide Order dated January 4, 2016 the Hon’ble Court of the I Chief Metropolitan Magistrate, Visakhapatnam declared the Accused as not guilty for the offence punishable under Section 138 of N.I Act and acquitted the Accused under Section 255 (1) of Code of Criminal Procedure, 1873, directing the Company to return the fine amount if any paid by the Accused. Aggrieved by the Order dated January 4, 2016, the Company filed an appeal dated April 7, 2016 before the High Court of Judicature at Hyderabad, Telangana and Andhra Pradesh. This matter is currently pending.

3. **Criminal Complaint No. 2827/2005 filed by the Company against D. Panduranga Prasad (“Accused”)**

The Company has filed Criminal Complaint No.2827 of 2005 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Hyderabad (“**the Court**”) on April 30, 2003 for dishonor of a cheque no.896104 dated March 7, 2003 issued by the Accused for a sum of ₹5,17,029/- (Rupees Five Lakhs Seventeen Thousand and Twenty Nine only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company due to the closure of the bank account. While the Company issued a legal notice to the Accused demanding payment, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter-alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

4. **Criminal Complaint No. 462/2009 filed by the Company against G.V. Rama Krishna (“Accused”)**

The Company has filed Criminal Complaint No.462/2009 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Hyderabad (“**the Court**”) on January 8, 2007 for dishonor of a cheque no.810838 dated May 13, 2006 issued by the Accused for a sum of ₹1,00,000/- (Rupees One Lakh only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company due to the closure of the bank account. While the Company issued a legal notice to the Accused demanding payment, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter-alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

5. **Criminal Complaint. No. 660/2009 filed by the Company against Kalva Nagaraju (“Accused 1”) and Jyothi Kalva (“Accused 2”) (collectively “the Accused”)**

The Company filed a Criminal Complaint bearing No. 660/2009 dated October 9, 2006 against the Accused before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of cheque no. 000643 dated June 19, 2006 issued by Accused 1 (relative of Accused 2) for a sum of ₹3,90,338/- (Rupees Three Lakhs Ninety Thousand Three Hundred and Thirty Eight only), in consideration for the trading services provided by the Company. The Company issued a legal notice dated



June 13, 2006 to the Accused 2 for the payment of ₹3,90,338/- (Rupees Three Lakhs Ninety Thousand Three Hundred and Thirty Eight only) in consideration for the trading services provided by the Company. The Accused 1 issued a cheque bearing No. 000643 dated June 19, 2006 for the aforementioned amount which was dishonored due to insufficient funds. Subsequently, the Company issued a legal notice dated August 21, 2006 to the Accused *inter- alia* demanding the payment of the outstanding amount with fifteen (15) days to which a reply dated September 8, 2006 was issued by the Accused *inter- alia* refuting all the allegations made by the Company. Consequently, the Company filed the complaint bearing C.C. No.653/2006 before the Court praying *inter- alia* that the Court shall direct the Accused to pay a sum double the amount covered under the aforesaid cheque as per the provision of Section 357 of the Cr.P.C. This matter is currently pending.

6. **Criminal Complaint No. 1064/2006 filed by the Company against Kalva Nagaraju (“Accused 1”) and Smt. Kalva Vasuki (“Accused 2”) (collectively “the Accused”)**

The Company filed a Criminal Complaint bearing No. 1064/2006 dated October 9, 2006 against the Accused before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of cheque no. 000644 dated June 19, 2006 issued by Accused 1 (relative of Accused 2) for a sum of ₹2,74,712/- (Rupees Two Lakhs and Seventy Four Thousand Seven Hundred and Twelve only), in consideration for the trading services provided by the Company. The Company issued a legal notice dated June 13, 2006 to the Accused 2 for the payment of ₹2,74,712/- (Rupees Two Lakhs and Seventy Four Thousand Seven Hundred and Twelve only) in consideration for the trading services provided by the Company. Subsequently, the Accused 1 issued a cheque bearing No. 000644 dated June 19, 2006 for the aforementioned amount which was dishonored due to insufficient funds. Further, the Company issued a legal notice dated August 21, 2006 to the Accused *inter- alia* demanding the payment of the outstanding amount with fifteen (15) days to which a reply dated September 8, 2006 was issued by the Accused *inter- alia* refuting all the allegations made by the Company. Consequently, the Company filed the complaint bearing C.C. No. 1316/2006 before the Court praying *inter- alia* that the Court shall direct the Accused to pay a sum double the amount covered under the aforesaid cheque as per the provision of Section 357 of the Cr.P.C. This matter is currently pending.

7. **Criminal Complaint No. 812/2006 filed by the Company against Kalva Nagaraju (“Accused 1”) and Smt. Meera Kalva (“Accused 2”) (collectively “the Accused”)**

The Company filed a Criminal Complaint bearing No. 812/2006 dated October 9, 2006 against the Accused before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of cheque no. 000645 dated June 19, 2006 issued by Accused 1 (relative of Accused 2) for a sum of ₹95,375/- (Rupees Ninety Five Thousand Three Hundred and Seventy Five only), in consideration for the trading services provided by the Company. The Company issued a legal notice dated June 13, 2006 to the Accused 2 for the payment of ₹95,375/- (Rupees Ninety Five Thousand Three Hundred and Seventy Five only) in consideration for the trading services provided by the Company. Subsequently, the Accused 1 issued a cheque bearing No. 000645 dated June 19, 2006 for the aforementioned amount which was dishonored due to insufficient funds. Further, the Company issued a legal notice dated August 21, 2006 to the Accused *inter- alia* demanding the payment of the outstanding amount with fifteen (15) days to which a reply dated September 8, 2006 was issued by the Accused *inter- alia* refuting all the allegations made by the Company. Consequently, the Company filed the complaint bearing C.C. No.484/2006 before the Court praying *inter- alia* that the Court shall direct the Accused to pay a sum double the amount covered under the aforesaid cheque as per the provision of Section 357 of the Cr.P.C. This matter is currently pending.

8. **Criminal Complaint No. 657/2009 filed by the Company against Kalva Nagaraju (“Accused 1”) and Devika Kalva (“Accused 2”) (collectively “the Accused”)**

The Company filed a Criminal Complaint bearing No. 657/2009 dated October 9, 2006 against the Accused before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of cheque no. 000646 dated June 19, 2006 issued by Accused 1 (relative of Accused 2) for a sum of ₹1,12,843/- (Rupees One Lakh Twelve Thousand Eight Hundred and Forty Three only), in consideration for the trading services provided by the Company. The Company issued a legal notice dated June 13, 2006 to



the Accused 2 for the payment of ₹1,12,843/- (Rupees One Lakh Twelve Thousand Eight Hundred and Forty Three only) in consideration for the trading services provided by the Company. Subsequently, the Accused 1 issued a cheque bearing No. 000646 dated June 19, 2006 for the aforementioned amount which was dishonored due to insufficient funds. Further, the Company issued a legal notice dated August 21, 2006 to the Accused inter- alia demanding the payment of the outstanding amount with fifteen (15) days to which a reply dated September 8, 2006 was issued by the Accused inter- alia refuting all the allegations made by the Company. Consequently, the Company filed the complaint bearing C.C. No. 398/2006 before the Court praying inter alia that the Court shall direct the Accused to pay a sum double the amount covered under the aforesaid cheque as per the provision of Section 357 of the Cr.P.C. This matter is currently pending.

9. **Criminal Complaint No.1094/2006 filed by the Company against Kalla Satyanarayana Ravi (“Accused”)**

The Company has filed Criminal Complaint No.1094/2006 against the Accused before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on July 10, 2006 for dishonor of a cheque no.542096 dated May 15, 2006 issued by the Accused for a sum of ₹60,000/- (Rupees Sixty Thousand only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company due to the payment stopped by the Accused. While the Company issued a legal notice to the Accused demanding payment, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

10. **Criminal Complaint No.122/2009 filed by the Company against B. Krishna Reddy (“Accused”)**

The Company has filed Criminal Complaint No. 122/2009 dated February 3, 2007 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of a cheque no.756610 dated August 2, 2006 issued by the Accused for a sum of ₹25,000/- (Rupees Twenty Five Thousand only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated December 15, 2006 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall take cognizance of the above offence and award compensation of an amount not less than ₹25,000/- (Rupees Twenty Five Thousand only) to the Company. This matter is currently pending.

11. **Criminal Complaint No.699/2009 filed by the Company against B. Lakshmi Narayana (“Accused”)**

The Company has filed Criminal Complaint No.699/2009 dated April 13, 2007 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of a cheque no.210649 dated January 29, 2007 issued by the Accused for a sum of ₹1,00,000/- (Rupees One Lakh only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated March 1, 2007 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

12. **Criminal Complaint No. 406/2009 filed by the Company against G. Bency (“Accused”)**

The Company has filed Criminal Complaint No. 406/ 2009 against the Accused who is a registered client of the Company, before the Hon’ble Court of the Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on October 1, 2007 for dishonor of a cheque no.036749 dated May 9, 2007 issued by the Accused for a sum of ₹50,000/- (Rupees Fifty Thousand only) in consideration for trading services provided by the Company.



The Company presented the cheque for encashment but the same was returned to the Company due to the payment stopped by the Accused. The Company issued a legal notice dated August 25, 2007 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter-alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

13. Criminal Complaint No. 280/2009 filed by the Company against (“Accused”) – Y.Koteswara Rao

The Company has filed Criminal Complaint No. 280/2009 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on November 13, 2008 for dishonor of a cheque no.600466 dated August 16, 2007 issued by the Accused for a sum of ₹7,14,260.48/- Ps. (Rupees Seven Lakhs Fourteen Thousand Two Hundred Sixty and Paise Forty-eight only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. While the Company issued a legal notice to the Accused demanding the payment, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

14. Criminal Complaint No. 344/2011 filed by the Company against Kranti Kumar Swaroop Coppisetty (“Accused”)

The Company has filed Criminal Complaint No. 344/2011 dated June 7, 2008 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of a cheque no.435239 dated December 4, 2007 issued by the Accused for a sum of ₹3,91,364/- (Rupees Three Lakhs Ninety One Thousand Three Hundred Sixty Four only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated May 9, 2008 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

15. Criminal Complaint No. 68/2008 filed by the Company against Sri. Kotha Srinivasa Rao (“Accused”)

The Company has filed Criminal Complaint No. 68 /2008 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on June 30, 2008 for dishonor of a cheque no.479991 dated February 9, 2008 issued by the Accused for a sum of ₹69,236/- (Rupees Sixty Nine Thousand Two Hundred Thirty Six only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated March 31, 2008 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

16. Criminal Complaint No. 293/2011 filed by the Company against Chenna Srinivas (“Accused”)

The Company has filed Criminal Complaint No. 293/2011 dated July 22, 2008 against the Accused who is a registered client of the Company, before the Hon’ble Court of the Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of a cheque no.179696 dated March 10, 2008 issued by the Accused for a sum of ₹2,00,000/- (Rupees Two Lakhs only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated May 14, 2008 to the Accused for payment of the



aforementioned amount. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

17. Criminal Complaint No. 683/2011 filed by the Company against G. Krishna Kumar (“Accused”)

The Company has filed Criminal Complaint No. 683/2011 dated August 12, 2008 against the Accused who is a registered client of the Company, before the Hon’ble Court of the Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of a cheque no.664254 dated October 29, 2007 issued by the Accused for a sum of ₹50,000/- (Rupees Fifty Thousand only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. While the Company issued a legal notice to the Accused for payment of the aforementioned amount, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

18. Criminal Complaint No. 113/2013 filed by the Company against Y. Naga Raju (“Accused”)

The Company has filed Criminal Complaint No. 113/2013 dated July 28, 2008 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of a cheque no.324467 dated January 17, 2008 issued by the Accused for a sum of ₹50,000/- (Rupees Fifty Thousand only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated April 30, 2008 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

19. Criminal Complaint No. 640/2011 filed by the Company against Roud Kishore CH Pradhan (“Accused”)

The Company has filed Criminal Complaint No. 640/2011 against dated July 28, 2008 the Accused who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonor of cheques bearing no.162321 and 162322 dated January 21, 2008 and January 22, 2008 respectively, issued by the Accused for a sum of ₹50,000/- (Rupees Fifty Thousand only) each in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated May 14, 2008 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint bearing No. 640/2011 with the Court *inter alia* praying that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. Thereafter, the aforesaid complaint was transferred to the Special Judicial First Class Magistrate (P&E), Visakhapatnam due to internal administrative procedure bearing C.C No.52/2013. Subsequently, vide transfer order dated December 18, 2014, the Hon,ble Special Judicial First Class Magistrate (P&E), Visakhapatnam inter-alia directed the Company to file the complaint in the Court falling under the appropriate jurisdiction. This matter is currently pending.

20. Criminal Complaint No. 292/2011 filed by the Company against Prabhakar Pradhan (“Accused”)

The Company has filed Criminal Complaint No. 292/2011 against the Accused who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on July 23, 2008 for dishonor of a cheque no. 107927 dated January 23, 2008 issued by the Accused for a sum of ₹1,20,000/- (Rupees One Lakh Twenty Thousand only) in consideration for trading



services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated May 14, 2008 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court inter alia praying that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. Thereafter, the Court transferred the Complaint to the Hon'ble Court of Special Magistrate, Special Magistrate-II, Visakhapatnam ("**Special Magistrate**") vide for final hearing. Subsequently, the Special Magistrate vide order dated November 21, 2014 returned the Complaint to the Company and inter-alia directed the Company to file the complaint in the Court falling under the appropriate jurisdiction. This matter is currently pending.

21. Criminal Complaint No. 26/2013 filed by the Company against M.I.G.L. Kumari ("Accused").

The Company has filed Criminal Complaint No. 26/2013 against the Accused who is a registered client of the Company, before the Hon'ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam ("**the Court**") on November 24, 2008 for dishonor of a cheque no.728932 dated May 21, 2008 issued by the Accused for a sum of ₹62,786/- (Rupees Sixty Two Thousand Seven Hundred and Eighty Six only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated September 25, 2008 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

22. Criminal Complaint No.13007/2008 filed by the Company against Guduru.J.S.R.U. Bhaskar Rao ("Accused").

The Company has filed Criminal Complaint No.806/2011 dated on November 25, 2008 against the Accused who is a registered client of the Company, before the Hon'ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam ("**the Court**") for dishonor of a cheque no.643769 dated July 29, 2008 issued by the Accused for a sum of ₹15,787/- (Rupees Fifteen Thousand Seven Hundred and Eighty Seven only) in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated August 20, 2008 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

23. Criminal Complaint No. 122/2013 filed by the Company against PolisettyNagabhusanam ("Accused").

The Company has filed Criminal Complaint No. 122/2013 dated April 30, 2009 against the Accused who is a registered client of the Company, before the Hon'ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam ("**the Court**") for dishonor of cheques no. 056889 dated December 3, 2008 issued by the Accused for a sum of ₹12,000/- (Rupees Twelve Thousand only) each in consideration for trading services provided by the Company. The Company presented the cheque for encashment but the same was returned to the Company for want of funds. The Company issued a legal notice dated April 1, 2009 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Company filed a complaint with the Court praying inter alia that the Court shall direct the Accused to pay a sum double the cheque amount covered under the aforesaid cheque in accordance with Section 357 of the Cr.P.C. This matter is currently pending.

24. Criminal Appeal No.254/2014("the Appeal") filed by the Company against Shaik Mohammed Arshad ("Accused") and State Representative by its Additional Public Prosecutor (collectively "Respondents").

The Company filed the said Appeal against the Respondents before the Hon'ble Court of the Metropolitan Sessions Judge, Visakhapatnam on September 5, 2014 preferred against the Judgment dated August 1, 2014



(“**the Judgment**”) in Criminal Complaint No. 27/2013 passed by the Hon’ble Special Magistrate – II, Visakhapatnam (“**the Court**”). The Company had filed Criminal Complaint No.27 of 2013 dated April 30, 2009 against the Accused who is a registered client of the Company, before the Court for dishonour of a cheque no.444392 dated February 17, 2009 issued by the Accused for a sum of ₹3,14,000/- (Rupees Three Lakhs and Fourteen Thousand only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated March 18, 2009 to the Accused. However, the Accused failed to pay the aforementioned amount demanded thereunder. Consequently, the Court passed the Judgement inter alia declared the Accused as not guilty for the offence punishable under Section 138 of the N.I. Act and was acquitted under Section 255(1) of the Cr. P.C. Aggrieved by the Judgement, the Company had filed the Appeal before the Hon’ble Court of the Metropolitan Sessions Judge, Visakhapatnam praying inter alia to set aside the said Judgment.

25. Criminal Complaint No.324/2009 filed by the Company against Padi Suresh Reddy (“Accused”).

The Company has filed Criminal Complaint No. 324/2009 dated on April 21, 2008 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no.467973 dated February 08, 2008 issued by the Accused for a sum of ₹58,579/- (Rupees Fifty Eight Thousand Five Hundred and Seventy Nine Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated March 05, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed a complaint with the Court praying inter alia that the Court award compensation of an amount not less than that which is covered under the aforementioned cheque to the Company. This matter is currently pending.

26. Criminal Complaint No. 325/2009 filed by the Company against Smt. Raja Kumari Mamidi (“Accused”)

The Company has filed Criminal Complaint No. 325/2009 dated April 21, 2008 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no.0009029 dated November 22, 2007 issued by the Accused for a sum of ₹5,00,000/- (Rupees Five Lakh Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated March 05, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed a complaint with the Court praying inter alia that the Court award compensation of an amount not less than that which is covered under the aforementioned cheque to the Company. This matter is currently pending.

27. Criminal Complaint No. 883/2009 filed by the Company against P.Mohan (“Accused”)

The Company has filed Criminal Complaint No.883/2009 dated November 11, 2008 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no. 063041 dated August 13, 2008 issued by the Accused for a sum of ₹3,00,000/- (Rupees Three Lakh) in consideration for services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated September 18, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed a complaint with the Court praying inter alia that the Court award compensation of an amount not less than that which is covered under the aforementioned cheque to the Company. This matter is currently pending.

28. Criminal Complaint No.375/2010 filed by the Company against P. Venkata Suresh (“Accused”)

The Company has filed Criminal Complaint No. 375/2010 dated March 30, 2009 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan



Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheque no. 688203 dated October 16, 2008 issued by the Accused for a sum of ₹3,00,000/- (Rupees Three Lakh) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated February 19, 2009 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed a complaint with the Court praying inter alia that the Court award compensation of an amount not less than that which is covered under the aforementioned cheque to the Company. This matter is currently pending.

29. **Criminal Complaint No. 222/2010 filed by the Company against Yanamareddy Srinivasa Reddy (“Accused”)**

The Company has filed Criminal Complaint No. 222/2010 dated June 20, 2008 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheque no. 107251 dated February 28, 2008 issued by the Accused for a sum of ₹72,258/- (Rupees Seventy Two Thousand Two Hundred Fifty Eight Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated March 18, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed a complaint with the Court praying inter alia that the Court award compensation of an amount not less than that which is covered under the aforementioned cheque to the Company. This matter is currently pending.

30. **Criminal Complaint No. 309/2010 filed by the Company against K. Baladandayutham (“Accused”)**

The Company has filed Criminal Complaint No. 309/2010 dated August 11, 2008 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheque no. 352669 dated January 11, 2008 issued by the Accused for a sum of ₹1,00,000/- (Rupees One Lakh Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated June 06, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed a complaint with the Court praying inter alia that the Court award compensation of an amount not less than that which is covered under the aforementioned cheque to the Company. This matter is currently pending.

31. **Criminal Complaint No. 737/11 filed by the Company against T. Padmaja (“Accused”)**

The Company has filed Criminal Complaint No.737/11 dated April 11, 2011 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”)for dishonour of a cheque no. 068975 dated October 03, 2008 issued by the Accused for a sum of ₹20,000/- (Rupees Twenty Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated October 23, 2008 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed a complaint with the Court praying inter alia that the Court award compensation of an amount not less than that which is covered under the aforementioned cheque to the Company. This matter is currently pending.

