



### EMERALD LEASING FINANCE & INVESTMENT COMPANY LIMITED

Our Company was incorporated in India on November 22, 1983 as Emerald Leasing Finance and Investment Company Limited under the Companies Act, 1956. The Corporate Identification Number (CIN) of Company is L65993DL1983PLC016993. For further details, please see section "History and Other Corporate Matters" on page 77 of this Draft Letter of Offer.

**Registered Office:** SCO 7, Industrial Area, Phase II, Chandigarh - 160 002, India.

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**PROMOTERS OF THE COMPANY: MR. SANJAY AGGARWAL, MRS. ANUBHA AGGARWAL, MR. RAM SWAROOP AGGARWAL AND MRS. ANU AGGARWAL**

**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY**

**ISSUE OF [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ [•] (INCLUDING PREMIUM OF ₹ [•] PER EQUITY SHARE) FOR AN AMOUNT AGGREGATING UPTO ₹ 600 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF EMERALD LEASING FINANCE & INVESTMENT COMPANY LIMITED ("THE COMPANY" OR THE "ISSUER") IN THE RATIO OF [•] EQUITY SHARE FOR EVERY [•] FULLY PAID-UP EQUITY SHARE(S) HELD (I.E., [•]) BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [•], 2018 (THE "ISSUE").**

**THE ISSUE PRICE IS [•] TIMES THE FACE VALUE OF ₹ 10/- EACH.**

**FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 158 OF THIS DRAFT LETTER OF OFFER**

#### GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India (the "SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to the "Risk Factors" on page 10 of this Draft Letter of Offer before making an investment in the Issue.**

#### ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The existing equity shares of our Company are listed on BSE Ltd. ("BSE"). We have received "in-principle" approval from BSE for listing the equity shares arising from the Issue vide its letter dated [•]. For the purposes of the Rights Issue, the Designated Stock Exchange is BSE.

#### LEAD MANAGER TO THE OFFER

#### REGISTRAR TO THE OFFER

## KEYNOTE



**Keynote Corporate Services Limited**  
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**E-mail:** [mbd@keynoteindia.net](mailto:mbd@keynoteindia.net)  
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**Contact Person:** Ms. Pooja Sanghvi  
**SEBI Registration No.:** INM 000003606

**MAS Services Limited**  
T-34, IInd Floor Okhla Industrial Area, Phase-II,  
New Delhi 110020,  
**Tel:** +91 11 2638 7281-83;  
**Fax:** +91 11 2638 7384;  
**Email:** [info@masserv.com](mailto:info@masserv.com);  
**Website:** [www.masserv.com](http://www.masserv.com)  
**Contact Person:** Mr. Sharwan Mangla;  
**SEBI Registration No:** INR 000000049

#### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON
[•]	[•]	[•]



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## Emerald Leasing Finance & Investment Company Limited

### SECTION I – GENERAL

#### DEFINITIONS AND ABBREVIATIONS

##### Definitions

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Emerald Leasing Finance and Investment Company Limited”, “Emerald”, the/our “Company”, “we”, “our”, “us” or similar terms are to Emerald Leasing Finance and Investment Company Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

##### Conventional/ General Terms

Term	Description
Companies Act	The Companies Act, 2013 and rules issued thereunder, as amended
Depositories Act	The Depositories Act, 1996 and amendments thereto
Erstwhile Companies Act	The Companies Act, 1956, which has been repealed and replaced by the New Companies Act
EPS	Earnings Per Share
IT Act	The Income Tax Act, 1961 and amendments thereto
Indian GAAP	Generally Accepted Accounting Principles In India
NAV	Net Asset Value per share
PAT	Profit After Tax
RONW	Return on Net Worth
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto.

##### Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used compulsorily by QIB and those investors who have applied for Equity Shares for a cumulative amount of more than ₹ 2 lacs and optionally by Retail Individual Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Investor	An investor (either Equity Shareholder or Renouncee) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.

All QIBs and Non-Institutional Investors, complying with the above



## Emerald Leasing Finance & Investment Company Limited

Term	Description
	conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process
Banker to the Company	The Punjab State Co-op Bank Ltd. and Kotak Mahindra Bank Limited
Bankers to the Issue	[●]
Composite Application Form / CAF/ Application Form/ Application	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.html">http://www.sebi.gov.in/pmd/scsb.html</a>
Designated Stock Exchange	BSE Limited or BSE
DSE	Delhi Stock Exchange Limited
Draft Letter of Offer/ DLOF	The Draft Letter of Offer dated February 26, 2018 filed with SEBI for its observations.
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of ₹ 10 each unless otherwise specified in the context thereof
Equity Shareholder / Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	Issue of [●] Equity Shares with a face value of ₹ 10 each at a premium of ₹[●] per Equity Share for an amount aggregating upto ₹600 lakhs on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders on the Record Date. The issue price is [●] times the face value of the Equity Shares.
Investor(s)	Equity Shareholders as on Record Date and/or Renounees applying in the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Equity Share.
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of [●] Equity Shares for an amount aggregating to ₹ 600 lakhs
Lead Manager/ LM	Keynote Corporate Services Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchange after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchange
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services
Non Institutional Investors	All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than ₹ 2 lakhs
Promoter	The Promoters of our Company, being Mr. Sanjay Aggarwal, Mrs. Anubha Aggarwal, Mr. Ram Swaroop Aggarwal and Mrs. Anu Aggarwal
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchange from time to time
Offer Document	Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer

**Emerald Leasing Finance & Investment Company Limited**

<b>Term</b>	<b>Description</b>
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009.
Record Date	[•]
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar of Companies/ RoC	The Registrar of Companies, Chandigarh Corporate Bhawan, Plot No. 4 B, Sector 27 B, Madhya Marg, Chandigarh - 160 019
Registrar to the Issue	MAS Services Limited
Renounees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
RTGS	Real Time Gross Settlement
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>

**Company Related and Industry Related Terms**

<b>Term</b>	<b>Description</b>
Articles/ Association/ AoA	Articles of Association of our Company, as amended
Auditor	M/s S. Lal Bansal & Company, Chartered Accountants, statutory auditors (upto September 27, 2017); and K. Singh & Associates, Chartered Accountants, our statutory auditors
Board/ Board of Directors	Board of Directors of our Company including any committees thereof.
BIFR	Board for Industrial and Financial Reconstruction
Memorandum/Memorandum of Association/ MOA/ MoA	The memorandum of association of our Company, as amended
NOC	No Objection Certificate

**Abbreviations**

<b>Term</b>	<b>Description</b>
ADR	American Depository Receipt
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CRAR	Capital to Risky Asset Ratio
DIN	Director Identification Number
DP	Depository Participant
DSE	Delhi Stock Exchange Limited
DR	Depository Receipts
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999

**Emerald Leasing Finance & Investment Company Limited**

<b>Term</b>	<b>Description</b>
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
FPIs	Foreign Portfolio Investors
GDR	Global Depository Receipt
GNPA	Gross Net Performing Assets
HUF	Hindu Undivided Family
ICD	Inter Corporate Deposits
ICL	Inter Corporate Loans
ISIN	International Securities Identification Number
IT	Information Technology
JV	Joint Venture
Ltd./Ltd	Limited
NAV	Net Asset Value
NNAP	Non Performing Assets
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PBT	Profit Before Tax
PLR	Prime Lending Rate
PVT/ Pvt.	Private
RBI	Reserve Bank of India
Regulation S	Regulation S of the U.S. Securities Act of 1933, as amended
Re./₹/Rupees/INR/ ₹	Indian Rupees
SCORES	SEBI Complaints Redress System
SEBI	Securities and Exchange Board of India
Stock Exchange	BSE
STT	Securities Transaction Tax
TP Act	The Transfer of Property Act, 1882
VAT	Value Added Tax



**NOTICE TO OVERSEAS SHAREHOLDERS**

The rights and the securities of our Company have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S."), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer or Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making the issue of Equity Shares on a rights basis to Equity Shareholders of our Company on the Record Date and the Letter of Offer and CAF will be dispatched only to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it does not have a registered address (and is not otherwise located) in the United States, and (iii) it is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.



**PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA AND  
CURRENCY OF PRESENTATION**

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to Emerald Leasing Finance and Investment Company Limited”, “Emerald”, the/our “Company”, “we”, “our”, “us” or similar terms are to Emerald Leasing Finance and Investment Company Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the audited financial information of our Company which has been prepared in accordance with Indian GAAP and are included in the Draft Letter of Offer. The financial year of our Company commences on April 1 and ends on March 31.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, industry data used throughout this Draft Letter of Offer has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified.