32. **Criminal Complaint No. 1326/2013 filed by the Company against Smt. Aduri Tulasi Bai (“Accused”)**

The Company has filed Criminal Complaint No.1326/2013 against the Accused, who is a constituent of the Company by entering into an agreement dated July 16, 2009 for opening and operating a Trading Account in both the segment of NSE and BSE at the Company’s Gajuwaka Branch, Visakhapatnam, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) on October 10, 2012. A sum of ₹1,91,216.41/- (Rupees One Lakh Ninety One Thousand Two Hundred Sixteen and paise Forty



One Only) was payable by the Accused to the Company in consideration for the trading services provided by the Company for which the Accused issued a cheque no. 506806 and 506807 dated June 05, 2012 and August 16, 2012 for a sum of ₹50,000/- (Rupees Fifty Thousand Only) and ₹1,40,000/- (Rupees One Lakh Forty Thousand Only). Further, the Company presented cheque No. 506807 for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated September 18, 2012 to the Accused to which the Accused issued a reply dated September 28, 2012 inter alia accusing the Company of false and baseless allegations and failed to pay the aforementioned amount mentioned in cheque no. 506807. Consequently, the Company filed a complaint with the Court for dishonour of cheque No. 506807 praying inter alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

33. Criminal Complaint No. 1003/2013 filed by the Company against Smt. Aduri Tulasi Bai (“Accused”)

The Company has filed Criminal Complaint No.1003/2013 against the Accused, who is a constituent of the Company by entering into an agreement dated July 16, 2009 for opening and operating a Trading Account in both the segment of NSE and BSE at the Company’s Gajuwaka Branch, Visakhapatnam, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on August 21, 2012. A sum of ₹1,91,216.41/- (Rupees One Lakh Ninety One Thousand Two Hundred Sixteen and paisa Forty One Only) was payable by the Accused to the Company in consideration for the trading services provided by the Company for which the Accused issued a cheque no. 506806 and 506807 dated June 05, 2012 and August 16, 2012 for a sum of ₹50,000/- (Rupees Fifty Thousand Only) and ₹1,40,000/- (Rupees One Lakh Forty Thousand Only). Further, the Company presented cheque No. 506806 for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated July 6, 2012 to the Accused to which the Accused issued a reply dated July 28, 2012 to the said legal notice inter alia accusing the Company of false and baseless allegations through two advocates and the Company issued rejoinders dated August 14, 2012 to both the reply notices but the Accused failed to pay the aforementioned amount mentioned in cheque no. 506806. Consequently, the Company filed a complaint with the Court for dishonour of cheque No. 506806 praying inter alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

34. Criminal Complaint No. 1090/2013 filed by the Company against Sri. A.V.N.M. Appa Rao (“Accused”)

The Company has filed Criminal Complaint No.1090/2013 dated October 15, 2012 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”)for dishonour of a cheque no. 077100 dated August 22, 2012 issued by the Accused for a sum of ₹ 1,02,590/- (Rupees One Lakh Five Hundred Ninety Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated September 04, 2012 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

35. Criminal Complaint No. 3362/2013 filed by the Company against Sri. M. Rama Krishna (“Accused”)

The Company has filed Criminal Complaint bearing No.3362/2013 dated April 08, 2013 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no. 795493 dated December 28, 2012 issued by the Accused for a sum of ₹1,36,000/- (Rupees One Lakh Thirty Six Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated February 20, 2013 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying



inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

36. **Criminal Complaint No. DDR.2096/2013 filed by the Company against Sri. B. Nagesh (“Accused”)**

The Company has filed Criminal Complaint No.DDR.2096/2013 dated December 20, 2012 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no. 004072 dated July 30, 2012 issued by the Accused for a sum of ₹1,91,600/- (Rupees One Lakh Ninety One Thousand Six Hundred only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated November 10, 2012 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

37. **Criminal Complaint No. 21/2015 filed by the Company against Sri. Gogisetty Siva SankaraRao (“Accused”)**

The Company has filed Criminal Complaint No.21/2015 dated April 2, 2013 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no. 000066 dated January 29, 2013 issued by the Accused for a sum of ₹15,000/- (Rupees Fifteen Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated February 19, 2013 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

38. **Criminal Complaint No. 815/2012 filed by the Company against Sri. PashamVenkata Ramana Reddy (“Accused”)**

The Company has filed Criminal Complaint No.815/2012 dated September 29, 2011 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no. 224217 dated June 29, 2011 issued by the Accused for a sum of ₹10,000/- (Rupees Ten Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated August 16, 2011 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court inter- praying alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

39. **Criminal Complaint No. 325/2014 filed by the Company against Gundaji Santhosh (“Accused”)**

The Company has filed Criminal Complaint No.325/2014 dated September 29, 2011 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no. 224134 dated July 15, 2011 issued by the Accused for a sum of ₹16,000/- (Rupees Sixteen Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated August



16, 2011 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

40. **Criminal Complaint No. 387/2013 filed by the Company against Sri. S. Gavaskar (“Accused”)**

The Company has filed Criminal Complaint No.387/2011 dated November 18, 2011 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of Cheques no. 016243 and 016245 dated August 03, 2011 issued by the Accused for a sum of ₹60,000/- (Rupees Sixty Thousand Only) and ₹1,00,000/- (One Lakh Only) in consideration for trading services provided by the Company. Further, the Company presented the Cheques for encashment but the same were returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated October 05, 2011 to the Accused for the payment of the aforementioned amounts but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned Cheques in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

41. **Criminal Complaint No. 258/2014 filed by the Company against Sri. K.Y. Vidyasagar (“Accused”)**

The Company has filed Criminal Complaint No.258/2014 dated November 16, 2011 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no. 472272 dated June 20, 2011 issued by the Accused for a sum of ₹10,00,000/- (Rupees Fifty Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated October 12, 2011 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

42. **Criminal Complaint No. 991/2013 filed by the Company against P.Suresh Chandra (“Accused”)**

The Company has filed Criminal Complaint No. 991/2013 dated January 04, 2012 against the Accused, who is a registered client of the Company, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque dated April 02, 2011 issued by the Accused for a sum of ₹30,08,187/- (Rupees Thirty Lakh Eight Thousand One Hundred Eighty Seven Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated November 01, 2011 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

43. **Criminal Complaint No. 161/2015 filed by the Company against Kalluri Lakshmi Devi (“Accused”)**

The Company has filed Criminal Complaint No.161/2015 dated September 30, 2014 against the Accused, who is a registered client of the Company, before the Court of the Judicial Magistrate of the first Class, Udaygiri (“**the Court**”) for dishonour of a cheque No. 822087 dated May 05, 2014 issued by the Accused for a sum of ₹1,00,000/- (Rupees One Lakh Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated August 11, 2014 to the



Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

44. Criminal Complaint No. 670/2011 filed by the Company against Smt T.V Jaya Prabha (“Accused”)

The Company has filed Criminal Complaint No.670/2011 dated April 21, 2011 against the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque No. 124106 dated February 03, 2011 issued by the Accused for a sum of ₹35,000/- (Rupees Thirty Five Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated February 18, 2011 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

45. Criminal Complaint No. 1144/2011 filed by the Company against P.Prabhakar (“Accused”)

The Company has filed Criminal Complaint No. 1144/2011 dated June 17, 2011 against the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque No. 013105 dated April 9, 2011 issued by the Accused for a sum of ₹89,574/- (Rupees Eighty Nine Thousand Five Hundred Seventy Four Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated May 2, 2011 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

46. Criminal Complaint No. 425/2014 filed by the Company against P.Palagiri Shameer Babu (“Accused”)

The Company has filed Criminal Complaint No.425/2014 dated January 03, 2014 against the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque No. 243603 dated August 27, 2013 issued by the Accused for a sum of ₹43,000/- (Rupees Forty Three Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated November 14, 2013 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

47. Criminal Complaint No. 1143/2011 filed by the Company against Sri. C. Santosh Kumar (“Accused”)

The Company has filed Criminal Complaint No.1143/2011 dated June 17, 2011 against the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque No. 757290 dated April 09, 2011 issued by the Accused for a sum of ₹28,241/- (Rupees Twenty Eight Thousand Two Hundred Forty One Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued



a legal notice dated May 02, 2011 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

48. **Criminal Complaint No. DDR 10364/2015 filed by the Company against ShaikPakurunnisha (“Accused”)**

The Company has filed Criminal Complaint No. DDR 10364/2015 dated November 30, 2015 against the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque No. 000011 dated August 18, 2015 issued by the Accused for a sum of ₹32,000/- (Rupees Thirty Two Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated October 23, 2015 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

49. **Criminal Complaint No. 10363/2015 filed by the Company against K.Purna Lakshmi (“Accused”)**

The Company has filed Criminal Complaint No.10363/2015 against dated November 3, 2015 the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque No.238115 dated September 01, 2015 issued by the Accused for a sum of ₹14,000/- (Rupees Fourteen Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated October 29, 2015 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

50. **Criminal Complaint No. 623/2016 filed by the Company against K.Varda Raja Kumar (“Accused”)**

The Company has filed Criminal Complaint No.623/2016 dated November 3, 2015 against the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque No.003566 dated September 01, 2015 issued by the Accused for a sum of ₹14,000/- (Rupees Fourteen Thousand Only) in consideration for trading services provided by the Company. Further, the Company presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated October 29, 2015 to the Accused for the payment of the aforementioned amount but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

51. **Criminal Complaint No. 794/2016 filed by the Company against B. V V Satyanarayana Gupta (“Accused”)**

The Company has filed Criminal Complaint No.794/2016 dated April 25, 2016 against the Accused, who is a registered client of the Company, the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheques No.514147 and 514150 dated December 28, 2015 and January 16, 2016 issued by the Accused for a sum of ₹10,000/- (Rupees Ten Thousand Only) and ₹



30,000/- (Rupees Thirty Thousand Only)in consideration for trading services provided by the Company. Further, the Company presented the cheques for encashment but the same were returned to the Company for want of funds. Subsequently, the Company issued a legal notice dated February 18, 2016 to the Accused for the payment of the aforementioned amounts but the Accused failed to pay the same. Consequently, the Company filed this Complaint with the Court praying inter-alia that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities

(i) Direct Tax Liabilities

Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	Income Tax	5	371,321,53*
Total		5	371,321,53*

*Out of the total amount in dispute/demanded, our Company has partly paid a total amount of ₹ 150 Lacs.

(ii) Indirect Taxes Liabilities

Sr.No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

NIL

4. Other Pending Litigations

1. Execution Petition No 30/2004 filed by the Company before the Principal District Court, Vishakhapatnam against Mr. Nadendla Gopal Rao (“Registered Client”)

The Company had filed an Execution Petition No. 30 of 2004 dated May 11, 2004 (“**Execution Petition**”) before the Court of the Vacation Civil Judge, Vishakhapatnam for execution of the Arbitral Award dated December 10, 1998 (“**Award**”) and inter-alia praying for attachment of the property situated at D. No. 50-80-5, 50-80-6, 50-80-7, 50-80-8 in Survey No. 17/4 Resapuvanipalem, Visakhapatnam with interest of ₹16,74,463/- (Rupees Sixteen Lakhs Seventy Four Thousand Four Hundred Sixty Three only) and costs of ₹7,503/- (Rupees Seven Thousand Five Hundred Three only). Pursuant to the Arbitration Application filed by the Company against the Registered Client before the NSE for recovery of ₹14,13,051.29/- (Rupees Fourteen Lakhs Thirteen Thousand Fifty one and Twenty Nine Paise only) with interest @ 24% p.a. from December 5, 1997. The Hon’ble Arbitrator passed the Award directing the Registered Client to pay the Company (i) a sum of ₹14,13,051.29/- (Rupees Fourteen Lakhs Thirteen Thousand Fifty One and Twenty Nine Paise only) before March 1, 1999 either in lump sum or in instalments together with interest @ 18% p.a. from December 5, 1997 upto the date of payment and (ii) fees and charges paid by the Company to the NSE in connection with the arbitration. Thereafter, the Registered Client filed a petition under Section 34 of the Arbitration Act bearing O.P. No. 381 of 99 (“**Petition**”) before the Court of the District Judge ,Visakhapatnam (“**District Court**”) praying for setting aside of the Award. The District Court dismissed the Appeal vide Decree dated March 31, 2003 (“**Decree**”), upholding the Award passed by the Hon’ble Arbitrator, and directed the Registered Client to pay costs of ₹4,502/- (Rupees Four Thousand Five Hundred Two only) towards the cost of the Petition to the Company. Thereafter, the Registered Client had filed an appeal before the High Court of



Andhra Pradesh bearing CMA No.2375/2003 under Section 39 of the Arbitration Act praying for setting-aside of the aforesaid Decree. The High Court of Andhra Pradesh set-aside the Award vide judgment dated March 17, 2003 (“**Judgment**”). Consequently, the Company filed a petition for Special Leave to Appeal (Civil) before the Hon’ble Supreme Court of India bearing No.26298/2010 for praying inter-alia for setting-aside the aforesaid Judgment. Vide order dated August 21, 2013, the Special Leave Petition was dismissed. Accordingly, the Company filed the aforesaid Execution Petition which is pending before the Court of the Vacation Civil Judge, Visakhapatnam. .

2. Execution Petition No. 19 of 2000 filed by the Company before the Chief Judge of the City Civil Court, Hyderabad against Mr J.K. Ranjan (“Registered Client”)

The Company has filed an Execution Petition in the year 1999 before the Civil Court, Hyderabad praying for the arrest of the Registered Client and detain in civil prison until the amount until the amount of ₹10,01,946.10/- (Rupees Ten Lakhs One Thousand Nine Hundred Forty Six only) (“**Decretal Amount**”) as the Registered Client is intentionally not making payment of the Decretal amount.

Pursuant to Arbitration Application filed by the Company in the Arbitration Matter No. 102 of 1998 against the Registered Client before the NSE for recovery of an amount of ₹7,83,388.10 (Rupees Seven Lakhs Eighty Three Thousand Three Hundred Thirty Eight and Ten Paise only) (“**Disputed Amount**”) with interest @ 24% p.a. from December 1, 1997, the Hon’ble Arbitrator passed the award dated December 9, 1998 (“**Award**”) directing the Registered Client to pay the Disputed Amount together with an interest of 18% p.a. from December 1, 1997. Thereafter, the Registered Client had filed a petition under Section 34 of the Arbitration Act bearing O.P. No. 2158 of 2000 (“**Petition**”) before the Court of the XIV Additional Chief Judge, City Civil Court, Hyderabad (“**City Civil Court**”) inter-alia praying for (i) setting-aside of the Award; and (ii) order of costs in favour of the Registered Client. The City Civil Court passed the order dated September 28, 2006 dismissing the Petition with costs of ₹2/- (Rupees Two only). Accordingly, the Company has filed an Execution Petition as aforesaid.

3. Execution Petition No. 50 of 2005 filed by the Company before the III Additional Chief Judge of City Civil Court, Hyderabad against Mr. D. Pandu Ranga Prasad (“Registered Client”)

The Company has filed an Execution Petition bearing E.P. No. 50 of 2005 before the III Additional Chief Judge of City Civil Court, Hyderabad against the Registered Client praying for inter-alia attachment of the salary of the Registered Client for recovery of ₹5,17,029.49/- (Rupees Five Lakhs Seventeen Thousand Twenty Nine and Forty Nine Paise only) (“**Disputed Amount**”) with interest of ₹1,86,130.06/- (Rupees One Lakh Eighty Six Thousand One Hundred Thirty and Six Paise Only) for execution of the Arbitration Award dated December 11, 2003 (“**Award**”) in the matter A. M. No. CH014/2003.

Pursuant to the Arbitration Application filed by the Company in the matter A. M. No. CH014/2003 against Registered Client before the NSE for recovery of an amount of ₹5,17,029.49/- (Rupees Five Lakh Seventeen Thousand Twenty Nine and Forty Nine Paise only) (“**Disputed Amount**”) with interest @ 24% p.a., seeking payment towards trading loss incurred by the Registered Client, the Hon’ble Arbitrator directed the Registered Client to pay the Company Disputed Amount together with interest of 18% per annum. Further, the Hon’ble Arbitrator had directed that all fees and charges pertaining to the arbitration proceedings shall be borne equally by the Company and the Registered Client and that the parties shall bear their own costs individually. Accordingly the Company has filed an Execution Petition as aforesaid.

4. A.O.P. No. 936 of 2009 filed by the Company before the Court of the Principal District Judge at Visakhapatnam against Mr. Abdul Khadar Ansari (“Registered Client”) and Mr. C. Rangamani (“Hon’ble Arbitrator”)

The Hon’ble Court of Principal District Judge, Vishakhapatnam (“**District Court**”) passed the order dated July 16, 2013 (“**Remand Order**”) in the matter AOP No. 936/2009 inter-alia setting-aside the arbitral award dated April 22, 2009 (“**Award**”) passed by Hon’ble Arbitrator in the matter A. M. No. F&O/C-0540/2008 (“**Arbitration Matter**”) taking cognizance of the circular dated February 9, 2011 issued by SEBI which



inter-alia increased the period of limitation to 3 (three) years in view of the provisions of the Clause (ii) of Limitation Act, 1963 and remanded the matter for deciding on merits.

Pursuant to the Arbitration Application filed by the Company 2008 (“**Arbitration Application**”) against the Registered Client before the NSE for recovery of ₹5,44,734.69/- (Rupees Five Lakhs Forty Four Thousand Seven Hundred Thirty Four and Sixty Nine Paise only) (“**Disputed Amount**”) along with interest at the rate of 18% per annum, the Hon’ble Arbitrator passed the Award in A.M. No. F&O/C-0540/2008 inter-alia rejecting the Arbitration Application on the grounds that the same was time barred as prescribed under the Bye Laws, Rules and Regulations of NSE and directing the Company to bear all costs of the proceedings. Subsequently, the Company had filed a petition under Section 34 of the Arbitration Act bearing A.O.P. No. 936/2009 before the District Court for challenging the Award. The District Court passed the Remand Order setting aside the Award.

5. Arbitration Matter No. F&O/C-0042/2011 filed by the Company against Mr. K. Y. Vidya Sagar (the “Registered Client”)

The Company is yet to file execution proceedings upon obtaining the details of the properties of the Registered Client for execution of the Arbitration Award dated October 1, 2014 (“**Award**”) passed by Mr. N. K. Padhi (“**Hon’ble Arbitrator**”) in favour of the Company.

The Company had filed an Arbitration application in the year 2014 in the matter bearing Reference No. 53 of 2014 against the Registered Client before the NSE for recovery of the Disputed Amount arising on account of transactions carried out by the Company on behalf of the Registered Client in the equity market. The Registered client did not file any reply to the Arbitration application filed by the Company. The Hon’ble Arbitrator passed the Arbitration Award dated October 1, 2014 directing the Registered Client to make a payment of ₹11,14,490.19/- (Rupees Eleven Lakhs Fourteen Thousand Four Hundred Ninety and Nineteen Paise only) (“**Disputed Amount**”) together with interest @ 18%p.a. from July 1, 2011 to the date of payment.

6. Appeal No. CMA No. 685/2011 filed by the Company before the High Court of Andhra Pradesh against Mr. Jothiramalinga Pandian (“Registered Client”)

The Company has filed an appeal vide CMA No. 685/2011 (“**Appeal**”) before High Court of Andhra Pradesh (“**High Court**”) against the Registered Client for condonation of delay in representing CMASR No. 3127 before the High Court and for a stay in all further proceedings pursuant to the Award dated March 11, 2008 (“**Award**”).

The Registered Client had filed an Arbitration application before the NSE against the Company stating *inter-alia* that (i) shares lying in the Registered Client’s account were sold by the Company, instead of transferring them to the demat account of the Registered Client with the Company, without sending contract notes for the transactions entered on behalf of the Registered Client or receiving authorization for the same; and (ii) the proceeds of the transaction appropriated by the Company to themselves, should be returned to the Registered Client in terms of shares or its market value. Thereafter, the Company responded stating *inter-alia* that the shares were sold by the Company to meet the registered Client’s pay-in-obligation and margin requirements, the intimation of which was sent to the Registered Client’s old address as the Registered Client failed to inform the Company about the same. The Hon’ble Arbitrator passed the Award directing that the Registered Client is entitled to get the shares or the value of the shares except 10 (ten) shares of Infosys which were rightly transferred to the Registered Client’s demat account. Further, the Hon’ble Arbitrator directed that the Company shall purchase and deliver shares except 10 (ten) shares of Infosys within 30 (thirty) days from the date of the Award, failing which the Company shall be liable to pay the Registered Client an amount of ₹5,40,388/- (Rupees Five Lakhs Forty Thousand Three Hundred Eighty Eight only) with interest @ 12% p.a. from the date of the Award to the date of realization. Moreover, the Hon’ble Arbitrator directed that parties shall bear their own costs and that the Company shall bear the costs towards the arbitration proceedings. Thereafter, the Company filed a petition under Section 34 of the Arbitration Act bearing AOP No.896/2008 (“**Petition**”) before the Court of the Principal District Judge, Visakhapatnam (“**District Court**”) inter-alia praying for (i) setting-aside of the Award; and (ii) ordering costs and other reliefs to the Company. Consequently the District Court passed the order dated June 3, 2010 inter-alia rejecting the claims of the



Company and thereby dismissing the Petition, directing the parties to bear their own costs. Thereafter, the Company filed the Appeal before the High Court as aforesaid.

LITIGATION INVOLVING OUR DIRECTORS

A. LITIGATION AGAINST OUR DIRECTORS

1. Criminal matters

NIL

Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

2. Litigation involving Tax Liabilities

(i) Direct Tax Liabilities

Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

NIL

(ii) Indirect Taxes Liabilities

Sr.No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

NIL

3. Other Pending Litigations

NIL

B. LITIGATION FILED BY OUR DIRECTORS

1. Litigation Involving Criminal matters

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

**3. Litigation involving Tax Liabilities****(i) Direct Tax Liabilities**

Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

NIL

(ii) Indirect Taxes Liabilities

Sr.No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

NIL

4. Other Pending Litigations

- a) For details, please refer to “Outstanding Litigation and Material Developments – Litigations filed by our Company – Other Pending Litigations” on page [•].

LITIGATION INVOLVING OUR PROMOTERS**A. LITIGATION AGAINST OUR PROMOTERS****1. Litigation Involving Criminal matters**

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL.

3. Litigation involving Tax Liabilities**(i) Direct Tax Liabilities**

Sr. No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

NIL

(ii) Indirect Taxes Liabilities

Sr. No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL



NIL

4. Other Pending Litigations

NIL

B. LITIGATION FILED BY OUR PROMOTERS**1. Litigation Involving Criminal matters**

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities**(i) Direct Tax Liabilities**

Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

(ii) Indirect Taxes Liabilities

Sr.No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

4. Other Pending Litigations

- a) For details, please refer to “Outstanding Litigations and Material Developments – Litigations filed by our Company – Other Pending Litigations” on page [•].

LITIGATION INVOLVING OUR GROUP COMPANIES**A. LITIGATION AGAINST OUR GROUP COMPANIES****1. Litigation involving Criminal matters**

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities**(i) Direct Tax Liabilities**

NIL

Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL



Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
Total		NIL	NIL

(ii) Indirect Taxes Liabilities

Sr.No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

4. Other Pending Litigations

NIL

B. LITIGATION FILED BY OUR GROUP COMPANIES**1. Criminal matters**

Matters under Section 190(1)(a) and 200 of Code of Criminal Procedure,1873 for the offence committed under Section 138 and 142 of the Negotiable Instruments Act, 1881

Criminal Complaint No.868/2016 filed by SCFSPL against P.V. Ramana Murthy (“Accused”)

SCFSPL has filed Criminal Complaint No. 868/2016 against the Accused before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on January 18, 2016 for dishonour of a cheque No. 180483 dated December 10, 2015 issued by the Accused for a sum of ₹1,00,649/- (Rupees One Lakh Six Hundred and Forty Nine Only) in consideration for availing loan towards the purpose of education loan and house purpose provided by SCFSPL. Further, SCFSPL presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, SCFSPL issued a legal notice dated December 18, 2015 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCFSPL filed a complaint with the Court inter-alia praying that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities**(i) Direct Tax Liabilities**

Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

**(ii) Indirect Taxes Liabilities**

Sr.No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

NIL

4. Other Pending Litigations

NIL

Except as disclosed in this chapter, there are no outstanding criminal proceedings; actions by statutory or regulatory authorities; claims relating to direct and indirect taxes; or Material Litigation (as defined above), involving any of our Group Companies.

LITIGATION INVOLVING OUR SUBSIDIARY**A. CASES FILED AGAINST OUR SUBSIDIARY****1. Litigation Involving Criminal matters**

First Information Report (“FIR”) dated May 24, 2014 with the Arundalpet, Guntur police station against SCCPL. filed by Sri. Raya Srinivasarao (“Complainant”) against SCCPL under Section 154 and 157 of Cr.P.C.

The Complainant filed the complaint bearing No. 356/2014 dated April 4, 2014 against SCCPL before the Hon’ble V Additional Munsif Magistrate, Guntur (“**the Court**”) *inter-alia* stating that SCCPL had induced the Complainant to become a client/ investor for trading in commodities dealt by SCCPL and invest an amount of ₹5,00,000/- (Rupees Five Lakh Only) and that SCCPL had without authorization transacted in the account of the Complainant which lead to a loss of ₹1,00,00,000/- (Rupees One Crore Only) to the Complainant. Further, the Complainant *inter-alia* prayed that that Court may refer the Complaint to the police station of Arandalpet directing the respective Station House Officer to register an FIR and to take up investigation against SCCPL. Consequently, the FIR was filed with the Arundalpet, Guntur police station against SCCPL on May 24, 2014. Subsequently, SCCPL filed a Criminal Petition bearing No.15412/2014 under Section 482 of Cr.P.C before the High Court Judicature at Hyderabad for the state of Telangana and Andhra Pradesh (“**the High Court**”) *inter-alia* requesting the High Court to quash the proceedings in Criminal Complaint No. 356/2014. Thereafter, an Order dated December 16, 2014 was passed by the Hon’ble Sri Justice T.Sunil Chowdary *inter-alia* the Criminal Petition bearing No.15412/2014 was dismissed. The FIR is currently pending.

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities**(i) Direct Tax Liabilities**

Sr. No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹ in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

**(ii) Indirect Taxes Liabilities**

Sr. No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

4. Other Pending Litigations
NIL**B. CASES FILED BY OUR SUBSIDIARY****1. Litigation Involving Criminal matters**

Matters under Section 190(1)(a) and 200 of Code of Criminal Procedure,1873 for the offence committed under Section 138 and 142 of the Negotiable Instruments Act, 1881

1. Criminal Appeal No. 35/2015 (“Appeal”) filed by SCCPL against Sri. Chunduri Jwala Narasimha Rao (“Accused 1”) and the state of Andhra Pradesh (“Accused 2”) (collectively “Accused”).

SCCPL filed the said Appeal against the Accused before Hon’ble Court of the I Additional Metropolitan Sessions Judge, Visakhapatnam aggrieved by order dated November 4, 2015 passed in Criminal Complaint No. 88/2013 which reversed the Order dated March 26, 2013 in Criminal Complaint 374/2010 dated February 26, 2009 passed by the Special Judicial First Class Magistrate (Prohibition and Excise Department), Visakhapatnam. SCCPL had filed a Criminal Complaint No. 374/2010 against the Accused, who is a registered client of SCCPL, before the Court for dishonour of a cheque no. 619306 dated December 23, 2008 issued by the Accused for a sum of ₹ 4,95,000/- (Rupees Four Lakh Ninety Five Thousand Only) in consideration for trading services provided by SCCPL inter-alia stating that SCCPL presented the cheque for encashment but the same was returned to SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated January 18, 2009 to the Accused 1 for the payment of the aforementioned amount but the Accused 1 failed to pay the same. Consequently, the Court passed the Judgment dated March 26, 2013 inter alia sentencing the Accused 1 to suffer simple imprisonment for a period of 6 (six) months and to pay a compensation of ₹ 2,000/- (Rupees Two Thousand Only), failing which the Accused 1 would be imprisoned for a period of one month. Aggrieved by the aforesaid Judgment the Accused 1 filed an Appeal bearing No. 88/2013 efore Hon’ble Court of the I Additional Metropolitan Sessions Judge, Visakhapatnam. Subsequently, vide Judgment dated November 04, 2015, the Hon’ble Court of the I Chief Metropolitan Magistrate, Visakhapatnam declared the Accused as not guilty for the offence punishable under Section 138 of N.I Act and acquitted the Accused under Section 255 (1) of Code of Criminal Procedure, 1873, directing SCCPL to return the fine amount if any paid by the Accused. Thereafter, SCCPL filed an appeal dated December 23, 2015 before the Hon’ble Court of the I Additional Metropolitan Sessions Judge, Visakhapatnam inter-alia stating that the Order dated November 4, 2015 be set aside. This matter is currently pending.

2. Criminal Complaint No.308/2014 filed by SCCPL against Smt.Aleti Subhashini (“Accused”)

SCCPL has filed Criminal Complaint No. 308/2014 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on September 29, 2011 for dishonour of a cheque No. 058577 dated April 26, 2011 issued by the Accused for a sum of ₹30,000/- (Rupees Thirty Thousand Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the cheque for encashment but the same was returned to the Company for want of funds. Subsequently, SCCPL issued a legal notice dated August 16, 2011 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint with the Court inter-alia praying that the Court award compensation to SCCPL which is double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.



3. Criminal Complaint No.1389/2013 filed by SCCPL against Sri Gangoni Shyam Kumar (“Accused”)

SCCPL has filed Criminal Complaint No.1389/2013 dated January 04, 2012 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheque no.571947 dated October 19, 2011 issued by the Accused for a sum of ₹50,000/- (Rupees Fifty Thousand Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the cheque for encashment but the same was returned to SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated November 22, 2011 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint for the payment of the aforesaid amount. This matter is currently pending.

4. Criminal Complaint No.241/2009 filed by SCCPL against Chitikeshi Nagesh (“Accused”)

SCCPL has filed Criminal Complaint No.241/2009 dated April 10, 2007 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheques No.890739 and 890740 dated September 11, 2006 and September 16, 2006 issued by the Accused for a sum of ₹20,000/- (Rupees Twenty Thousand Only) and ₹ 40,000/- (Rupees Forty Thousand Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the Cheques for encashment but the same was returned to the SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated March 01, 2007 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint with the Court inter-alia praying that the Court award compensation to SCCPL of an amount not less than the amount mentioned in the aforementioned Cheques. This matter is currently pending.

5. Criminal Complaint No. DDR 2591/2013 filed by SCCPL against Satyanarayana Budha (“Accused”)

SCCPL has filed Criminal Complaint No.2591/2013 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) on May 28, 2013 for dishonour of a cheque No. 512888 dated October 25, 2012 issued by the Accused for a sum of ₹ 2,00,000/- (Rupees Two Lakh Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the Cheque for encashment but the same was returned to the SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated February 06, 2013 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint with the Court inter-alia praying that the Court award compensation to SCCPL which is double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

6. Criminal Complaint No. 258/2016 filed by SCCPL against Kolla Gurunadharao (“Accused”) -

SCCPL has filed Criminal Complaint No.258/2016 dated October 15, 2012 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheque No. 012959 dated August 16, 2012 issued by the Accused for a sum of ₹ 28,926/- (Rupees Twenty Eight Thousand Nine Hundred Twenty Six Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the Cheque for encashment but the same was returned to the SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated September 4, 2012 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint with the Court inter-alia praying that the Court award compensation to SCCPL which is double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

7. Criminal Complaint No. 1343/2013 filed by SCCPL against Mandla Swami Reddy (“Accused”)

SCCPL has filed Criminal Complaint No.1343/2013 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the



Court”) on April 02, 2013 for dishonour of a cheque No. 000115 dated January 16, 2013 issued by the Accused for a sum of ₹ 20,00,000/- (Rupees Twenty Lakh Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the Cheque for encashment but the same was returned to the SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated February 06, 2013 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint with the Court inter-alia praying that the Court award compensation to SCCPL which is double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

8. **Criminal Complaint No. 146/2014 filed by SCCPL against V. Visweswara Rao (“Accused”)**

SCCPL has filed Criminal Complaint No.146/2014 dated May 16, 2012 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheque No. 122324 dated December 26, 2011 issued by the Accused for a sum of ₹ 41,000/- (Rupees Forty One Thousand Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the Cheque for encashment but the same was returned to the SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated April 04, 2012 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint with the Court inter-alia praying that the Court award compensation to SCCPL which is double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

9. **Criminal Complaint No. 28/2014 filed by SCCPL against Sri. Navin Devara Konda (“Accused”)**

SCCPL has filed Criminal Complaint No.28/2014 dated May 18, 2012 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“the Court”) for dishonour of a cheque No. 442984 dated October 17, 2011 issued by the Accused for a sum of ₹10,000/- (Rupees Ten Thousand Only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the Cheque for encashment but the same was returned to the SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated February 25, 2012 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed this Complaint with the Court inter-alia praying that the Court award compensation to SCCPL which is double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

10. **Criminal Complaint No. 923/2014 filed by SCCPL against Debasis Das (“Accused”)**

SCCPL has filed Criminal Complaint No. 923/2014 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on April 21, 2014 for dishonour of a cheque no.002923 dated February 3, 2014 issued by the Accused for a sum of ₹1,19,576/- (Rupees One Lakh Nineteen Thousand Five Hundred and Seventy Six only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the cheque for encashment but the same was returned to SCCPL due to the payment stopped by the Accused. Subsequently, SCCPL issued a legal notice dated March 12, 2014 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed a complaint with the Court inter alia praying that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

11. **Criminal Complaint No. 931/2014 filed by SCCPL against Jagannath Rath (“Accused”)**

SCCPL has filed Criminal Complaint No. 931/2014 against the Accused, who is a business promoting and development agent of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on May 1, 2014 for dishonour of a cheque no.098651 dated March 3, 2014 issued by the Accused for a sum of ₹1,97,486/- (Rupees One Lakh Ninety Seven Thousand Four Hundred



and Eighty Six only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the cheque for encashment but the same was returned to SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated March 18, 2014 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed a complaint with the Court inter alia praying that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

12. Criminal Complaint No. 617/2016 filed by SCCPL against Arvapally Narsimulu (“Accused”)

SCCPL has filed Criminal Complaint No.617/2016 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on November 25, 2015 for dishonour of a cheque no.000157 dated July 24, 2015 issued by the Accused for a sum of ₹59,000/- (Rupees Fifty Nine Thousand only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the cheque for encashment but the same was returned to SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated October 12, 2015 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed a complaint with the Court inter alia praying that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

13. Criminal Complaint No. DDR5900/2014 filed by SCCPL against Shaik Khaisar Ahamed (“Accused”)

SCCPL has filed Criminal Complaint No.DDR5900/2014 dated on June 27, 2014 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) for dishonour of a cheque no.745142 dated March 4, 2014 issued by the Accused for a sum of ₹10,000/- (Rupees Ten Thousand only) in consideration for trading services provided by SCCPL. Further, SCCPL presented the cheque for encashment but the same was returned to SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated May 9, 2014 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed a complaint with the Court inter alia praying that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

14. Criminal Complaint No. DDR.2462/2015 filed by SCCPL against Borra Satyanarayana (“Accused”)

SCCPL has filed Criminal Complaint No .DDR.2462/2015 against the Accused, who is a registered client of SCCPL, before the Hon’ble Court of the I Additional Chief Metropolitan Magistrate, Visakhapatnam (“**the Court**”) on March 20, 2015 for dishonour of a cheque no.636851 dated December 22, 2014 issued by the Accused for a sum of ₹30,000/- (Rupees Thirty Thousand only) in consideration for trading service provided by SCCPL. Further, SCCPL presented the cheque for encashment but the same was returned to SCCPL for want of funds. Subsequently, SCCPL issued a legal notice dated February 2, 2015 to the Accused but the Accused failed to pay the aforementioned amount. Consequently, SCCPL filed a complaint with the Court inter alia praying that the Court award compensation double the cheque amount covered under aforementioned cheque in accordance with Section 357 of Code of Criminal Procedure, 1873 which may be separate from the fine amount if any. This matter is currently pending.

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities

(i) Direct Tax Liabilities



Sr.No.	Type of Direct Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

(ii) **Indirect Taxes Liabilities**

Sr.No.	Type of Indirect Tax	No. of Cases	Amount in dispute/ demanded (₹in Lacs)
1.	NIL	NIL	NIL
Total		NIL	NIL

4. Other Pending Litigations

1. Arbitration Matter No. CM/H-0004/2016 filed by SCCL against Mr. Mandla Swami Reddy (the “Registered Client”)

The Company is yet to initiate execution proceedings for execution of the Arbitration Award in the matter Arbitration Matter No. MCX/ARB/1579A/14.

Pursuant to the Arbitration Application filed by the Company against the Registered Client before the MCX for recovery of ₹5,27,151 /- (Rupees Five Lakhs twenty Seven Thousand One Hundred Fifty One only) (“**Disputed Amount**”), the Hon’ble Arbitrator passed the Award dated February 25, 2015 (“**Award**”) directing the Registered Client to make a payment of the Disputed Amount within 1 (one) month together with interest @ 20%p.a. from the date of the Award to the date of payment

Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development, 2006

There are no outstanding dues to micro and small scale undertakings. As of September 28, 2016, there are no dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

Material Creditors of the Company having amount outstanding as on March 31, 2016 more than ₹ 101.75 lacs, being 5% of the Company’s consolidated trade payables as per last audited financial statements of our Company.

There are no trade payables more than 5% of the Company’s consolidated trade payables as per the last audited financial statements as on June 30, 2016.

For further details, please see website at www.steelcitynettrade.com

Information provided on the website of our Company is not a part of this Draft Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company’s website, would be doing so at its own risk.

Outstanding Litigations involving the Company, its subsidiaries, joint ventures, associates or involving any other person or company whose outcome may have a material adverse effect on the Company’s consolidated results of operations or financial position.

Except as described above, as on date of this Draft Prospectus, there are no outstanding litigations involving the Company, its subsidiary, joint ventures, associates or involving any other person or company whose outcome may have a material adverse effect on the Company’s consolidated results of operations or financial position.



There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years.

There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years.

Pending proceedings initiated against our Company for economic offences.

There are no pending proceedings initiated against our Company for economic offences.

Inquiries, investigations etc. instituted under the Companies Act, 2013 or any previous companies enactment in the last 5 years against our Company or any of our Subsidiaries.

There are no inquiries, investigations etc. instituted under the Companies Act or any previous companies enactment in the last 5 years against our Company or our Subsidiary.

Material Fraud against our Company in the last five years

There has been no material fraud committed against our Company in the last five years.

Fines imposed or compounding of offences for default

There are no fines imposed or compounding of offences for default or outstanding defaults

Non-Payment of Statutory Dues

Except as disclosed in the chapter titled “Financial Statements” beginning on page 157, there are have been no defaults or outstanding defaults in the payment of statutory dues payable under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948. For details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess, which have not been deposited as on March 31, 2016 on account of disputes, see “Summary Financial Information” beginning on page 40.

MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE

Except as disclosed elsewhere in this Draft Prospectus and stated below, there have been no material developments that have occurred after the last balance sheet date. For further details, please see the chapter titled “*Management Discussions and Analysis of Financial Conditions and Result of Operations*” beginning on page 205.

**GOVERNMENT & OTHER KEY APPROVALS**

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Offer or continue our business activities. In view of the approvals listed below, we can undertake the Offer and our current business activities and no further major approvals from any governmental/regulatory authority or any other entity are required to be undertaken, in respect of the Offer or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.

The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

Approvals for the Offer

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act, 2013, by a resolution passed at its meeting held on April 20, 2016 authorized the Offer, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of our Company have, pursuant Section 62(1)(c) of the Companies Act, 2013, by a special resolution passed in the extra ordinary general meeting held on July 30, 2016 authorized the Offer.
3. In-principle approval dated [●] from the SME Platform of the NSE for listing of the Equity Shares issued by our Company pursuant to the Offer.

Approvals pertaining to Incorporation, name and constitution of our Company

1. Certificate of Incorporation dated February 22, 1995 issued by the Registrar of Companies, Andhra Pradesh in the name of “Steel City Securities Limited”.
2. Certificate of Commencement of Business dated April 20, 1995 issued by Registrar of Companies, Andhra Pradesh in the name of “Steel City Securities Limited”.
3. The Corporate Identification Number (CIN) of our Company is U67120AP1995PLC019521.

I. BUSINESS RELATED APPROVALS**A. SEBI related approvals**

Our Company is a registered member of BSE, NSE and MCX-SX (MSE) and have obtained the following certificates/approvals under various regulations of SEBI:

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Certificate of Registration as a Member of BSE in the Equity segment under the provision of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992	SEBI	INB010806132	August 12, 2005	Valid until cancelled
2.	Certificate of Registration as a Trading Member of BSE in the Derivative segment under	SEBI	INF011156438	June 23, 2004	Valid until cancelled



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	the provision of SEBI(Stock Brokers and Sub Brokers) Regulations, 1992				
3.	Certificate of Registration as a Member of NSE in the Equity segment under the provision of SEBI(Stock Brokers and Sub Brokers) Regulations, 1992	SEBI	INB230806132	October 17, 1995	Valid until cancelled
4.	Certificate of Registration as a Trading and a clearing member of NSE in the Currency Derivatives under the provision of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992	SEBI	INE230806132	August 26, 2008	Valid until cancelled
5.	Certificate of Registration as a Trading and a clearing Member of NSE in the Derivative segment under the provision of SEBI(Stock Brokers and Sub Brokers) Regulations, 1992	SEBI	INF230806132	April 24, 2002	Valid until cancelled
6.	Certificate of Registration as a Member of MCX-SX under the provision of SEBI(Stock Brokers and Sub Brokers) Regulations, 1992	SEBI	INB260806139	January 22, 2013	Valid until cancelled
7.	Certificate of Registration as a Trading Member of MCX-SX in the Currency Derivatives Segment under the provision of SEBI(Stock Brokers and Sub Brokers) Regulations, 1992	SEBI	INE260806132	October 1, 2008	Valid until cancelled
8.	Certificate of Registration as a Self-clearing and a Trading member of MCX-SX in the derivatives Segment under the provision of SEBI(Stock Brokers and Sub Brokers) Regulations, 1992	SEBI	INF260806139	January 22, 2013	Valid until cancelled
9.	Certificate of Registration as a Participant under the provision of SEBI (Depositories and Participants) Regulations, 1996	SEBI	IN-DP-231-2016	March 15, 2016	Valid until cancelled

**B. Stock Exchange related approvals [BSE, NSE, MCX-SX (MSE)]**

Our Company has obtained the following approvals as per the rules, regulations and bye-laws pertaining to the stock exchanges of which our Company is a member of:

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Permission to use CTCL facility in the Capital Market Segment	NSE	NSEIL/64295	March 12, 2004	Valid until cancelled
2.	Permission to use CTCL facility in the F & O Segment	NSE	NSEIL/45378	June 9, 2003	Valid until cancelled
3.	Permission for modification of Internet Based trading software in capital markets segment and Futures & Options segment	NSE	NSEIL/INET/1950 4-L	January 6, 2006	Valid until cancelled
4.	Permission to use Internet Based Trading (IBT) software	MCX-SX	14501	June 29, 2010	Valid until cancelled
5.	Approval for going live on ITORS	BSE	MS&D/MM/AB/2 4110/2008	January 29, 2008	Valid until cancelled
6.	Approval for going live on ITORS-Odin Diet	BSE	MS&D/MM/AB/1 7051/2007	October 24, 2007	Valid until cancelled

C. Mutual Funds

Our Company has obtained the following approvals to act as a mutual fund distributor and a mutual fund advisor:

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Certificate of Registration as AMFI Registered Mutual Fund Advisor	Chief Executive, Association of Mutual Funds in India	ARN-17094	February 17, 2014	February 16, 2017
2.	Certificate of Registration as a Mutual Fund Distributor	National Institute of Securities Market	170941	March 5, 2013	October 18, 2016

D. Unique Identification Authority of India (UIDAI)

Our Company has been appointed as an Enrolling Agent by the UIDAI for 12 states and the details of the approval are as mentioned below:



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Approval to act as on Enrolling Agent	Director, Ministry of Communication & IT, Department of Electronics and Information Technology, UIDAI, (E&U) division	1500	Issued on: October 29, 2015 Amended on: December 22, 2015	Valid until cancelled.