**Currency of Presentation**

All references in the Draft Letter of Offer to “Rupees”, “Rs.”, “₹”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “U.S.\$”, “U.S. Dollar”, “USD” or “\$” are to United States Dollars, the official currency of the United States of America.

***Please Note:***

One million is equal to 1,000,000/10 lakhs;  
One billion is equal to 1,000 million/100 crores;  
One lakh is equal to 100 thousand;  
One crore is equal to 10 million/100 lakhs





**FORWARD LOOKING STATEMENTS**

We have included statements in this Draft Letter of Offer which contain words or phrases such as “will”, “may”, “aim”, “is likely to result”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “pursue” and similar expressions or variations of such expressions, that are “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. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- General economic conditions
- Changes in political and social conditions in India
- The outcome of legal or regulatory proceedings that we are or might become involved in
- Contingent liabilities, environmental problems and uninsured losses
- Increasing competition in the industry;
- Developments affecting the Indian economy
- Changes in laws and regulations that apply to the industry
- Uncertainty in global financial markets

For a further discussion of factors that could cause the actual results to differ, see “Risk Factors” on page 10 of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company 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 and Stock Exchange’ requirements, our Company and Lead Manager shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission 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 Letter of Offer, 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 Issue.*

*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 Issue, including merits and risks involved.*

*This Draft Letter of Offer 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 10 of this Draft Letter of Offer. To obtain a better understanding of our business, you should read this section in conjunction with other sections of this Draft Letter of Offer, including “Business Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 66, 134 and 101, respectively, together with all other financial information contained in this Draft Letter of Offer. 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**

- 1. As an NBFC, we have to adhere to several regulatory norms prescribed by RBI from time to time. Any non-compliance with such norms or any adverse change in the norms could negatively affect our Company’s operations, business, financial condition and the trading price of Equity Shares.***

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain approvals, licenses, registrations and permissions for operating our business. Such approvals, licenses, registrations and permissions must be maintained / renewed over time and we may have to comply with certain conditions in relation to these approvals. Moreover the applicable requirements may change and we may not be aware of or may comply with all requirements all of the time. We are required to obtain and maintain a certificate of registration for carrying on business as an NBFC. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. RBI has the authority to change these norms/criteria as and when required. Inability to meet the prescribed norms/criteria, can adversely affect the operations and profitability of our Company.

- 2. The objects of the Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue Proceeds could adversely affect our financial results.***

The funds raised under this Issue will be used to augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities. The objects of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financial results. Utilization of Issue proceeds would be disclosed to our



## Emerald Leasing Finance & Investment Company Limited

Company's shareholders in the manner required under the Listing Regulations. For further details, please refer to the section titled "Objects of the Issue" on page no. 51 of this Draft Letter of Offer.

3. ***We provide unsecured loans to our borrowers. If our customers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected***

Our Company mainly provides unsecured loans i.e loans are provided without any security. Hence we run the risk of recovery by defaulters. Further, any deterioration in the quality of our borrowers in terms of their financial worth may also expose us to difficulties in timely recovery of interest and principal amount from such borrowers. In the event of such deterioration in our Company's asset portfolio, there could be an adverse impact on our business and our future financial performance. Further, any default in repayment by our borrowers, will result in losses to our company. While we have been very selective and conservative in our lending policies and are generally satisfying ourselves with credit worthiness and repayment capacities of our borrowers, there can be no assurance that we will be able to timely recover the interest and / or principal of loans advanced by us.

4. **Our Company has experienced negative cash flows. Any negative cash flow in future could affect our results of operations.**

Our Company has experienced negative cash flows, the details of which are summarized below:

(₹ in lakhs)

Particulars (Consolidated)	Year 31st 2017	Ended March	Year 31st 2016	Ended March	Year Ended 31st March 2015
Net Cash from Operating Activities		(48.31)		(51.89)	(7.33)
Net cash used in Investing Activities		(92.27)		(2.48)	(0.51)
Net changes in cash and cash equivalents		39.66		(53.37)	(7.84)

(₹ in lakhs)

Particulars (Standalone)	Year 31st 2017	Ended March	Year 31st 2016	Ended March	Year Ended 31st March 2015
Net Cash from Operating Activities		90.45		(53.71)	(7.33)
Net cash used in Investing Activities		(89.00)		(0.96)	(0.51)
Net changes in cash and cash equivalents		1.45		(54.67)	(7.84)

Any negative cash flows, if any in future could adversely affect our company's results of operation and financial condition. For further details please see the section titled "Financial Information" on page no 101 of this Draft Letter of Offer.