II. LABOUR RELATED APPROVALS

A. Shops & Establishments

Details of registration obtained by our Company under the AP (IIRFCR- Labour Laws) Act and AP (S&E) Act pertaining to establishments from where our trading activities are carried out are set-out below:

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
ANDHRA PRADESH					
<u>Chittoor District</u>					
1.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 10-863 Seshapiran Street ward-10, Chittoor (Urban), Chittoor -517001.	Labour Department, Andhra Pradesh	AP-10-85-010-065043	December 7, 2015	March 31, 2018
2.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 14 & 15 J. K. Complex beside Desai Hospital near RTC Bustand madanapalle (town/urban), Madanapalle, Chittoor-517325.	Labour Department, Andhra Pradesh.	AP-10-35-022-070523	December 10, 2015	March 31, 2018
3.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for Flat No. 209 & 210 Gayatri Towers Tuda Bypass Road	Labour Department, Andhra Pradesh.	AP-10-84-019-076536	December 15, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	Tataih Nagar ward-19, Tirupati (Urban), Chittoor-517501.				
East Godavari District					
4.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 2-1-67, Second Floor, Geet Sangeet Complex, Banngudi Centre Kakinada, ward-44, Kakinada (urban), East Godavari-533002.	Labour Department, Andhra Pradesh.	AP-04-83-044-050420	November 28, 2015	March 31, 2018
5.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 4-19-19/2 Srinagar 2 nd Street, Ground Floor, ward-2, Mandapet (Urban), East Godavari-533308.	Labour Department, Andhra Pradesh.	AP-04-84-002-050375	November 28, 2015	March 31, 2018
6.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 16-12-19 Hospital Street ward-15, Peddapuram (Urban), East Godavari-533437.	Labour Department, Andhra Pradesh.	AP-04-85-015-049166	November 28, 2015	March 31, 2018
7.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 7-27-4 T Nagar ward-21, Rajahmundry (urban), East Godavari-533101.	Labour Department, Andhra Pradesh.	AP-04-81-021-053277	November 30, 2015	March 31, 2018
8.	Registration as an establishment under the AP	Labour Department, Andhra	AP-047-89-019-031065	November 18, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	(IIRFCR- Labour Laws) Act for 6-7-21/8 balaji road ward-19, Tuni (Urban), East Godavari-533401.	Pradesh.			
Guntur District					
9.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 6-9-25, First Floor, 9/1 Lime, Arundelpet, Guntur ward-44, Guntur (C) (Urban), Guntur-522002.	Labour Department, Andhra Pradesh.	AP-07-81-044-057905	December 2, 2015	March 31, 2018
10.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 8-9-31 near Anjaneya Swamy Temple, AG Collage Road bapatla west (u), Bapatla, Guntur-522101.	Labour Department, Andhra Pradesh	AP-07-57-017-060409	December 3, 2015	March 31, 2018
11.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 22-69 Main Road ward-16 Chilakaluripet (Urban), Guntur-522616.	Labour Department, Andhra Pradesh	AP-07-85-016-059208	December 2, 2015	March 31, 2018
12.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 74-8-445, First Floor, Naidupeta Koritepadu, ward-37, Guntur (C) (Urban), Guntur-522002.	Labour Department, Andhra Pradesh.	AP-07-81-037-084570	December 21, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
13.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for Shop No. 116 & 117, First Floor, Mahatma Gandhi cloth Market narasaraopeta (r), Narasaraopeta, Guntur-522501	Labour Department, Andhra Pradesh.	AP-07-39-009-060672	December 3, 2015	March 31, 2018
14.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 18-6-64 Gundepudi Vari Street, sattenapalli(u) Sattenapalle, Guntur-522403.	Labour Department, Andhra Pradesh.	AP-07-15-012-060616	December 3, 2015	March 31, 2018
15.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 22-4-31 ward-7, Tenall (Urban), Guntur-522201.	Labour Department, Andhra Pradesh.	AP-07-87-007-058819	December 2, 2015	March 31, 2018
<u>Kadapa District</u>					
16.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 21/472-1 First Floor, Sah Plaza palem Papayya Street, Cuddapah (u), Cuddapah, Cuddapah-516001	Labour Department, Andhra Pradesh.	AP-11-31-004-072304	December 12, 2015	March 31, 2018
17.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 7/301 Holmespetta ward-7, Proddutur (Urban), Cuddapah-	Labour Department, Andhra Pradesh.	AP-11-62-007-070294	December 10, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	516360.				
<u>Krishna District</u>					
18.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 9-77 Lakshmi Complex Main Road Gudivada gudivada, Gudivada Krishna-521301.	Labour Department, Andhra Pradesh.	AP-06-42-010-053331	November 30, 2015	March 31, 2018
19.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 56-11-12, Near Sweet Magic Road Patamata M. G. Road, Vijayawada wad-10, Vijayawada (Urban), Krishna-520010.	Labour Department, Andhra Pradesh.	AP-05-84-10-080277	December 18, 2015	March 31, 2018
20.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 12-3-32 First Floor, Peena Mohammed Street, Tarapet, ward-40, Vijayawada (Urban), Krishna-520 001.	Labour Department, Andhra Pradesh.	AP-06-84-008-049564	November 28, 2015	March 31, 2018
21.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 27-16-101 & 102 ward-21, Vijayawada (Urban), Krishna-520002.	Labour Department, Andhra Pradesh.	AP-06-84-21-056043	December 1, 2015	March 31, 2018
22.	Registration as an establishment under the AP	Labour Department, Andhra	AP-06-28-004-056201	December 1, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	(IIRFCR- Labour Laws) Act for 8-133/1 Katuru Road vuyyuru, Vuyyuru, Krishna-521165.	Pradesh.			
<u>Kurnool District</u>					
23.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 15/485 Adoni ward-15, Adoni (urban), Kurnool-518301.	Labour Department, Andhra Pradesh	AP-13-83-015-0123718	January 18, 2016	March 31, 2018
24.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for H No. 40/305, Bhagya Nagar, Kurnool, Kurnool, Kurnool-518003.	Labour Department, Andhra Pradesh.	AP-13-07-013-066706	December 8, 2015	March 31, 2018
25.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 25-523 First Floor beside Sumithra Nursing Home Srinivasa Nagar ward-25, Nandyal (Urban), Kurnool-518501	Labour Department, Andhra Pradesh.	AP-13-84-025-073025	December 12, 2015	March 31, 2018
<u>Nellore District</u>					
26.	Registration as an establishment under the AP (S&E) Act for 13/164 East Gudur (r), Gudur, Nellore-524101.	Labour Department, Andhra Pradesh.	AP-02-09-472-021578	December 16, 2015	December 31, 2018
27.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 17-2-4 Chakali Street	Labour Department, Andhra Pradesh.	AP-09-25-009-065838	December 7, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	near Barracks Nellore-II (u), Nellore, Nellore-524001.				
28.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 16-1102 First Floor Moon Land Apartments KV Agrapharam Pogathota Nellore, Nellore-II (u), Nellore, Nellore-524001.	Labour Department, Andhra Pradesh.	AP-09-25-009-063199	December 5, 2015	March 31, 2018
<u>Prakasam District</u>					
29.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 29-5 Main Road, addanki (u), Addanki, Prakasam-523201.	Labour Department, Andhra Pradesh	AP-08-15-020-061847	December 4, 2015	March 31, 2018
30.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 14-19-56 First Floor, Gurukrupa Complex, R R Road, Chirala ward-14, Chirala (urban), Prakasam-523155.	Labour Department, Andhra Pradesh	AP-08-82-014-055697	November 30, 2015	March 31, 2018
31.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 20-1-192 ward-24, Ongole (Urban), Prakasam-523001.	Labour Department, Andhra Pradesh.	AP-08-81-024-073674	December 12, 2015	March 31, 2018
<u>Visakhapatnam District</u>					
32.	Registration as an	Labour	AP-03-33-028-035467	November	March 31,



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	establishment under the AP (IIRFCR- Labour Laws) Act for Chintavaristreet, Chinna Nalugu Rodla Junction Anakapalli anakapalli town, Anakapalli, Visakhapatnam-531001.	Department, Andhra Pradesh		21, 2015	2018
33.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 30-15-63/A First Floor, Cotton County Shop Building Debagarden ward-27, Visakhapatnam (Urban), Visakhapatnam-530020.	Labour Department, Andhra Pradesh	AP-03-84-027-040531	November 24, 2015	March 31, 2018
34.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for D. NO. 167 Krishna Arcade Old Jaguwaka, gajuwaka, Gajuwaka, Visakhapatnam-530026.	Labour Department, Andhra Pradesh.	AP-03-30-006-040784	November 24, 2015	March 31, 2018
35.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 49-52-5/4, Shanthipuram ward-11, Visakhapatnam (Urban), Visakhapatnam - 530016.	Labour Department, Andhra Pradesh.	AP-03-84-011-056647	December 1, 2015	March 31, 2018
36.	Registration as an	Labour	AP-03-84-005-040512	November	March 31,



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	establishment under the AP (IIRFCR- Labour Laws) Act for 1-173/40 100 Feet Vuda Road ward-5, Visakhapatnam (Urban), Visakhapatnam-530041.	Department, Andhra Pradesh.		24, 2015	2018
37.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for Plot No.127, MIG Sector- 5, ward-8, M.V.P. Colony, Visakhapatnam-530 017	Labour Department, Andhra Pradesh.	AP-03-84-008-056667	December 1, 2015	March 31, 2018
38.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 28-1-54/4 Shop No. 5 & 6 Mahalaxmi Complex NAD Ward -42, Visakhapatnam (Urban), Visakhapatnam-530009	Labour Department, Andhra Pradesh.	AP-03-84-042-038557	November 23, 2015	March 31, 2018
39.	Registration as an establishment under the AP (IIRFCR- Labour Laws) Act for 276/4 opposite Deepanjlinagar Bus Stop NTPC Parawada, Vaadacheepurupali West ward-1, Anakapalli (Urban), Visakhapatnam-531020.	Labour Department, Andhra Pradesh.	AP-03-82-001-038517	November 23, 2015	March 31, 2018
40.	Registration as an establishment under the AP (IIRFCR- Labour	Labour Department, Andhra Pradesh.	AP-03-24-011-038498	November 23, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	Laws) Act for 17-144 Vegi Savitri Naidu Nilyam pendurthi, Pendurthi, Visakhapatnam-531173.				
41.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 124 gajuwaka, Gajuwaka, Visakhapatnam 530011.	Labour Department, Andhra Pradesh.	AP-03-30-006-038594	November 23, 2015	March 31, 2018
42.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for Flat No. 403 beside Sweet India Siripuram Fort ward-24, Visakhapatnam (Urban), Visakhapatnam-530003.	Labour Department, Andhra Pradesh.	AP-03-84-024-040486	November 24, 2015	March 31, 2018
<u>Vizianagaram District</u>					
43.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 6-1-1 F-11 First Floor, Mahajan Building Perlavari Junction vizianagaram bit-i, Vizianagaram, Vizianagaram-535001.	Labour Department, Andhra Pradesh.	AP-02-28-016-026450	November 14, 2015	March 31, 2018
44.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 5-1-11/1 N. S. C. Road vizianagaram bit-i, Vizianagaram,	Labour Department, Andhra Pradesh.	AP-02-28-016-026248	November 14, 2015	March 31, 2018



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	Vizianagaram-535002.				
West Godavari District					
45.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for First Floor, Opposite Water Tank Shilpa Scan Center bheemavaram, Bheemavaram, West Godavari-534202.	Labour Department, Andhra Pradesh	AP-05-36-006-058664	December 2, 2015	March 31, 2018
46.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 22B-1-8/1 Powerpeta ward-42, Eluru (Urban), West Godavari-534002.	Labour Department, Andhra Pradesh.	AP-05-81-042-049443	November 28, 2015	March 31, 2018
47.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 12-5-1, First Floor, Sri Ram Pet, palacole (r), Palacole, West Godavari-534260.	Labour Department, Andhra Pradesh.	AP-05-43-005-044749	November 26, 2015	March 31, 2018
48.	Registration as an establishment under the AP (IRFCR- Labour Laws) Act for 26-4-4, Flat No. 107 City Towers, N.S.C. Bose Road tanuku, Tanuku, West Godavari – 534211.	Labour Department, Andhra Pradesh.	AP-05-28-008-058536	December 2, 2015	March 31, 2018
TELANGANA					
Hyderabad District					
49.	Renewal of Registration as an establishment	Labour Department, Telangana.	ALO-22/HYD/496/1009	January 2016	December 2016



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	under the AP (S&E) Act for Flat No. 501 502, Fifth Floor, Sonus Manor, Plot No. 7, Prendarghast Road, Secunderabad, Secunderabad.				
50.	Renewal of Registration as an establishment under the AP (S&E) Act for 9-73/1 Ground Floor, Lalitha Nagar Beside Satyanaryana Swamy Temple Dilsukh Nagar NA	Labour Department, Telangana	D/6689/2007	January 2015	December 2016
51.	Renewal of Registration as an establishment under the AP (S&E) Act for Shop No. 456 Safa Arcade above Relince Web World Mehdiptnam NA Hyderabad-500028.	Labour Department, Telangana.	ALO27/HYD/72/2005	January 2014	December 2016
<u>Khammam District</u>					
52.	Renewal of Registration as an establishment under the AP (S&E) Act for 9-4-60, 61 Opposite Head Post Office Madhura Basthi, M G Road, Koyhagudem, Kothagudem, Khammam-507101.	Labour Department, Telangana.	3094/ALO-KTDM	January 2015	December 2016
<u>Nalgonda District</u>					
53.	Registration as an establishment under the AP (S&E) Act for 18-	Labour Department, Telangana.	ALO00NLGSE1300/43500	January 18, 2016	December 31, 2016



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	1378 Ashok Nagar Miryalaguda Nalgonda Miryalaguda-508207.				
<u>Ranga Reddy District</u>					
54.	Renewal of Registration as an establishment under the AP (S&E) Act for 1-4-14/1, Naganivas Building, Main Road Snehapuri Colony, Nacharam Main Road Uppal Rangareddy-500076.	Labour Department, Telangana.	NCM/1613/2010	January 2016	December 2016
55.	Registration as an establishment under the AP (S&E) Act for F-8 H No. 5-12 Sri Surya Towers, Chandanagar, Ranga Reddy, Serilingampally (M), Chandanagar	Labour Department, Telangana.	SEA/RRD/ALO/BN/01847/2016	June 4, 2016	December 31, 2016
<u>Warangal District</u>					
56.	Renewal of Registration as an establishment under the AP (S&E) Act for 2-5-626 Opposite Subedari Post Office, Subedari Hanamkonda, Hanamkonda, Warangal-500001	Labour Department, Telangana.	3024/ALO KZPT	January 2016	December 2016
<u>KARNATAKA</u>					
<u>Bangalore</u>					
57.	Registration Certificate of Establishment for 79-81, Ramchandra Sampige, Near Laxmi Gold	Labour Department, Karnataka	47/65/CE/0050/2015	June 11, 2015	March 31, 2019



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	Palace, Malleshwaram, Bangalore-560003 under the Karnataka Shops and Commercial Establishments Act, 1961				

The Company is operating from two other establishments situated at House Old No. 89/A, New No. 53, 13th Cross, Mahalakshmi Layout, Bangalore-560086 and 248, Rekha Towers, 2nd Floor, Kamarajar Road, Madurai, Tamil Nadu for which it has obtained registrations under the relevant shops and establishments legislations.

B. Employees State Insurance

Details of registration of our Company's branches under the Employees State insurance Act, 1948 located in different districts from which we operate our trading activities:

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
<u>Cuddapah</u>					
1.	Registration as an establishment under the ESI Act for Cuddapah, Cuddapah.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-008-1099	November 9, 2002	Valid until cancelled
2.	Registration as an establishment under the ESI Act for Cuddapah, Cuddapah.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-011-1099	July 10, 2002	Valid until cancelled
<u>Chirala</u>					
3.	Registration as an establishment under the ESI Act for Chirala, Chirala.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-006-1001	September 27, 2004	Valid until cancelled
<u>Chittoor</u>					
4.	Registration as an establishment under the ESI Act, for No. 10-863, Seshapiran Street, Chittoor.	Assistant Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-012-1099	February 17, 2009	Valid until cancelled
<u>Eluru</u>					
5.	Registration as an establishment under	Regional Director, Regional Office of the Employees	62-70-032818-011-1001	March 5, 2003	Valid until cancelled



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
	the ESI Act for Eluru, Eluru.	State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.			
Hyderabad					
6.	Registration as an establishment under the ESI Act for 9-73, Ground Floor, Lalitha Nagar, Komark Theatre, Beside Satyanarayana Temple, Dilsukhnagar, Hyderabad-500066.	Assistant Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-005-1099	December 14, 2007	Valid until cancelled
7.	Registration as an establishment under the ESI Act for Shop No.-456, Safa Arcade, Above Reliance Web-World, Medhipatnam, Hyderabad-500028.	Deputy Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-004-1099	February 14, 2007	Valid until cancelled
8.	Registration as an establishment under the ESI Act for Naganivas Building, Nayapuri colony, Nacharam Main road, Hyderabad.	Deputy Director, Regional Office of the Employees State Insurance Corporation, 5-9-31/B, Opposite Old Gandhi Medical College, Basheerbagh, Hyderabad-500063, Andhra Pradesh	52-70-032818-008-1099	June 14, 2010	Valid until cancelled
Kakinada					
9.	Registration as an establishment under the ESI Act for Kakinada, Kakinada.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-012-1001	August 1, 2001	Valid until cancelled
10.	Registration as an establishment under the Employees State Insurance Act, 1948 for Peddapuram, Kakinada.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-005-1001	November 24, 2005	Valid until cancelled
Guntur					
11.	Registration as an establishment under the ESI Act for Tenali, Guntur.	Assistant Director, Sub-Regional Office of the Employees State Insurance Corporation, PadmanabhaBuildings,	62-70-032818-003-1001	June 10, 2008	Valid until cancelled



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
		Gandhinagar, Andhra Pradesh.			
12.	Registration as an establishment under the ESI Act for Satetenapally, Guntur.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-002-1001	November 28, 2005	Valid until cancelled
13.	Registration as an establishment under the ESI Act for Guntur, Guntur.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-013-1001	December 9, 2002	Valid until cancelled
<u>Khammam</u>					
14.	Registration as an establishment under the ESI Act for 1 st Floor, Masjid-e-Baitullah, Opposite Old RTC Bus Depot, M.G. Road, Kothagudem, District Khammam-507101.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-31/B, Opposite Gandhi Medical College, Basheerbagh, Hyderabad-500063, Andhra Pradesh.	52-62-032818-006-1099	February 10, 2010	Valid until cancelled
<u>Kurnool District</u>					
15.	Registration as an establishment under the ESI Act for Nandyal, Kurnool.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-009-1099	July 15, 2005	Valid until cancelled
<u>Nellore District</u>					
16.	Registration as an establishment under the ESI Act for Nellore, Nellore	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-008-1001	May 10, 2001	Valid until cancelled
17.	Registration as an establishment under the ESI Act for Gudur, Nellore	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-001-1001	November 28, 2015	Valid until cancelled
18.	Registration as an establishment under the Employees State Insurance Act, 1948 for Ongole, Nellore	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-14794/101/(OGL) 62-70-032818-014-1001	September 24, 2004	Valid until cancelled
<u>Nizamabad</u>					



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
19.	Registration as an establishment under the ESI Act for 7-8-132, Jawahar Mansion, Devi Road, Nizamabad-503001.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-002-1099	February 14, 2007	Valid until cancelled
<u>Palakollu</u>					
20.	Registration as an establishment under the ESI Act for 12-5-1, first Floor, Srirampeta, Palakolu-534260.	Assistant Director, Sub-Regional Office of the Employees State Insurance Corporation, 2nd Floor, Padmanabha Buildings, 14-20-27, Gandhinagar, Vijayawada-520003.	62-70-032818-002-1099	Not available	Valid until cancelled
<u>Rajahmundry</u>					
21.	Registration as an establishment under the ESI Act for Rajahmundry, Rajahmundry.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-007-1001	December 12, 2003	Valid until cancelled
<u>Raniganj</u>					
22.	Registration as an establishment under the ESI Act for Secunderabad, Raniganj.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-14794-101-E	January 5, 2001	Valid until cancelled
<u>Tirupathi</u>					
23.	Registration as an establishment under the ESI Act for Tirupathi, Tirupathi.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-010-1099	January 5, 2001	Valid until cancelled
<u>Tanuku</u>					
24.	Registration as an establishment under the ESI Act for Bhimavaram, Tanuku.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-009-1001	January 5, 2001	Valid until cancelled
25.	Registration as an establishment under the ESI Act for D. No. 26-4-4, 1 st Floor, Plot no, 107, City Towers, N.S.C. Bose Road, Tanuku-534211.	Director, Sub-Regional Office of the Employees State Insurance Corporation, 2nd Floor, Padmanabha Buildings, 14-20-27, Gandhinagar, Vijayawada-520003.	62-70-032818-001-1018	July 16, 2010	Valid until cancelled
<u>Vijayawada</u>					



Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
26.	Registration as an establishment under the ESI Act for Vijayawada, Vijayawada.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-010-1001	January 5, 2001	Valid until cancelled
27.	Registration as an establishment under the ESI Act for Vijayawada, Vijayawada-3.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	62-70-032818-004-1001	November 24, 2005	Valid until cancelled
<u>Visakhapatnam</u>					
28.	Registration as an establishment under the ESI Act for Old Gajuwaka Junction, Visakhapatnam.	Assistant Director, Sub-Regional Office of the Employees State Insurance Corporation, PadmanabhaBuildings, Gandhinagar, Andhra Pradesh.	52-14794-101-B	January 5, 2001	Valid until cancelled
<u>Vizianagaram</u>					
29.	Registration as an establishment under the ESI Act for Vizianagaram, Vizianagaram.	Regional Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-14794-101-C	January 5, 2001	Valid until cancelled
<u>Warangal</u>					
30.	Registration as an establishment under the ESI Act for 6-2-17/18, Cellar, Beside Eenaddu Office, Kakaji Colony, Hanumakonda-506001, Warangal.	Deputy Director, Regional Office of the Employees State Insurance Corporation, 5-9-23, Hill Fort Road, Hyderabad-500063, Andhra Pradesh.	52-70-032818-002-1099	February 14, 2007	Valid until cancelled

C. Employees Provident Fund

Details of registration obtained by our Company under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 are set-out below:

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
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Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Registration under the Employees Provident Fund and Miscellaneous Provisions Act. 1952	Regional Provident Fund Commissioner, Office of the Regional Commissioner of Employees Provident Fund, Bhavishyanidhi Bhavan, VUDA lay-out Marripalem, Visakhapatnam-530009	AP/31606	January 7, 1998	Valid until cancelled

III. TAX RELATED APPROVALS

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Permanent Account Number	Chief Commissioner of Income-Tax, Andhra Pradesh	AAECS0970L	February 2, 1995	Valid until cancelled
2.	Certificate of Registration issued under Service Tax Code Registration	Central Excise Officer	AAECS0970LST001	October 23, 2001 Amended on September 5, 2011	Valid until cancelled
3.	Profession Tax Payer Enrolment Certificate in Form II A under the Andhra Pradesh Tax on Profession, Trade Calling and Employment Act, 1987	Professional Tax Officer, Commercial Taxes Department, Dabagrdens Circle, Hyderabad, Andhra Pradesh	28530901054	August 8, 2012 Effective date of enrolment: June 15, 2011	Valid until cancelled
4.	Certificate of Enrollment issued under the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976	Government of Karnataka	185422306	February 27, 2012 Effective date of enrolment: January 1, 2012	Valid until cancelled
5.	Profession Tax Payer Enrolment Certificate in Form II A under the Telangana Tax on Profession, Trade Calling and Employment Act, 1987	Deputy Commercial Tax Officer, Commercial Taxes Department, Begumpet Circle, Hyderabad, Andhra Pradesh	36822619548	September 9, 2014 Effective date of enrolment: August 1, 2014	Valid until cancelled



Our Company has also sought registration under the Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992 and has obtained registration number 07-107-PE-0166 thereunder.

IV. PENDING APPROVALS

1. Our Company has filed an application dated May 15, 2015 with the Pension Fund Regulatory and Development Authority for renewal of the Certificate of Registration and commencement of business as Point of Presence (PoP) for NPS.

2. Shops and Establishments

The Company is yet to apply for registrations under the various shops and establishments legislations for the following establishments from which it operates:

- a. No. 4-30, First Floor, car Street, Srikalahasti-517644. Chittoor District, Andhra Pradesh;
- b. D.No.21-3-16/1, Trinethra Complex, Bhaghath Singh Road, Muthyalampadu, near TDP office, Government Press, Vijayawada-520003, Andhra Pradesh;
- c. 19, LIC Colony, Hotel Vasantham Road, opp New Bus Stand, Salem-636004, Salem District, Tamil Nadu;
- d. First Floor of the property bearing Door No. 138, West T.V.Swamy Road, R.S. Puram, Coimbatore-641 002, Tamil Nadu;
- e. Second Floor, Balvannan Pillai Complex, near PSK Park, Thenkasi Road, Rajapalayam-626117, Virudhunagar District, Tamil Nadu;
- f. 14A, VCTC Road, Sathy Road, Erode-638003, Erode District, Tamil Nadu; and
- g. Office premises F2, at First Floor, in Apollo Dubai Plaza#100, Mahalingapuram main road, Nungambakkam, Chennai-34.

The Company has made applications to procure shops and establishment licenses in in respect of the following establishments and is awaiting the receipt of the licenses:

- a. H.No.5-6-441, 2nd Floor, Pragathi Nagar, Nizamabad-1; and
- b. D.No. 9-2-65/1, Sita Complex, 1st Floor, Vinod Theatre Road, Khammam-507001, Telangana.

**OTHER REGULATORY AND STATUTORY DISCLOSURES****Authority for the Offer**

The Offer has been authorized by a resolution of the Board passed at their meeting held on April 20, 2016, subject to the approval of shareholders through a special resolution to be passed pursuant to section 62(1)(c) of the Companies Act, 2013.

The shareholders of our Company have approved this Offer under section 62(1)(c) of the Companies Act 2013 *vide* a Special Resolution passed at our Company's Annual General Meeting held on July 30, 2016.

The Offer for Sale has been authorized by the Selling Shareholders by way of their consent letters or board resolutions, as applicable as provided in the table below:

Sr.No.	Name of the Selling Shareholder	Number of Equity Shares Offered
1.	G. Sree Ram Murthy	8,94,809
2.	K. Satyanarayana	5,96,540
3.	G. Raja Gopal Reddy	6,90,468

The Selling Shareholders have severally confirmed that they have held the Equity Shares proposed to be offered and sold in the Offer for more than one year prior to the date of filing of this Draft Prospectus and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by it/them under the Offer for Sale.

Our Company has obtained approval from NSE Emerge *vide* letter dated [●] to use the name of NSE Emerge in this Offer Document for listing of equity shares on the SME platform of the NSE Emerge. NSE Emerge is the Designated Stock Exchange. .]

Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, the Selling Shareholders, its Directors, Promoter, the Group Company and the entities forming a part of our Promoter Group from assessing the capital market or operating in the capital markets under any order or direction passed by SEBI.

We further confirm that none of our Company, its Promoters, its Group Companies or the relatives of our Promoters were ever identified as wilful defaulters by RBI or other authorities.

Association with Securities Market

There has been no action taken by SEBI against the Directors or any entity in which any of the Directors is involved as a promoter or director, as on date.

Except as disclosed below, no other Director is in any manner associated with the securities market:

1. Mr. G. Sree Rama Murthy (Chairman cum Managing Director on our Board) is also a Director on the board of SCCPL which was registered as a Trading-cum-clearing member of MCX and NCDEX bearing membership code: 10545 and NCDEX-CO-03-00079. However pursuant to circular No. CIR/MIRSD/4/2015 dated September 29, 2015 issued by SEBI, SCCPL is required to obtain membership with SEBI which is currently in the process;
2. Mr. K. Satyanarayana (Whole-time Director on our Board) is also on the board of SCCPL which was



registered as a Trading-cum-clearing member of MCX and NCDEX bearing membership code: 10545 and NCDEX-CO-03-00079. However pursuant to circular No. CIR/MIRSD/4/2015 dated September 29, 2015 issued by SEBI, SCCPL is required to obtain membership with SEBI which is currently in the process;

3. Dr. Satish Kumar Arya (Whole-time Director on our Board) is also on the board of SCCPL which was registered as a Trading-cum-clearing member of MCX and NCDEX bearing membership code: 10545 and NCDEX-CO-03-00079. However pursuant to circular No. CIR/MIRSD/4/2015 dated September 29, 2015 issued by SEBI, SCCPL is required to obtain membership with SEBI which is currently in the process. He is also the proprietor of NS Securities.

Eligibility for the Offer

Our Company is an unlisted issuer in terms of the SEBI ICDR Regulation and this Offer is an initial public offer in terms of the SEBI ICDR Regulations.

This Offer is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI ICDR Regulations, 2009, as amended from time to time, whereby, an issuer whose post offer face value capital does not exceed ten crores rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange"), in this case being the SME Platform of NSE Emerge.



We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI ICDR Regulations, this Offer has been hundred percent underwritten and that the Lead Manager to the Offer has underwritten more than 15% of the total Offer Size. For further details pertaining to the said underwriting please see “General Information - Underwriting” on page no. 54 of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI ICDR Regulations, we shall ensure that the total number of proposed allottees in the Offer is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under SEBI ICDR Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.
- c) In accordance with Regulation 106(O) the SEBI ICDR Regulation, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, we have entered into an agreement with the Lead Managers and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this offer. For further details of the arrangement of Market Making, please see “General Information- Details of the Market Making Arrangements for this Offer” on page no. 55 of this Draft Prospectus. We further confirm that we shall be complying with all other requirements as laid down for such issue under Chapter XB of SEBI ICDR Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.
- e) The Company has a record of 3 (three) years and positive cash accruals (earnings before depreciation and tax) from operations for at least 2 (two) financial years preceding the application and the net worth of the Company is positive.
- f) As on the date of this Draft Prospectus, our Company has a paid up capital of ₹ 123.81 million and the post issue capital will be of ₹ [●] million.
- g) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- h) There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed.
- i) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to the Stock Exchange or listing on the SME segment.
- j) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with CDSL and NSDL.
- n) We have a website: www.steelcity.cmlinks.com

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES



NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, KEYNOTE CORPORATE SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID OFFER;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - A. THE DRAFT PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
 - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013 (TO THE EXTENT NOTIFIED), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE



5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.-
COMPLIED WITH
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.



12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:
 - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND
 - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER– NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR (PLEASE SEE “ANNEXURE A” FOR FURTHER DETAILS).
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013) OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKERS ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

Note:

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Draft Prospectus with the RoC in terms of section 26, 30 and 32 of the Companies Act, 2013.

ADDITIONAL CONFIRMATIONS/ CERTIFICATIONS TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL



DEVELOPMENT IN THE ISSUER OR RELATING TO THE OFFER UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS OFFER SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-OFFER ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE OFFER HAVE BEEN GIVEN.

- 3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE**
- 4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALIZATION OF THE SPECIFIED SECURITIES OF THE ISSUER. –NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS.**
- 6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**

Disclaimer from our Company, the Selling Shareholders and the Lead Manager

Each of the Selling Shareholders accepts responsibility severally and not jointly only for statements, made expressly by it in this Draft Prospectus in relation to itself in connection with the offer for sale and the equity shares offered by it in the offer for sale and or in connection with the offer (including but not limited to any of the statements made by or relating to the company in this Draft Prospectus), and does not accept responsibility for any statements made by the investor selling shareholders and the other selling shareholders. Each selling shareholder assumes no responsibility for any other statement, including, inter-alia, any of the statements made by or in relation to the Company, other Selling Shareholders or their respective businesses in this Draft Prospectus. .

CAUTION

The Lead Manager accept no responsibility, save to the limited extent as provided in the Agreement entered into among the Lead Manager, our Company and the Selling Shareholders dated September 27, 2016, the Underwriting Agreement dated [•] entered into among the Underwriter and our Company, the Selling Shareholders and the Market Making Agreement dated [•], entered into among the Market Maker, Lead Manager and our Company. All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

Note: Investors who apply in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Lead Manager the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholders, the Lead Manager, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.



Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India including Indian nationals resident in India (who are not minors, except through their legal guardians), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Hyderabad only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the SME Platform of NSE Emerge

As required, a copy of the Draft Prospectus shall be submitted to the SME Platform of NSE Emerge. The Disclaimer Clause as intimated by the SME Platform of NSE Emerge to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to the filing with RoC.

Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in terms of Regulation 106 (O) (1). However, a copy of the Prospectus shall be filed with SEBI at Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051. A copy of the Draft Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at Everest, 100, Marine Drive, Mumbai- 400002.

Listing

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of NSE. However, application shall be made to SME Platform of NSE for obtaining permission for listing of the Equity Shares being offered and sold in the Offer on its SME Platform after the allotment in the Offer. NSE Emerge and BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer. If the permission to deal in and for an official quotation of the Equity Shares on the



SME Platform is not granted by NSE Emerge, our Company and the Selling Shareholders shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. The allotment letters shall be issued or application money shall be refunded within 15 (fifteen) days from the closure of the Offer or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Section 40 of the Companies Act, 2013.

Our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of NSE Emerge mentioned above are taken within 6 (six) Working Days of the Offer Closing Date.

The Company has obtained approval from NSE Emerge vide letter dated [●] to use the name of NSE Emerge in this Offer document for listing of equity shares on SME Platform of NSE Emerge.



The price information of past issues handled by the Lead Merchant Banker is as follows:

Price information of past issues handled by the Lead Manager

Price Information of past issues handled by Keynote

Sr No	Issue Name	Issue Size ₹ (Cr.)	Issue price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10 th calendar day from listing day (₹)	Benchmark index as on 10 th calendar days from listing day (Closing)	Closing price as on 20 th calendar day from listing day (₹)	Benchmark index as on 20 th calendar days from listing day (Closing)	Closing price as on 30 th calendar day from listing day (₹)	Benchmark index as on 30 th calendar days from listing day (Closing)
1.	MITCON Consultancy & Engineering Services Limited (SME Platform – NSE EMERGE)	25.01	61.00	01/11/2013	60.00	51.10	(16.22%) (NSE)	6307.20 (CNX NIFTY)	43.05 (NSE)	6078.80 (CNX NIFTY)	No Trading	6122.90 (CNX NIFTY)	No Trading	6217.85 (CNX NIFTY) *
2.	Sanco Industries Limited (SME Platform – NSE EMERGE)	4.32	18	12/03/2014	19.00	17.25	(4.17%) (NSE)	6516.90 (CNX NIFTY)	18.00 (NSE)	6493.20 (CNX NIFTY)	No Trading	6704.20 (CNX NIFTY)	No Trading	6796.40 (CNX NIFTY)
3.	Shree Pushkar Chemicals and Fertilizers Limited	70.00	65.00	10/09/2015	60.05	63.05	1.03% (NSE)	7788.10 (CNX NIFTY)	61.15* (NSE)	7977.10* (CNX NIFTY)	63.05 (NSE)	7948.90 (NIFTY)	71.05* (NSE)	8143.60 *(NIFTY)
4.	Perfect Infraengineers Limited (SME Platform – NSE EMERGE)	5.77	23.00	20/11/2015	26.00	25.10	0.92% (NSE)	7856.55 (CNX NIFTY)	23.50 (NSE)	7935.25 (CNX NIFTY)	23.00 # (NSE)	7683.30 (NIFTY)	23.10* (NSE)	7834.45* (NIFTY)

*Being a trading holiday, price data is considered for next trading day.



Since there was no trading in the Scrip, price data for the next trading day has been considered.

Summary statement of price information of past issues handled by Keynote Corporate Services Limited

Financial Year	Total no. of IPOs	Total Funds Raised (₹ Cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 th calendar day from listing day			Nos. of IPOs trading at premium as on 30 th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2013-14	2	29.33	Nil	Nil	2	Nil	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2014-15	Nil													
2015-16	2	75.77	Nil	Nil	1	Nil	Nil	1	N.A.	N.A.	N.A.	N.A.	N.A.	2

N.A.- Not Available since not traded on 30th calendar day from listing day



Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager to the Offer as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the websites of the Lead Manager- www.keynoteindia.net

Consents

Consents in writing of: (a) the Selling Shareholders, the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company; and (b) the Lead Manager, Peer Review Auditor, Registrar to the Offer, the Legal Advisors to the Offer, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, B.V. Rao & Co. LLP (Peer Review Auditors), have provided their written consent for inclusion of their report dated September 17, 2016 on Restated Financial Statements. Sudhakar & Kumar Associates have provided their report dated September 28, 2016 on Statement of Tax Benefits, respectively, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consents and reports have not been withdrawn up to the time of filing of this Draft Prospectus.

Expert Opinion

Except the report of our peer reviewed Auditors dated September 17, 2016, the statement of tax benefits dated September 28, 2016 which will be provided to the Designated Stock Exchange, annexed herewith to this Prospectus, our Company has not obtained any expert opinion.

OFFER RELATED EXPENSES

The expenses of the Offer include, among others, underwriting and management fees, selling commission, brokerage, printing and distribution expenses, legal fees, advertising expenses and listing fees. For details of total expenses of the Offer, see the chapter “Objects of the Offer” beginning on page 73 of this Draft Prospectus.

Fees, Brokerage and Selling Commission Payable to the Lead Manager

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the Issue Agreement dated September 27, 2016, the Underwriting Agreement dated [•] and the Market Making Agreement dated [•] among our Company, the Selling Shareholders and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company, and the Registrar to the Offer dated [•]. The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/speed post.

Previous Public and Rights Issues

We have not made any rights and public issues in the past, and we are an unlisted company in terms of the SEBI ICDR Regulations and this Issue is an initial public offering in terms of the SEBI ICDR Regulations.



Previous Issues of Equity Shares otherwise than for Cash

Except as stated in the chapter titled “*Capital Structure*” beginning on page 58 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage Paid on Previous Issues of our Equity Shares

Since this is an Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

Capital Issues in the last three (3) years by Listed Group Companies / Subsidiary / Associates

None of our Group Company/ Subsidiary/Associates is listed on any Stock Exchange and hence there is no Capital Issue.

Promise v. Performance (Issuer and Listed Group Companies / Subsidiaries / Associates)

Our Company has not made any rights and public issues in the past. None of our Group Company/ Subsidiary/Associates is listed on any Stock Exchange and not made any rights and public issues in the past.

Outstanding Debentures, Bonds, Redeemable Preference Shares and Other Instruments issued by the Company

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

Stock Market Data for our Equity Shares

This being an initial public offer of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Company and the Selling Shareholders has appointed Bigshare Services Private Limited as the Registrar to the Offer, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Offer will handle investor’s grievances pertaining to the Offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the Offer in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Offer or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.



Our Board by a resolution on May 14, 2005 and was last reconstituted by a resolution of our Board dated April 1, 2015 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Committee is as follows:

Name of the Member	Designation in Committee	Nature of Directorship
Mr. Ch. Murali Krishna	Chairman	Independent Director
Dr. Satish Kumar Arya	Member	Whole-Time Director
Mr. M.H.Jagannadha Rao	Member	Independent Director

For further details, please see the chapter titled “Our Management” beginning on page no. 129 of this Draft Prospectus.

The Company has also appointed Ms.M. Srividya as the Company Secretary and Compliance Officer for this offer and he may be contacted at the Registered Office of our Company. The contact details are as follows:

Name: Ms.M. Srividya
Address:- Steel City Securities Limited
49-52-5/4, Shanthipuram,
Visakhapatnam, Andhra Pradesh – 530 016
Tel No: (0891) 2549675-79/2762581-84
Fax No: (0891) 2720135/2762586
Email: srividya.m@steelcitynettrade.com

Investors can contact the Compliance Officer or the Registrar to the Offer or the Lead Manager in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders.

Status of Investor Complaints

We confirm that except as mentioned below there are no investor complaints filed against the Company:

- 6 (six) complaints filed by investors before the NSE;
- 3 (three) complaints filed by investors before MCX; and
- 1 (one) complaint filed by investors before BSE.

All the investor complaints have been resolved and hence there are no pending investor complaints as on the date of this Draft Prospectus.

Disposal of Investor Grievances by Listed Companies under the same Management as the Company

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act, 1956 has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.

Change in Auditors

There has been no change in auditors of our company in the last 3 (three) years.

Capitalisation of Reserves or Profits

Except as stated in the chapter titled “*Capital Structure*” beginning on page no. 58 of this Draft Prospectus, our Company has not capitalized our reserves or profits during the last 5 (five) years.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.



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SECTION VII – OFFER RELATED INFORMATION TERMS OF THE OFFER

The Equity Shares being issued pursuant to the Offer are subject to the provisions of the Companies Act, the SEBI Regulations, the SCRR, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the Allocation Advice, the Listing Agreement to be entered into with the Stock Exchange (the “SEBI Listing Regulations”) and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI and/or any other authorities while granting its approval for the Offer.

Please note that in terms of SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in this Offer shall use only Applications Supported by Blocked Amount (ASBA) facility for making payment i.e just writing their bank account numbers and authorising the banks to make payment in case of allotment by signing the application forms.

Authority for the Present Offer

The Offer has been authorized by the Board of Directors of our Company vide a resolution passed at its meeting held on April 20, 2016 and by Special Resolution passed by the shareholders at an Annual General Meeting held on July 30, 2016.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *paripassu* in all respects with the existing Equity Shares of our Company including rights in respect of the dividend. The Allottees in receipt of Allotment of Equity Shares under this Offer will be entitled to dividends, voting rights and other corporate benefits, if any, declared by our Company after the date of Allotment. For further information, please refer to the section “*Main Provisions of the Articles of Association*” on page 324 of this Draft Prospectus.

Mode of Payment of Dividend

Our Company shall pay dividends to our shareholders in accordance with the provisions of the Companies Act, our Articles of Association and the provisions of the SEBI Listing Regulations and any other rules regulations and guidelines issued by the Government of India in connection thereto and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

Face Value and Offer Price

The face value of the Equity Shares is ₹ 10 each and the Offer Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with the SEBI Regulations

Our Company shall comply with all disclosure and accounting norms, as specified by SEBI from time to time.



Rights of the Equity Shareholders

Subject to the applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of SEBI Listing Regulations and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles relating to voting, dividend, forfeiture and lien and/or consolidation/sub-division/cancellation, please refer to the section "*Main Provisions of the Articles of Association*" on page 324 of this Draft Prospectus.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per SEBI ICDR Regulations, the trading of our Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the trading will happen in the minimum contract size of [●] Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by NSE from time to time by giving prior notice to investors at large. Allotment in this Offer will be only in electronic form in multiples of [●] Equity Shares subject to a minimum Allotment of [●] Equity Shares. For details of Allotment, please refer to the section "*Offer Procedure*" on page 296 of this Draft Prospectus.

Nomination Facility to Investor

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Applicant, with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or



- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant will prevail. If Applicants want to change their nomination, they are advised to inform their respective Depository Participant.

Offer Period

Applicants may submit their applications only in the Offer Period. The Offer Opening Date is [●] and the Offer Closing Date is [●].

Minimum Subscription

In accordance with Regulation 106 P (1) of the SEBI ICDR Regulations, our Offer shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the Offer through the Prospectus and shall not be restricted to the minimum subscription level.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 (thirty) days from the date of issue of Prospectus, the application money has to be returned within such period as may be prescribed.

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue within the Offer Period; and/or (ii) a subscription in the Offer equivalent to the minimum number of securities as specified under Rule 19(2)(b)(ii) of the SCRR, including devolvement of Underwriters, if any within 60 (sixty) days of from the date of closure of the issue, our Company shall refund the entire subscription amount received, within period as prescribed under Regulation 14 of the SEBI ICDR Regulations. If there is a delay beyond eight days from the date of closure of the issue, the prescribed period, our Company shall pay interest as prescribed under Section 39 read with Rule 11 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 of the Companies Act, 2013.

Further, in accordance with Regulation 106R of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 50.

Further, in accordance with Regulation 106Q of the SEBI ICDR Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

Migration to Main Board

Our Company may migrate to the Main Board of NSE from the SME Platform on a later date subject to the following:

- If the paid up capital of our Company is likely to increase above ₹2,500 Lacs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders in favour of the proposal amount to at least two times the number of votes cast by shareholders against the proposal and for which our Company has obtained in-principal approval from the Main Board), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.



OR

- If the paid up capital of our Company is more than ₹ 1,000 Lacs but below ₹ 2,500 Lacs, our Company may still apply for migration to the Main Board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The Equity Shares offered through this Offer are proposed to be listed on the SME platform of NSE (NSE EMERGE), wherein the Lead Manager shall ensure compulsory market making through the registered Market Makers of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing of Equity Shares on the SME platform of NSE. For further details of the market making arrangement, please refer to the section “General Information” on page 48 of this Draft Prospectus.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012, it has been decided to make applicable limits on the upper side for the Market Makers during making process taking into consideration the Offer Size in the following manner:

Issue Size	Buy quote exemption threshold (including mandatory initial inventory of 5% of Issue size)	Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of Issue size)
Upto ₹ 20 Crore	25%	24%
₹ 20 Crore to ₹ 50 Crore	20%	19%
₹ 50 Crore to ₹ 80 Crore	15%	14%
Above ₹ 80 Crore	12%	11%

Further, the Market Maker shall give (2) Two way quotes till it reaches the upper limit threshold; thereafter it has the option give only sell quotes. Two (2) way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

Arrangement for disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the NSE EMERGE.

Restriction on transfer of shares

Except for lock-in of the pre- Offer Equity Shares and Promoter minimum contribution in the Offer as detailed in “Capital Structure” on page 58 of this Draft Prospectus and except as provided in the Articles, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting except as provided in our Articles. For more information, please refer to the section “Main Provisions of our Articles of Association” on page 324 of this Draft Prospectus.

Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Offer. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh



investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Offer provided it obtains a prior approval from the RBI. On submission of such approval along with the Application Form, the OCB shall be eligible to be considered for share allocation.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an initial public offering. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FVCIs registered with SEBI, Applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

Withdrawal of the Offer

Our Company, in consultation with the Lead Manager, reserves the right not to proceed with the Offer any time after the Offer Opening Date but before the Board meeting for Allotment of Equity Shares. In such an event, our Company would issue a public notice in the newspapers, in which the pre- Offer advertisements were published, within two days, providing reasons for not proceeding with the Offer. Our Company shall also inform the same to NSE and the Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the ASBA Account within one Working Day from the date of such notification.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall be required to file a fresh Draft Prospectus. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment and the final RoC approval of the Draft Prospectus.

Issue of Equity Shares in dematerialised form in the Offer

In accordance with the SEBI ICDR Regulations, Equity Shares to be issued, transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

New Financial Instruments

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.



Pre- Offer Advertisement

Subject to Section 30 of the Companies Act, 2013 our Company shall, after registering the Prospectus with the RoC publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with competent courts/authorities in Mumbai, Maharashtra, India.



OFFER STRUCTURE

The present Offer of [●] Equity Shares of ₹ 10 each, at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) for cash aggregating to [●] (the Offer), of which [●] Equity Shares of ₹ 10 each will be reserved for subscription by Market Maker (**Market Maker Reservation Portion**), is being made in terms of Chapter XB of the SEBI ICDR Regulations. The Offer less the Market Maker Reservation Portion i.e. Offer of [●] Equity Shares of ₹ 10 each is hereinafter referred to as the **Net Offer**. The Offer and the Net Offer will constitute [●]% and [●]%, respectively of the post Offer paid up Equity Share capital of our Company.

Particulars	Net Offer to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	[●] Equity Shares	[●] Equity Shares
Percentage of Offer Size available for allocation	[●] % of the Offer Size	[●] % of the Offer Size
Basis of allocation, if respective category is oversubscribed	Proportionate.	Firm allotment
Minimum Application Size	<u>For Other than Retail Individual Investors</u> Such number of Equity Shares in multiples of [●] Equity Shares at an Offer Price of [●] such that the Application Value exceeds ₹ 2,00,000/- <u>For Retail Individual Investors:</u> [●] Equity Shares at an Offer Price of [●]	[●] Equity Shares
Maximum Application Size	<u>For Other than Retail Individual Investors</u> The maximum application size is the Net Offer to public subject to limits the investor has to adhere under the relevant laws and regulations as applicable <u>For Retail Individual Investors:</u> Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Value does not exceed ₹ 2,00,000/-	[●] Equity Shares
Mode of Application	Through ASBA process only	
Mode of allotment	Compulsorily in dematerialised Form.	
Trading Lot	[●] Equity Shares.	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations.
Who can apply	<u>Other than Retail Individual Investors</u> As <i>QIBs</i> - Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, VCFs, FVCIs and AIFs registered with SEBI, FIIs and subaccount registered with SEBI (other than a subaccount which is a foreign corporate or foreign individual), multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 2,500 lacs, pension fund with	



Particulars	Net Offer to Public*	Market Maker Reservation Portion
	<p>minimum corpus of ₹ 2,500 lacs and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.</p> <p>As Non Institutional Applicants - Resident Indian individuals, HUF (in the name of Karta), companies, Eligible NRIs, corporate bodies, Scientific Institutions, Societies and Trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.</p> <p>For Retail Individual Investors: Individuals (including Eligible NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Application Amount does not exceed ₹ 2,00,000 in value.</p>	
Terms of Payment	Full Application Amount at time of submission of Application Form	

*As per Regulation 43(4) of the SEBI ICDR Regulations, as amended, as present issue is a fixed price issue 'the allocation' in the net offer to the public category shall be made as follows.

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to
 - (i) Investors other than retail Individual Investors; and
 - (ii) other investors including corporate bodies or institutions, irrespective of the number of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the retail individual investor category is entitled to more than fifty percent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.

*SEBI vide circular CIR/MRD/DSA/06/2012 dated February 21, 2012 (the **Circular**) standardized the lot size for initial public offer proposing to list on SME Exchange/platform and for the secondary market trading on such exchange/platform, as under:

Price Band (₹)	Lot Size (Number of Shares)
A. Upto 14	10,000
B. more than 14 upto 18	8,000
C. more than 18 upto 25	6,000
D. more than 25 upto 35	4,000
E. more than 35 upto 50	3,000
F. more than 50 upto 70	2,000
G. more than 70 upto 90	1,600
H. more than 90 upto 120	1,200
I. more than 120 upto 150	1,000
J. more than 150 upto 180	800



Price Band (₹)	Lot Size (Number of Shares)
K. more than 180 upto 250	600
L. more than 250 upto 350	400
M. more than 350 upto 500	300
N. more than 500 upto 600	240
O. more than 600 upto 750	200
P. More than 750 upto 1,000	160
Q. above 1,000	100

Further to the Circular, at the initial public offer stage, the Registrar to the Offer, in consultation with the Lead Manager, our Company and the Designated Stock Exchange shall ensure to finalize the Basis of Allotment in minimum lots and in multiples of minimum lot size, as per the above given table. The secondary market trading lot size shall be the same, as shall be the IPO lot size at the application/allotment stage, facilitating secondary market trading. The lot size shall not be reduced by the Stock Exchange to below the initial lot size if the trading price is below the IPO issue price. The Stock Exchange can review the lot size once in every 6 months / wherever warranted, by giving an advance notice of at least one month to the market. However, as far as possible, the Stock Exchange shall ensure that odd lots are not created. In case of oversubscription, if the option to retain ten percent of the Net Offer to public for the purpose of making allotment in minimum lots is exercised, then it shall be ensured by the Issuer/Stock Exchange/ Lead Manager that the post issue paid up capital of the Issuer does not go beyond ₹ 2,500 lacs.

Withdrawal of the Offer

Our Company, in consultation with the Lead Manager, reserves the right not to proceed with the Offer anytime after the Offer Opening Date but before the Allotment of Equity Shares. In such an event, our Company would issue a public notice in the newspapers, in which the pre- Offer advertisements were published, within two days of the Offer Closing Date, providing reasons for not proceeding with the Offer. The Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the Applicants who have applied through ASBA process within one day of receipt of such notification. Our Company shall also inform the same to Stock Exchange on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If our Company withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall file a fresh draft prospectus with the Stock Exchange.

Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approval of the Stock Exchange, which our Company shall apply for after Allotment.

Offer Programme

Offer Opening Date	[•]
Offer Closing Date	[•]
Finalization of Basis of Allotment	[•]
Initiation of refunds	[•]
Credit of Equity Shares	[•]
Commencement of trading of Equity Shares	[•]

Applications shall be accepted only between **10.00 a.m. and 5.00 p.m.** (Indian Standard Time **IST**) during the Offer Period at the Application Centers mentioned in the Application Form.

Standardization of cut-off time for uploading of applications on the issue closing date:

- a) A standard cut-off time of 3.00 p.m. for acceptance of applications.



b) A standard cut-off time of 4.00 p.m. for uploading of applications received from other than retail individual applicants c) A standard cut-off time of 5.00 p.m. for uploading of applications received from only retail individual applicants, which may be extended up to such time as deemed fit by NSE after taking into account the total number of applications received up to the closure of timings and reported by Lead Manager to NSE within half an hour of such closure.

Due to limitation of time available for uploading the applications on the Offer Closing Date, the Applicants are advised to submit their applications one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Offer Closing Date. Applicants are cautioned that in the event a large number of applications are received on the Offer Closing Date, as is typically experienced in public offerings, some applications may not get uploaded due to lack of sufficient time. Such applications that cannot be uploaded will not be considered for allocation under the Offer. Applications will be accepted only on Working Days (excluding any public holiday). Neither our Company nor any SCSB is liable for any failure in uploading the applications due to faults in any software/hardware system or otherwise.

In case of discrepancy of data between NSE and the Designated Branches of the SCSBs, the decision of the Registrar to the Offer, in consultation with the Lead Manager, our Company and NSE, based on the electronic records, as the case may be, of the Application Forms shall be final and binding on all concerned. Further, the Registrar to the Offer may ask for rectified data from the SCSBs.



OFFER PROCEDURE

This section applies to all the Applicants.

Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)(Fifth Amendment) Regulations, 2015 there has been certain changes in the Issue procedure for initial public offering including making ASBA Process mandatory for all investors w.e.f. January 01, 2016, allowing registrar, share transfer agents, collecting depository participants and stock brokers to accept Application forms. Further, SEBI, by its circular No. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, reduced the time taken for listing after the closure of an Issue to six working days w.e.f. January 01, 2016.

Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. All Applicants are required to submit their applications through the SCSBs (Self Certified Syndicate Banks). Please note, an amount equivalent to the full Application Amount will be blocked by the SCSBs. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in applicable laws, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Draft Prospectus.

The Offer is being made in accordance with Regulation 106(M)(2) of Chapter XB of the SEBI ICDR Regulations through a Fixed Price Process.

Application Form

Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA Mode. The prescribed colour of the Application Form for various categories applying in this Offer is as follows:

Category	Colour of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA)	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA)	Blue

Application Forms for ASBA Applicants will also be available on the website of the Stock Exchange (www.nseindia.com/emerge) at least one day prior to Offer Opening Date.

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number.

ASBA Applicants are required to submit their applications only through the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form. Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application form used by the Applicants.

Applicants applying through the SCSBs should ensure that the Application Form is submitted to a **Designated Intermediaries** being an SCSB's, a syndicate member, a stock broker, a depository participants and a registrar to the



issue, who shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application forms, in physical or electronic mode, respectively.

Applicants are required to submit their applications only through any of the following **Designated Intermediaries**:

- i. an SCSB, with whom the bank account to be blocked, is maintained
- ii. a syndicate member (or sub-syndicate member), if any
- iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('Registered Broker')
- iv. a Collecting Depository Participant ('CDP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- v. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

Upon completion and submission of the Application Form to SCSB, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

The upload of the details in the electronic bidding system of stock exchange will be done by:

For applications submitted by investors to SCSB	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer.

Who can apply?

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amendend and who are not minors (except through their Legal Guardians), in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Applications by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares under their respective constitutional or charter documents;
- Mutual Funds registered with SEBI;



- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs cannot participate in the Offer;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts of FIIs registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Applicants category;
- VCF and AIFs registered with SEBI;
- FVCIs registered with SEBI;
- Eligible QFIs,
- FPIs and sub-accounts registered with SEBI, other than Category III Foreign Portfolio Investor.
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in Equity Shares;
- Scientific and/or industrial research organisations authorised in India to invest in Equity Shares;
- Insurance companies registered with IRDA;
- Provident Funds with a minimum corpus of ₹ 2,500 lacs and who are authorised under their constitutional documents to hold and invest in Equity Shares;
- Pension Funds with a minimum corpus of ₹ 2,500 lacs and who are authorised under their constitutional documents to hold and invest in Equity Shares;
- National Investment Fund;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India;
- Any other person eligible to apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

Applications not to be made by:

- Minors (except those having valid demat account, as per Demographic Details provided by Depositories)
- Partnership firms or their nominations



- Overseas Corporate Bodies

Please note that, as per the existing regulations, OCBs cannot apply/participate in this Offer.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Participation by associates of the Lead Manager

The Lead Manager shall not be allowed to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations or market making obligations. However, associates and affiliates of the Lead Manager may subscribe to or purchase Equity Shares in the Offer on a proportionate basis. Such holding or subscription may also be on behalf of their clients.

Applications by Mutual Funds

With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to reject any application without assigning any reason thereof.

Applications by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such applications are made.

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the applications clearly indicate the scheme concerned for which the application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Applications by Eligible NRIs

Eligible NRIs may apply through any of the following ways:

- In case of applications on repatriation basis shall use the Application Form meant for Non Resident Indians (Blue in colour) or
- In case of applications on non repatriation basis shall use the Application Form meant for resident Applicants (White in colour)

NRIs may obtain copies of Application Form from the offices of the Lead Manager and the Designated Intermediaries. Eligible NRI Applicants applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Applicants applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs can obtain Application Form from the Bankers to the Offer or SCSBs and from Registered Office of our Company.



Applications by FPI and FIIs

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely “foreign institutional investors” and “qualified foreign investors” will be subsumed under a new category namely “foreign portfolio investors” or “FPIs”. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Offer until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a qualified foreign investors who have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Offer.

In case of Applications made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Application Form, failing which our Company reserves the right to reject without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Applications made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Application Form, failing which our Company reserves the right to reject without assigning any reason.

In terms of the SEBI FPI Regulations, the offer of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24% of the total paid-up Equity Share capital of our Company, respectively.

Applications by SEBI registered VCFs, FVCIs and AIFs

The SEBI (Venture Capital Funds) Regulations, 1996 (**VCF Regulations**) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 (**FVCI Regulations**), as amended *inter alia* prescribe, amongst others, investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. A FVCI can invest its entire funds committed for investment into India in one venture capital undertaking. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription in an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulation.



Applications by insurance companies

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment Scheme) (5th Amendment) Regulations, 2010, as amended, are broadly set forth below:

Equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

The entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of Unit Linked Insurance Plans); and

The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of Unit Linked Insurance Plans).

Applications made by Provident Funds / Pension Funds

In case of the applications made by provident funds / pension funds, subject to applicable law, with minimum corpus of ₹ 2,500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason thereof.

Applications by Limited Liability Partnerships

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any application without assigning any reason thereof.

Applications by Banking Companies

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Application without assigning any reason. The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid up share capital of the investee company or 30.00% of the banks' own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 1, 2015 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

Applications by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications

AS PER THE CURRENT REGULATIONS, THE FOLLOWING RESTRICTIONS ARE APPLICABLE FOR INVESTMENTS BY FPIs.



1. A foreign portfolio investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by a domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of Schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized Stock Exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian Company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-Convertible debentures or bonds issued by Non – Banking Financial Companies categorized as 'Infrastructure Finance Companies' (IFC) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
2. Where a foreign institutional investor or a sub account, prior to commencement of these regulations, hold equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after Initial Public Offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment from the time being in force.
3. In respect of investments in the secondary market, the following additional conditions shall apply:
 - a. A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
 - b. Nothing contained in clause (a) shall apply to:
 - i. Any transactions in derivatives on a recognized stock exchange;
 - ii. Short selling transactions in accordance with the framework specified by the Board;
 - iii. Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - iv. Any other transaction specified by the Board.
 - c. No transaction on the stock exchange shall be carried forward;
 - d. The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to;
 - i. transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
 - ii. Sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - iii. Sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - iv. Sale of securities, in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
 - v. divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines of Disinvestment of shares of Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;



- vi. Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
 - vii. Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - viii. Any other transaction specified by Board.
- e. A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form: Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized. Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.
- 4 The purchase of Equity Shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
- 5 The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.
- 6 In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.
- 7 A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard. No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:
- a. Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority'
 - b. Such offshore derivatives instruments are issued after compliance with 'know your client' norms:
 - c. Provided that those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal, in offshore derivatives instruments directly or indirectly.

Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.

A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to off-shore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provision of these regulations.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10 per cent of the total issued capital of the company.



Applications under Power of Attorney

In case of applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 2,500 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lacs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

1. With respect to applications by VCFs, AIFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
2. With respect to applications by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged along with the Application Form.
3. With respect to applications made by provident funds with a minimum corpus of ₹ 2,500 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Offer, that for the purpose of printing particulars on the refund order and mailing of the refund order/ Allotment Advice or refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicants). In such cases, the Registrar to the Offer shall use Demographic Details as given in the Application Form instead of those obtained from the Depositories.

Maximum and Minimum Application Size

1. **For Retail Individual Applicants:** The application must be for a minimum of [●] Equity Shares and in the multiple of [●] Equity Shares thereafter, so as to ensure that the Application Amount payable by them does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Amount payable by them does not exceed ₹ 2,00,000.
2. **For Non Retail Applicants:** The application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. An application cannot be submitted for more than the Net Offer Size. However, the allotment will not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a Non Retail Applicant cannot withdraw its application nor lower the size of its application after the Offer Closing Date and are required to pay the Application Amount upon submission of the application.

In case of revision of Applications, the Non Retail Applicants have to ensure that the Application Amount payable by them exceed ₹ 2,00,000

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and



to ensure that any single application from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.

Information for the Applicants:

1. Our Company and the Lead Manager shall declare the Offer Opening Date and Offer Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. Our Company will file the Prospectus with the RoC at least three days before the Offer Opening Date.
3. Copies of the Application Form and copies of the Prospectus will be available with the Lead Manager, the Registrar to the Offer and at the Registered Office of our Company. Electronic Application Forms will also be available on the website of the Stock Exchanges.
4. Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office.
5. Applicants who are interested in subscribing to the Equity Shares should approach Designated Intermediaries to register their applications.
6. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch or the respective Designated Intermediaries. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained or to other Designated Intermediaries. SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
8. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB, where the ASBA Account is maintained. For ASBA applications submitted directly to the SCSBs or through its intermediaries, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form, before entering the ASBA application into the electronic system.
9. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Offer will be made into the accounts of such Applicants.

The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Offer or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.



Method and Process of Applications

1. Applicants are required to submit their applications during the Offer Period only through the following designated intermediary:
 - i. an SCSB, with whom the bank account to be blocked, is maintained
 - ii. a syndicate member (or sub-syndicate member), if any
 - iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('Registered Broker')
 - iv. a Collecting Depository Participant ('CDP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
 - v. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The Offer Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Offer Period may be extended, if required, by an additional three Working Days, subject to the total Offer Period not exceeding 10 Working Days.

The Designated Intermediaries shall accept applications from all Applicants and they shall have the right to vet the applications during the Offer Period in accordance with the terms of the Prospectus.

The Applicant cannot apply on another Application Form after one Application Form has been submitted to the designated intermediaries. Submission of a second Application Form to either the same or to another designated intermediary will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Offer.

2. The designated intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.
3. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

For applications submitted by investors to SCSBs:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer.

4. Upon receipt of the Application Form directly or through other intermediary, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, and if sufficient funds are not available in the ASBA Account the application will be rejected.
5. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the



electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Applicant on request.

6. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Offer Account. In case of withdrawal / failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

Payment Instructions

- ***Terms of Payment***

The entire Offerprice of [•] is payable on application. In case of allotment of lesser number of equity shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicant.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Offer Account, the balance amount after transfer will be unblocked by the SCSBs.

The applicants should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Offer and the Registrar to the Offer to facilitate collections from the Applicants.

- ***Payment Mechanism***

The applicants shall specify the bank account number in their Application Form and the SCSB's shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of the instruction from the Registrar to unblock the Application Amount. However Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Offer shall give instructions to the SCSB's to unblock the application money in the relevant bank account within one day of the receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the Application by the Applicant, as the case may be.

Please note that pursuant to SEBI circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in the public issue can only invest through ASBA Mode.

Electronic Registration of Applications

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded within one Working Day from the Offer Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omission and commissions in relation to
 - (i) the applications accepted by them,



- (ii) the applications uploaded by them,
 - (iii) the applications accepted but not uploaded by them or
 - (iv) with respect to applications by the Applicants, applications accepted and uploaded by them, the Designated Branch of the relevant SCSB, which receives the relevant schedule (along with Application Forms), will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Lead Manager nor our Company nor the Registrar to the Offer shall be responsible for any acts, mistakes or errors or omission and commissions in relation to
- (i) the applications accepted by any Designated Intermediaries,
 - (ii) the applications uploaded by any Designated Intermediaries or
 - (iii) the applications accepted but not uploaded by any Designated Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Offer. This facility will be available at the terminals of the Designated Intermediaries and their authorised agents during the Offer Period. The Designated Branches of the Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities on a regular basis. On the Offer Closing Date, the Designated Branches of the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Syndicate Bakers, DPs and RTAs shall forward a Schedule as per format given below along with the Application Forms to Designated Branches of the SCSBs for blocking of funds:

Sr. No.	Details
1	Symbol
2	Intermediary Code
3	Location Code
4	Application No.
5	Category
6	PAN
7	DP ID
8	Client ID
9	Quantity
10	Amount

With respect to applications by Applicants, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Applicants into the on-line system:

- Name of the Applicant(s);
- Application Form number;
- PAN(of the sole/first ASBA Applicant), except for applications on behalf of Central and State Governments, residents of the State of Sikkim and officials appointed by the courts;



- Investor Category and Sub-Category:

Retail	Non-Institutional	QIB
(No sub category)	Individual; Corporate; Others	Mutual Funds; Financial Institutions; Insurance companies; Foreign Institutional Investors other than corporate and individual sub-accounts; Others

- DP ID and client identification number of the beneficiary account of the Applicant;
 - Number of Equity Shares applied for;
 - Application Amount; and
 - Bank account number.
 - Locations of the Banker to the Offer or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained.
- A system generated TRS will be given to the Applicant as a proof of the registration of each of the application options. It is the Applicant’s responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the application by the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the Bankers to the Offer or our Company.
 - Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 - In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Draft Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
 - The permission given by the Stock Exchange to use its network and software of the online IPO connectivity system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.
 - The Designated Intermediaries will be given up to one day after the Offer Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Offer Period after which the Registrar to the Offer will receive this data from the Stock Exchange and will validate the electronic application details with Depository’s records. In case no corresponding record is available with Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such applications are liable to be rejected.
 - The SCSBs shall be given one day after the Offer Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Offer.
 - The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.



Allocation of Equity Shares

1. The Offer is being made through the Fixed Price Process wherein [●] Equity Shares shall be reserved for Market Maker. [●] Equity Shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Offer Price. The balance of the Net Offer will be available for allocation on a proportionate basis to Non Retail Applicants.
2. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Manager and the Stock Exchange.
3. Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
4. In terms of the SEBI ICDR Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.
5. Allotment status details shall be available on the website of the Registrar to the Offer.

Signing of Underwriting Agreement and RoC Filing

1. Our Company and the Underwriters shall enter into an Underwriting Agreement.
2. After signing the Underwriting Agreement, our Company will update and file the updated Prospectus with the RoC in terms of Section 26 of Companies Act, 2013.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Draft Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation.

Advertisement regarding Offer Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Opening Date and Offer Closing Date. Any material updates between the date of this Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange.
2. The Lead Manager or the Registrar to the Offer will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Offer.
3. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that the (i) Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account is done within 6 Days of the Offer Closing Date. Our Company would ensure the credit to the successful Applicants Depository Account within 6 Days of the Offer Closing Date.



2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
3. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Offer.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply;
2. Ensure that you have applied at the Offer Price;
3. Read all the instructions carefully and complete the Application Form;
4. Ensure that the details about the PAN, Depository Participant and the beneficiary account are correct and the Applicant's Depository Account is active as Allotment of Equity Shares will be in the dematerialised form only;
5. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant;
6. Ensure that you have funds equal to the Application Amount in the ASBA account maintained with the SCSB before submitting the Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations); Instruct your respective Banks to not release the fund blocked in the ASBA Account under the ASBA process;
7. Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
8. Ensure that the Application Forms are delivered by the applicants within the time prescribed as per the application form and the Prospectus;
9. Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB or a Banker to the Offer, as the case may be;
10. Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
11. Except for applications (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market and (ii) applications by persons resident in the State of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for applications of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Application Form. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same;



12. Ensure that you have requested for and receive a TRS;
13. Ensure that you request for and receive a stamped acknowledgement of options;
14. All Investors submit their applications through the ASBA process only;
15. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
16. The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not apply for a price other than the Offer Price;
2. Do not apply for lower than the minimum Application size
3. Non Retail Applicants should neither withdraw nor lower the size of their applications at any stage;
4. Do not apply on another Application Form after you have submitted an application to the Designated Intermediaries, as applicable;
5. Do not pay the Application Amount in cash, by money order or by postal order or by stock invest;
6. Do not send Application Forms by post; instead submit the same Designated Intermediaries, only;
7. Do not apply for an Application Amount exceeding ₹ 2,00,000 (for applications by Retail Individual Applicants);
8. Do not fill up the Application Form such that the Equity Shares applied for exceeds the Offer Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
9. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
10. Do not submit the applications without the full Application Amount;
11. Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
12. Do not submit applications on plain paper or incomplete or illegible Application Forms or on Application Forms in a colour prescribed for another category of Applicant; and
13. Do not apply if you are not competent to contract under the Indian Contract Act, 1872, as amended.

Instructions for completing the Application Form

Applications must be:

1. Made only in the prescribed Application Form.
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should



note that the Bankers to the Offer and/or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.

3. Information provided by the Applicants will be uploaded in the online IPO system by the Bankers to the Offer and the SCSBs, as the case may be and the electronic data will be used to make allocation/ Allotment. The Applicants should ensure that the details are correct and legible.
4. For Retail Individual Applicants, the application must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Application Amount of ₹ 2,00,000.
5. For Non Retail Applicants, applications must be for a minimum of such number of Equity Shares that the Application Amount exceeds or equal to ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. Applications cannot be more than the size of the Offer. Applications must be submitted through the ASBA process only.
6. In single name or in joint applications, only the name of the First Applicant (which should also be the first name in which the beneficiary account is held) should be provided in the Application Form.
7. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
8. SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker (broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. www.bseindia.com and NSE i.e. www.nseindia.com With a view to broad base the reach of Investors by substantially enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Offer and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Offer with effect from January 01, 2016. The List of RTA and DPs centres for collecting the application shall be disclosed is available on the websites of BSE i.e. www.bseindia.com and NSE i.e. www.nseindia.com.

Applicant's Depository Account and Bank Account Details

Applicants should note that on the basis of name of the Applicants, PAN of the Applicants, DP ID and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Depository the Demographic Details including address, Applicants bank account details, MICR code and occupation. These bank account details would be used for giving refunds i.e by unblocking the ASBA Accounts. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of ASBA Account and at the Applicant's sole risk and neither the Lead Manager nor the Registrar to the Offer or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

IT IS MANDATORY FOR ALL THE APPLICANTS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.



These Demographic Details would be used for all correspondence with the Applicants including mailing of the allocation advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Application Form, the Applicant would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Allocation advice would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Applicant (including the order of names of joint holders), the DP ID and the beneficiary's identity, then such applications are liable to be rejected.

Applications must be made in the following manner:

1. Application Form should be Blue in colour and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or in case of joint applications, only the name of the First Applicant (which should also be the first name in which the beneficiary account is held) should be provided in the Application Form.
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs, Eligible QFIs or FVCIs but not in the names persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs or Eligible QFIs) or their nominees.

Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and / or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company and the Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, Eligible QFIs and FIIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation

Submission of Application Form

All Application Forms duly completed shall be submitted to the Designated Intermediaries at the time of submission of the application.

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

OTHER INSTRUCTIONS

Joint applications in the case of Individuals

Applications may be made in single or joint names (not more than three). However, the Application Form should contain only the name of the First Applicant. In the case of joint applications, all payments will be made out in



favour of the Applicant whose name appears first in the Application Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one application (and not more than one). Two or more applications will be deemed to be multiple applications if the sole or First Applicant is one and the same.

In case of a Mutual Fund, a separate application may be made in respect of each scheme of the Mutual Fund and such applications in respect of over one scheme of the Mutual Fund will not be treated as multiple applications provided that the applications clearly indicate the scheme concerned for which the application has been made.

After submitting an application to SCSB using an Application Form either in physical or electronic mode, an ASBA Applicant cannot apply, either in physical or electronic mode, whether on another Application Form, to either the same or another Designated Branch of the SCSB. Submission of a second application in such manner will be deemed a multiple application and would be rejected either before entering the application into the electronic collecting system or at any point of time prior to the allocation or Allotment of the Equity Shares in the Offer.

More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Application Forms with respect to any single ASBA Account.

Duplicate copies of Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple applications and are liable to be rejected.

Our Company, in consultation with the Lead Manager, reserves the right to reject, in its absolute discretion, all (or all except one) multiple application(s) in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Offer to detect multiple applications are given below:

1. All applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, applications bearing the same PAN will be treated as multiple applications and will be rejected.
2. The applications from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as applications on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the applications will be scrutinised for DP ID and beneficiary account numbers. In case such applications bear the same DP ID and beneficiary account numbers, these were treated as multiple applications and will be rejected.

Permanent Account Number or PAN

Except for applications on behalf of the Central or State Government and the officials appointed by the courts, the Applicants, or in the case of an application in joint names, each of the Applicants, should mention his/ her Permanent Account Number (PAN) allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

Any Application Form without the PAN is liable to be rejected, except for resident in the State of Sikkim, on behalf of the Central or State Governments and the officials appointed by the courts, may be exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground. However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these applications, the Registrar to the Offer will check



under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Further the beneficiary accounts of the Applicants for whom PAN details have not been verified will be “suspended for credit” and no credit of Equity Shares pursuant to the Offer will be made in the accounts of such Applicants.

REJECTION OF APPLICATIONS

In case of NonRetail Applicants and Retail Individual Applicants, our Company has a right to reject applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject applications by ASBA Applicants if at the time of blocking the Application Amount in the Applicant’s bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Applicant’s bank account maintained with the SCSB. Subsequent to the acceptance of the applications made by the Applicants by the SCSB, our Company would have a right to reject the applications only on technical grounds.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected inter alia on the following technical grounds:

- Amounts mentioned in the Application Form does not tally with the amount payable for the value of the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors (except those having valid demat account, as per Demographic Details provided by Depositories);
- PAN not mentioned in the Application Form, except for applications by or on behalf of the Central and State Government and the officials appointed by the courts and by investors residing in the State of Sikkim;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications for number of Equity Shares which are not in multiples of [●];
- Applications for an Application Amount less than ₹ 1,00,000 by a Retail Individual Applicant;
- Category not indicated;
- Multiple applications as defined in the Prospectus;
- In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Signature of sole Applicants missing;
- Application Forms are not delivered by the Applicants within the time prescribed as per the Application Forms, Offer Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the DP ID and the beneficiary’s account number;



- Inadequate funds in the bank account to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the bank account;
- Applications by OCBs;
- Applications by US person other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
- Application not duly signed by the sole applicant;
- Application by any person outside India if not in compliance with applicable foreign and Indian Law;
- Application that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Application by person not eligible to acquire equity shares of the company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Inadequate funds in the bank account to block the Application Amount specified in the Application Form/Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchanges; and
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form; and
- Details of ASBA Account not provided in the Application form.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC COLLECTING SYSTEM OF THE STOCK EXCHANGE OR THE BANKERS TO THE OFFER /THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES, THE APPLICATION FORM IS LIABLE TO BE REJECTED.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Offer shall be only in a dematerialised form (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated June 24, 2016 between NSDL, our Company and the Registrar to the Offer; and
- Agreement dated May 16, 2016 between CDSL, our Company and the Registrar to the Offer.



Our Company's International Securities Identification Number (**ISIN**) is INE395H01011.

All Applicants can seek Allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her Depository Account are liable to be rejected.

- (i) An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the application.
- (ii) The Applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Application Form.
- (iii) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- (iv) Names in the Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (v) If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form, it is liable to be rejected.
- (vi) The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
- (vii) Equity Shares in electronic form can be traded only on the stock exchange having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- (viii) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchange.
- (ix) Non transferable advice or refund orders will be directly sent to the Applicants by the Registrar to the Offer.

Communications

All future communications in connection with applications made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application Form, name and address of the Designated Intermediary where the application was submitted thereof and a copy of the acknowledge slip.

Applicants can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

Payment of refunds for Applicants and its mode

The Registrar to the Offer shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA applications within 6 Working Days of the Offer Closing Date.



Disposal of applications and application moneys and interest in case of delay

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) working days of date of Allotment of Equity Shares

The Company shall use best efforts to ensure that all steps 'for completion of the necessary formalities for listing and commencement of trading at SME Platform of NSE where the Equity shares are proposed to be listed are taken with (6) six working days from Offer Closing Date

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, our Company further undertakes that:

1. Allotment of Equity Shares shall be made only in dematerialised form within 6 working Days of the Offer Closing Date; and
2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Offer.

Our Company shall pay interest at 15% per annum for any delay beyond the 6 working days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 6 working days time period prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447..”

Basis of Allotment

1. ***For Retail Individual Applicants***
 - Applications received from the Retail Individual Applicants at the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Applicants will be made at the Offer Price.
 - [•] Equity Shares shall be available for Allocation to Retail Individual Applicants who have applied at the Offer Price.



- If the aggregate demand in this category is less than or equal to [●] Equity Shares at the Offer Price, full Allotment shall be made to the Retail Individual Applicants to the extent of their valid applications.

2. *For Non Retail Applicants*

- Applications received from Non Retail Applicants at the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non Retail Applicants will be made at the Offer Price.
- The Net Offer size less Allotment to Retail Portion shall be available for Allotment to Non Retail Applicants who have applied at the Offer Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at the Issue Price, full Allotment shall be made to Non Retail Applicants and to the extent of their demand;
- In case the aggregate demand in this category is greater than [●] Equity Shares at the Issue Price, Allotment shall be made on a proportionate basis. For the method of proportionate basis of Allotment, refer below.

Method of Proportionate Basis of Allotment in the Offer

In the event of the Offer being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the NSE. The executive director (or any other senior official nominated by them) of NSE along with the Lead Manager and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

1. Applicants will be categorised according to the number of Equity Shares applied for.
2. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Applicants in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
3. Number of Equity Shares to be allotted to the successful Applicants will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Applicant in that category multiplied by the inverse of the over-subscription ratio.
4. In all applications where the proportionate Allotment is less than [●] Equity Shares per Applicant, the Allotment shall be made as follows:
 - The successful Applicants out of the total Applicants for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with 2 above; and
 - Each successful Applicant shall be allotted a minimum of [●] Equity Shares.
5. If the proportionate Allotment to an Applicant is a number that is more than [●] but is not a multiple of [●] (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.



6. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Applicants in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate Allotment to the successful Applicants in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

Our Company shall credit the Allotted Equity Shares to the beneficiary account with Depository Participants within 6 Days from the Offer Closing Date. For all the applicants, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA applications within 6 working days of the Offer Closing Date.

Interest in case of delay in dispatch of Allotment Letters or instruction to the SCSBs by the Registrar

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI ICDR Regulations, our Company agrees that as far as possible Allotment of Equity Shares to the public and credit to the successful Applicants' Depository Accounts will be completed within 6 working days from the Offer Closing Date. Our Company further agrees that they shall pay interest at 15% per annum (for any delay beyond the 6 working days time period as mentioned above), if Allotment is not made, and/or demat credits are not made to investors within the 6 working day time prescribed above. However applications received after the closure of the Offer in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

Our Company will provide adequate funds required for dispatch of allotment advice to the Registrar to the Offer.

Refunds will be made by unblocking the ASBA Accounts.

Undertakings by our Company

Our Company undertakes the following:

1. That the complaints received in respect of this Offer shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange where the Equity Shares are proposed to be listed within 6 working days from the Offer Closing Date;
3. That if our Company does not proceed with the Offer after the Offer Closing Date, the reason thereof shall be given as a public notice within two working days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
4. That the certificates of the securities/ refund orders to the eligible NRIs shall be dispatched within specified time;
5. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the application monies are refunded on account of non-listing, under-subscription etc.;
6. That the our Promoters' contribution in full has already been brought in; and



7. That if the Company withdraws the Offer after the Offer Closing Date, our company shall be required to file a fresh offer document with the ROC/SEBI, in the event our Company subsequently decides to proceed with the Issuer.

Utilisation of Offer proceeds

Our Board of Directors certifies that:

1. All monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act;
2. Details of all monies utilised out of Offer shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and
3. Details of all unutilised monies out of the Offer, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested.
4. Our Company shall comply with the requirements of SEBI Listing Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Offer.
5. Our Company shall not have recourse to the Offer proceeds until the receipt of final listing and trading approval for trading of the Equity Shares from the Stock Exchange where listing is sought.
6. The Lead Manager undertakes that the complaints or comments received in respect of the Offer shall be attended by our Company expeditiously and satisfactorily



RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and RBI. Foreign investment is allowed up to 100% under automatic route in our Company

India's current Foreign Direct Investment ('FDI') Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI ("DIPP") by Consolidated FDI Policy Circular of 2015 with effect from May 12, 2015 ("Consolidated FDI Policy Circular of 2015") consolidates and subsumes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government usually updates the consolidated circular on FDI Policy once every Year and therefore, Consolidated FDI Policy Circular of 2015 will be valid until the DIPP issues an updated circular

Subscription by foreign investors (NRIs/FPIs)

FPIs are permitted to subscribe to equity shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. SEBI registered FPIs have been permitted to purchase shares of an Indian company through offer, subject to total FPI investment being within the individual FPI/sub account investment limit of 10 per cent subject to the total sectoral cap of all FPIs/sub accounts put together being 24 per cent of the paid-up capital of the Indian Company

The transfer of equity shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (**FDI**) Policy and transfer does not attract the provisions of the Takeovers Code (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act, or any state securities laws of the United States and unless so registered, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold outside the United States in offshore transactions in reliance on Regulations under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the applications are not in violation of laws or regulations applicable to them.



SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association of the Issuer are as follows:

Capital

Authorised Capital

Article 3 provides that:

- (a) “The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
- (b) The minimum Paid-up Share Capital of the Company shall be ₹ 5,00,000/- or such other higher sum as may be prescribed in the Companies Act, 2013 from time to time.”

Increase of Capital by the Company

Article 4 provides that “The Company may in General Meeting from time to time by Ordinary Resolution increase its Capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Companies Act, 2013. Whenever the Capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Companies Act, 2013.”

Reduction of Capital

Article 11 provides that “The Company may (subject to the provisions of Sections 52, 55, 56, both inclusive, and other applicable provisions, if any, of the Companies Act, 2013) from time to time by Special Resolution reduce:

- (a) the Share Capital;
- (b) any Capital Redemption Reserve Account; or
- (c) any Security Premium Account

In any manner for the time being, authorized by law and in particular Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.”

Buy Back of Shares

Article 15 provides that “Notwithstanding anything contained in the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Companies Act, 2013 or any other law for the time being in force, the Company may purchase its own Shares or other Specified Securities.”

Consolidation, Sub-Division and Cancellation

Article 16 provides that “Subject to the provisions of Section 61 of the Companies Act, 2013, the Company in General Meeting may, from time to time, sub-divide or consolidate all or any of the Share Capital into Shares of larger amount than its existing Share or sub-divide its Shares, or any of them into Shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of Clause (d) of Sub-section (1) of Section 61;



Subject as aforesaid the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled.”

Issue of Depository Receipts

Article 17 provides that “Subject to compliance with applicable provision of the Companies Act, 2013 and Rules framed there under, the Company shall have power to issue Depository Receipts in any Foreign Country.”

Issue of Securities

Article 18 provides that “Subject to compliance with applicable provision of the Companies Act, 2013 and Rules framed there under the Company shall have power to issue any kind of Securities as permitted to be issued under the Companies Act, 2013 and Rules framed there under.”

Modification of Class Rights

Modification of rights

Article 19 (a) provides that “If at any time the Share Capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of Shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the Shares of the class) may, subject to the provisions of Section 48 of the Companies Act, 2013 and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the Shares of that class. The provisions of the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution relating to General Meetings, shall mutatis mutandis apply to every such separate class of Meeting.

Provided that if variation by one class of Shareholders affects the rights of any other class of Shareholders, the consent of three-fourths of such other class of Shareholders shall also be obtained and the provisions of this Section shall apply to such variation.”

New Issue of Shares not to affect rights attached to existing Shares of that class

Article 19 (b) provides that “The rights conferred upon the holders of the Shares including Preference Shares, (if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further Shares ranking pari-passu therewith”

Certificates

Share Certificates

Article 29 provides that:

- (a) “Every Member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several Certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such Certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every Certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one Certificate and delivery of a Certificate of Shares to one of several joint holders shall be sufficient delivery to all such holder. Such Certificate shall be issued only in pursuance of a Resolution passed by the Board and on surrender to the Company of its letter of



allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of Bonus Shares. Every such Certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their Attorneys and the Secretary or other person shall sign the Share Certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole-Time Director. Particulars of every Share Certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint Allottees of Shares shall, for the purpose of this Article, be treated as a Single Member, and the Certificate of any Shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further Certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Companies Act, 2013.
- (c) A Director may sign a Share Certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
- (d) The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in physical and dematerialized forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any Country outside India a part of the Register of Members or as the case may be, of debenture holders or of any other security holder or of beneficial owner resident in that Country.”

Underwriting and Brokerage

Brokerage

Article 35 provides that “The Company may pay on any issue of Shares and Debentures such brokerage as may be reasonable and lawful.”

Calls

Directors may make calls

Article 36 provides that:

- (a) “The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a Resolution passed at a Meeting of the Board and not by a Circular Resolution, make such calls as it thinks fit, upon the Members in respect of all the monies unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (b) A call may be revoked or postponed at the discretion of the Board.
- (c) A call may be made payable by installments.”

Notice of calls

Article 37 provides that “fourteen days’ notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.”



Calls to date from Resolution

Article 38 provides that “A call shall be deemed to have been made at the time when the Resolution of the Board of Directors authorizing such call was passed and may be made payable by the Members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.”

Calls on uniform basis

Article 39 provides that “Whenever any calls for further Share Capital are made on Shares, such calls shall be made on uniform basis on all Shares falling under the same class. For the purposes of this Article Shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.”

Directors may extend time

Article 40 provides that “The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no Member shall be entitled to such extension save as a matter of grace and favour.”

Calls to carry interest

Article 41 provides that “If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. The Board shall be at liberty to waive payment of any such interest wholly or in part.”

Judgment, decree, partial payment motto proceed for forfeiture

Article 44 provides that “Neither a judgment nor a decree in favour of the Company for calls or other monies due in respect of any Shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such Shares as hereinafter provided.”

Lien

Company to have Lien on Shares

Article 46 provides that “The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and Bonuses from time to time declared in respect of such Shares/Debentures. Unless otherwise agreed the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company’s lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this Clause.”



As to enforcing lien by sale

Article 47 provides that “For the purpose of enforcing such lien the Directors may sell the Shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such Member or the person (if any) entitled by transmission to the Shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the Shares sold to the purchaser thereof and purchaser shall be registered as the holder of the Shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the Shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.”

Forfeiture and Surrender of Shares

If call or installment not paid, notice may be given

Article 49 provides that “If any Member fails to pay the whole or any part of any call or installment or any monies due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other monies as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the Shares by transmission, requiring him to pay such call or installment of such part thereof or other monies as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such Shares shall be forfeited if any monies shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.”

Terms of notice

Article 50 provides that “The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.

The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the Shares in respect of which the call was made or installment is payable will be liable to be forfeited.”

On default of payment, Shares to be forfeited

Article 51 provides that “If the requirements of any such notice as aforesaid shall not be complied with, every or any Share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by Resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other monies payable in respect of the forfeited Share and not actually paid before the forfeiture.”

Notice of forfeiture to a Member

Article 52 provides that “When any Shares have been forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.”

Article 53 provides that “Any Shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.”



Members still liable to pay money owing at time of forfeiture and interest

Article 54 provides that “Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.”

Effect of forfeiture

Article 55 provides that “The forfeiture Shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the Share and all other rights incidental to the Share, except only such of those rights as by the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, are expressly saved.”

Evidence of Forfeiture

Article 56 provides that “A declaration in writing that the Declarant is a Director or Secretary of the Company and that Shares in the Company have been duly forfeited in accordance with the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.”

Title of purchaser and allottee of Forfeited Shares

Article 57 provides that “The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposition thereof and the person to whom such Share is sold, re-allotted or disposed of may be registered as the holder of the Share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the Share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the Shares. The transferee shall thereupon be registered as the holder of the share.”

Cancellation of Share Certificate in respect of forfeited Shares

Article 58 provides that “Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the Certificate or Certificates originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate Certificate or Certificates in respect of the said Shares to the person or persons entitled thereto.”

Forfeiture may be remitted

Article 59 provides that “In the meantime and until any Share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.”

Validity of sale

Article 60 provides that “Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.”



Surrender of Shares

Article 61 provides that “The Directors may, subject to the provisions of the Companies Act, 2013, accept a surrender of any Share from or by any Member desirous of surrendering on such terms the Directors may think fit.”

Transfer and Transmission of Shares

Execution of the instrument of Shares

Article 62 provides that:

- (a) “The instrument of transfer of any Share in or Debenture of the Company shall be executed by or on behalf of both the transferor and transferee
- (b) The transferor shall be deemed to remain a holder of the Share or Debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.
- (c) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (d) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (e) All the limitations, restrictions and provisions of these Regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.”

Transfer Form

Article 63 provides that “The instrument of transfer of any Share or Debenture shall be in writing and all the provisions of Section 56 and Statutory modification thereof including other applicable provisions of the Companies Act, 2013 shall be duly complied with in respect of all transfers of Shares or Debenture and registration thereof.

The instrument of transfer shall be in a common form approved by the Exchange.”

Transfer not to be registered except on production of instrument of transfer

Article 64 provides that “The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the Certificate relating to the Shares or if no such Share Certificate is in existence along with the letter of allotment of the Shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as Shareholder any person to whom the right to any Shares in the Company has been transmitted by operation of law. The Board may, subject to the right of appeal conferred by section 58 decline to register the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or any transfer of shares on which the Company has a lien.”

Directors may refuse to register transfer

Article 65 provides that “Subject to the provisions of Section 58 of the Companies Act, 2013 and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register—

- (a) any transfer of Shares on which the Company has a lien.



That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.”

Notice of refusal to be given to transferor and transferee

Article 66 provides that “If the Company refuses to register the transfer of any Share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Companies Act, 2013 or any Statutory modification thereof for the time being in force shall apply.”

No fee on transfer

Article 67 provides that “No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.”

Closure of Register of Members or Debenture holder or other security holders

Article 68 provides that “The Board of Directors shall have power on giving not less than seven days previous notice in accordance with Section 91 and rules made there under close the Register of Members and/or the Register of Debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.”

Custody of transfer Deeds

Article 69 provides that “The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.”

Application for transfer of partly paid Shares

Article 70 provides that “Where an application of transfer relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.”

Notice to transferee

Article 71 provides that “For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.”

Registration of persons entitled to Share otherwise than by transfer (transmission Clause)

Article 75 provides that “Subject to the provisions of the Companies Act, 2013 and the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, any person becoming entitled to any Share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as Member in respect of such Shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such Shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance



so he shall not be freed from any liability in respect of such Shares. This Clause is hereinafter referred to as the 'Transmission Clause'."

Refusal to register nominee

Article 76 provides that "Subject to the provisions of the Companies Act, 2013 and the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any Shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration."

Board may require evidence of transmission

Article 77 provides that "Every transmission of a Share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity."

Company not liable for disregard of a notice prohibiting registration of transfer

Article 78 provides that "The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same Shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit."

Form of transfer in respect of shares registered outside India

Article 79 provides that "In the case of any Share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit."

No transfer to insolvent etc.

Article 80 provides that "No transfer shall be made to any minor, insolvent or person of unsound mind."

Nomination

Article 81 provides that:

- (a) Notwithstanding anything contained in the articles, every holder of Securities of the Company may, at any time, nominate a person in whom his/her Securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.
- (b) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the Securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014.



- (c) The Company shall not be in any way responsible for transferring the Securities consequent upon such nomination.
- (d) If the holder(s) of the Securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.”

Transmission of Securities by nominee

Article 82 provides that “A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (a) to be registered himself as holder of the security, as the case may be; or
- (b) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;
- (c) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death Certificate of the deceased security holder as the case may be;
- (d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a Member in respect of his security, be entitled in respect of it to exercise any right conferred by Membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable or rights accruing in respect of the Share or Debenture, until the requirements of the notice have been complied with.”

Dematerialization of Securities

Article 83 provides that “Company or any Shareholder may exercise an option to issue, deal in, hold the Securities (including Shares) with a Depository in electronic form and the Certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or reenactment thereof.”

Borrowing Powers

Power to borrow

Article 94 provides that “Subject to the provisions of the Companies Act, 2013 and the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of Bonds, Debentures or Debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, Company, co-operative society, any Body Corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.”

Issue of Instruments at discount etc. or with special privileges

Article 95 provides that “Subject to the provisions of the Companies Act, 2013 and the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, any Bonds, Debentures,



Debenture-stock or any other Securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of Shares, appointment of Directors or otherwise; provided that Debentures with the right to allotment of or conversion into Shares shall not be issued except with the sanction of the Company in General Meeting.”

Votes of Members

Members in arrears not to vote

Article 109 provides that “No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.”

Number of votes each Member entitled

Article 110 provides that “Subject to the provision of the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of Shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his Share of the paid-up equity Share Capital of the Company, Provided, however, if any preference Shareholder is present at any meeting of the Company, save as provided in Sub-section (2) of Section 47 of the Companies Act, 2013, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his Preference Shares.”

Casting of votes by a Member entitled to more than one vote

Article 111 provides that “On a poll taken at a meeting of the Company a Member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.”

Vote of Member of unsound mind and of minor

Article 112 provides that “A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his Committee or other legal guardian, and any such Committee or guardian may, on a poll, vote by proxy.”

Postal Ballot

Article 113 provides that “Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.”

E-Voting

Article 114 provides that “A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.”

Votes may be given by proxy or by representative



Article 116 provides that “Votes may be given either personally or by attorney or by proxy or in case of a Company, by a representative duly Authorized as mentioned in Articles.”

Representation of a Body Corporate

Article 117 provides that “A Body Corporate (whether a Company within the meaning of the Companies Act, 2013 or not) may, if it is Member or creditor of the Company (including being a holder of Debentures) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Companies Act, 2013 to act as its representative at any Meeting of the Members or creditors of the Company or Debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the Body Corporate as if it were an individual Member, creditor or holder of Debentures of the Company.”

Votes in respect of Shares of deceased or insolvent Members

Article 119 provides that “Any person entitled under Article 73 (transmission Clause) to transfer any Share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such Shares and give such indemnify (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.”

Directors

Number of Directors

Article 126 (a) provides that “Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Companies Act, 2013, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a Company may appoint more than fifteen Directors after passing a Special Resolution.”

First Directors

Article 126 (b) provides that “The persons hereinafter named are the DIRECTORS of the Company on the date of incorporation –

1. SRI G. SREE RAMA MURTHY
2. SRI P.C SHAH
3. SRI G.RAJA GOPAL REDDY
4. SRI N.SATYA KUMAR
5. SRI N. GOPAL RAO
6. SRI K. SATYANARAYANA
7. SRI K. L.R ANAND
8. SRI R. SANJEEVA RAO

Qualification Shares

Article 127 provides that “A Director of the Company shall not be bound to hold any Qualification Shares in the Company.”

Nominee Directors



Article 128 provides that:

- (a) “Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, the Board may appoint any person as a Director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement.
- (b) The Nominee Director/s so appointed shall not be required to hold any qualification Shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.
- (c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such Nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.
- (d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.”

Appointment of alternate Director

Article 129 provides that “The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Companies Act, 2013 or in the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.”

Additional Director

Article 130 provides that “Subject to the provisions of the Companies Act, 2013, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.”

Directors power to fill casual vacancies

Article 131 provides that “Subject to the provisions of the Companies Act, 2013, the Board shall have power at any time and from time to time to appoint a Director, if the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.”

Proceedings of the Board of Directors

Meetings of Directors

Article 134 provides that:

- (a) “The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.



- (b) A Director may, and the manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Resolution By Circulation

- (c) Save as otherwise expressly provided in the Companies Act, 2013, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

All acts done by any meeting of the Board or by a Committee of the Board, or by any Person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or Persons acting as aforesaid or that they or any of them were disqualified or that the appointment of any of them be terminated by virtue of any provisions contained in the Companies Act, 2013 in the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, be as valid as if every such Person had been duly appointed, and was qualified to be a Director.

Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.”

Powers of Board

Powers of the Board

Article 144 provides that “The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Companies Act, 2013, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.”

Certain powers of the Board

Article 145 provides that “Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say.”

Managing and Whole Time Directors

Article 146 provides that:

- (a) Subject to the provisions of the Companies Act, 2013 and of the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or Whole-Time Director or Whole-Time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
- (b) The Managing Director or Managing Directors or Whole-Time Director or Whole-Time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-Time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-Time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-Time Director.



Remuneration of Managing or Whole time Director

Article 147 provides that “The remuneration of a Managing Director or a Whole-Time Director (subject to the provisions of the Companies Act, 2013 and of the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.”

Powers and duties of Managing Director or Whole-Time Director

Article 148 provides that:

- (a) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the Company will be in the hands of the Managing Director or Whole-Time Director appointed in accordance with Regulations of the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.
- (b) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-Time Director for the time being save as prohibited in the Companies Act, 2013, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Companies Act, 2013 and the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.
- (c) The Company’s General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole-Time Director or Whole-Time Directors of the Company and may exercise all the powers referred to in the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution.
- (d) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
- (e) Notwithstanding anything contained in the Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Companies Act, 2013) as may from time to time be agreed between him and the Directors of the Company.”

The Seal

The Seal, its custody and use

Article 150 provides that:

- (a) “The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an Official Seal in accordance with of the Companies Act, 2013, for use in any territory, district or place outside India.”



Deeds how executed

Article 151 provides that “The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorized by it in that behalf, and except in the presence of at least two Directors and of the secretary or such other person as the Board may appoint for the purpose; and those two Directors and the secretary or other person aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.”

Dividends and Reserves

Division of profits

Article 152 provides that:

- (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, dividends may be declared and paid according to the amounts of the Shares.
- (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this regulation as paid on the Share.
- (c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.

The Company in General Meeting may declare Dividends

Article 153 provides that “The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Companies Act, 2013, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in General Meeting.”

Transfer to reserves repeated or not

Article 154 provides that:

- (a) “The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, think fit.
- (b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.”

Interim Dividend

Article 155 provides that “Subject to the provisions of Section 123, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.”



Debts may be deducted

Article 156 provides that “The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.”

Capital paid up in advance not to earn dividend

Article 157 provides that “No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this articles as paid on the Share.”

Dividends in proportion to amount paid-up

Article 158 provides that “All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid but if any Share is issued on terms providing that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.”

Retention of dividends until completion of transfer under Articles

Article 159 provides that “The Board of Directors may retain the dividend payable upon Shares in respect of which any person under Articles has become entitled to be a Member, or any person under that Article is entitled to transfer, until such person becomes a Member, in respect of such Shares or shall duly transfer the same.”

No Member to receive dividend whilst indebted to the Company and the Company’s right of reimbursement thereof

Article 160 provides that “No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any Member all such sums of money so due from him to the Company.”

Effect of transfer of Shares

Article 161 provides that “A transfer of Shares does not pass the right to any dividend declared thereon before the registration of the transfer.”

Dividend to joint holders

Article 162 provides that “Any one of several persons who are registered as joint holders of any Share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Share.”

Dividends how remitted

Article 163 provides that:

- (a) “Any dividend, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Members, or to such person and to such address as the holder or joint holders may in writing direct.
- (b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.”

Notice of dividend

Article 164 provides that “Notice of any dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Companies Act, 2013.”



No interest on Dividends

Article 165 provides that “No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.”

Capitalization

Article 166 provides that:

- (a) “The Company in General Meeting may, upon the recommendation of the Board, resolve:
- i. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and
 - ii. that such sum be accordingly set free for distribution in the manner specified in Clause (b) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (b) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in Clause (c) either in or towards:
- i. paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
 - ii. paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or
 - iii. partly in the way specified in Sub-clause (i) and partly in that specified in Sub-clause.
- (c) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued Shares to be issued to Members of the Company and fully paid bonus Shares.
- (d) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.”

Winding Up

Article 173 provides that “Subject to the provisions of Chapter XX of the Companies Act, 2013 and rules made there under –

- (a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Act, 2013, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.
- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any Shares or other Securities whereon there is any liability.”

Indemnity

Directors’ and others right to indemnity.

Article 174 provides that “Subject to provisions of the Companies Act, 2013, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of



any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Companies Act, 2013 on which relief is granted to him by the Court.”

Not responsible for acts of others

Article 175 provides that “Subject to the provisions of the Companies Act, 2013, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any lesser damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or corporation, with whom any monies, Securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.”

Secrecy

Article 176 (a) provides that “Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.”

Access to property information etc

Article 176 (c) provides that “No Member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.”



SECTION IX –OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Offer Document) which are or may be deemed material have been entered into or to be entered into by our Company. These contracts and the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on Working Days from the date of this Offer Document until the Issue Closing Date.

A. Material Contracts to the Issue

1. Issue Agreement dated September 27, 2016 between our Company and the Lead Manager and Selling Shareholders.
2. Memorandum of Understanding dated September 21, 2016 between our Company and Bigshare Services Private Limited as the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, Lead Manager and the Escrow Collection Bank.
4. Underwriting Agreement dated [●] between our Company and the Lead Manager.
5. Market Making agreement dated [●] between our Company, the Lead Managers and the Marker Maker to the Issue.
6. Copy of Tripartite agreement dated May 16, 2016 entered in to between our Company, CDSL and the Registrar to the Issue.
7. Copy of Tripartite agreement dated June 24, 2016 entered in to between our Company, NSDL and the Registrar to the Issue.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated February 22, 1995
3. Certificate of commencement of business dated April 20, 1995.
4. Copies of the Board and shareholders resolutions authorizing the Issue.
5. Report dated September 17, 2016 of the Peer Review Auditor, .V Rao & Co LLP., Chartered Accountants, on our Company's Restated Financial Statements (Standalone) as of and for the Month of June 30, 2016 and the Financial Years 2015-16, 2014 – 2015, 2013-14, 2012-13 and 2011- 2012.
6. Report dated September 17, 2016 of the Peer Review Auditor, .V Rao & Co LLP., Chartered Accountants, on our Company's Restated Financial Statements (Consolidated) as of and for the Month of June 30, 2016 and the Financial Years 2015-16, 2014 – 2015, 2013-14, 2012-13 and 2011- 2012.
7. Statement of Tax Benefits from, Sudhakar & Kumar Associates, Chartered Accountants dated September 28, 2016.
8. Copies of annual reports of our Company for the Financial Years ending on March 31, 2016, 2015, 2014, 2013, and 2012.
9. Consents of Statutory Auditors, Peer Review Auditors, Bankers to our Company, Lead Manager, Registrar to the Issue, Legal Advisor to the Issue, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
10. IPO grading report by CRISIL Limited along with their rationale dated August 04, 2015.
11. In-principle approval dated [●] from the NSE for listing of the securities.
12. Due Diligence certificate dated [●] to SEBI from the Lead Manager.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at anytime if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



SECTION X – DECLARATION

DECLARATION BY OUR COMPANY

We hereby certify and declare that all the relevant provisions of the Companies Act and the guidelines issued by the Government of India or the regulations or guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the disclosures and statements in this Offer Document are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Sd/-

Mr. G. Sree Rama Murthy
Chairman and Managing Director

Sd/-

Mr. K. Satyanarayana
Whole-time Director

Sd/-

Dr. Satish Kumar Arya
Whole-time Director

Ms. G.V. Vandana
Director (Non-Executive)

Sd/-

Mr. Murali Krishna Cherukuri
Independent Director

Sd/-

Mr. Malla Hara Jagannatha Rao
Independent Director

Sd/-

Mr. Bheri Krishna Rao
Independent Director

Sd/-

Mr. Godithi Satya Rama Prasad
Independent Director

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sd/-

Mr. Naraharasetti Ramu
Chief Financial Officer

Date: September 29, 2016
Place: Vishakhapatnam



DECLARATION

I, **G. SREE RAMA MURTHY**, certify that all statements and undertakings made by me in this Offer Document specifically in relation to myself or the Equity Shares offered by me in the Offer for Sale or in connection with the Offer (including but not limited to any of the statements made by or relating to the Company in this Offer Document), are true and correct.

Sd/-

SIGNED BY G. SREE RAMA MURTHY (THE SELLING SHAREHOLDER)

Date: September 29, 2016

Place: Vishakhapatnam



DECLARATION

I, **K. SATYANARAYANA**, certify that all statements and undertakings made by me in this Offer Document specifically in relation to myself or the Equity Shares offered by me in the Offer for Sale or in connection with the Offer (including but not limited to any of the statements made by or relating to the Company in this Offer Document), are true and correct.

Sd/-

SIGNED BY K. SATYANARAYANA (THE SELLING SHAREHOLDER)

Date: September 29, 2016

Place: Vishakhapatnam



DECLARATION

I, **G. RAJAGOPAL REDDY**, certify that all statements and undertakings made by me in this Offer Document specifically in relation to myself or the Equity Shares offered by me in the Offer for Sale or in connection with the Offer (including but not limited to any of the statements made by or relating to the Company in this Offer Document), are true and correct.

Sd/-

SIGNED BY G. RAJAGOPAL REDDY (THE SELLING SHAREHOLDER)

Date: September 29, 2016

Place: Vishakhapatnam