5. ***Our business is vulnerable to interest rate risk and volatility in interest rates which could adversely affect our income from our operations and adversely affect our financial performance and profitability.***

Our business is dependent on interest income from the loans disbursed. Accordingly, we are affected by volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

If interest rates rise we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors who may have access to low-cost deposit funds. This could have a material adverse effect on our Company's results of operations and financial condition.



6. ***The small and medium scale enterprises to which we provide loans may not perform and we may not be able to control the non-performance of such companies. Further, the segment to which we cater are more likely to be affected by declining economic conditions than larger corporate borrowers***

A significant majority of our customer base belongs to the small and medium enterprises sector. We do not manage, operate or control such companies and have no control over their functions or operations. The repayment of the loans extended to such companies will depend to a significant extent on the specific management team of the relevant debtor company. Failure to maintain sufficient credit assessment policies, particularly for small and medium enterprise borrowers, could adversely affect our credit portfolio, which could have a material and adverse effect on its results of operations and/or financial condition.

7. ***We along with our subsidiary are also engaged in of acting as a Direct Selling Agent (DSA) for various Banks and NBFC's. Cancellation of same would adversely affect our financial performance and profitability.***

We along with our subsidiary company are associated with more than 25 Banks and NBFCs in acting as a Direct Selling Agent. Commission earned from the said business is one of our major contributions to our total revenue.

To obtain the bank codes for specific loan products, detailed process is required to be followed. Further, the business targets set by the banks / NBFC's is to be achieved consistently. Any delay in the above mentioned activities would lead to cancellation/termination of our DSA Agreement, which in turn would adversely affect our financial performance and profitability.

8. ***We do not own our Registered Office cum Corporate Office.***

We do not own the premises on which our Registered cum Corporate Office is situated. We have taken our Registered cum Corporate Office on rental basis from Mr. Sanjay Aggarwal, promoter of our company for a period of 11 months w.e.f. November 01, 2017. We cannot be sure of continuity of the said premises after expiry of the current rental period and if such agreement is not renewed, there may be temporary disruption in our operations due to relocation of our offices. Further, the terms and conditions on which the said premises may be renewed on rental basis may not be favourable to us.

9. ***Our success also depends upon our management team and skilled personnel and our ability to attract and retain such persons.***

Our future performance will be affected by the continued service of our management team and skilled personnel. We also face a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. There is significant competition for management and other skilled personnel in the various segments of the financial services industry in which we operate, and it may be difficult to attract and retain the personnel we need in the future. The loss of key personnel may have a material and adverse effect on our business, future financial performance, results of operations and ability to grow in line with our strategy and future plans.

10. ***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 party forming part our Promoter / Promoter Group. 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.



**11. *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. Further, our promoters may also be regarded as interested to the extent of rent paid by our company for leasing premises on which our Registered cum Corporate office premises are located. For further details, please refer to the chapters titled “Business Overview”, “Our Promoters and Promoter Group” and “Our Management”, beginning on page 66, 91 and 83 respectively and the Annexure titled “Related Party Transactions” under chapter titled “Financial Statements” beginning on page 101 of this Draft Letter of Offer.

**12. *The financing industry is becoming increasingly competitive and our Company’s growth and profitability will inter alia depend on its ability to compete effectively***

Our Company faces increasing competition from public and private sector Indian commercial banks, and from other financial institutions that provide financial products or services. Some of our Company’s competitors have greater resources than our Company does. The competition our Company faces from banks is increasing as more banks are targeting products and services similar to ours. Competition in our industry depends on, among other things, the ongoing evolution of government policies relating to the industry, the entry of new participants in the industry and the extent to which there is consolidation among banks and financial institutions in India.

As our Company enters new markets in the financial services industry, our Company is likely to face additional competition from entities who may be better capitalized, have longer operating histories, a greater retail and brand presence, and more experienced management. If our Company is unable to compete with these entities effectively in these new markets, its operations and/or profitability may be adversely affected.

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

**13. *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 and capital expenditures. Our business is capital intensive as we require a large amount of money to pursue our NBFC business and activities. The combination of these factors may result in significant variations in our revenues and profits and thereby may impact our ability to pay dividends.

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

Capital gains arising from the sale of the equity shares of our 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 the STT (Security Transaction Tax) has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are transacted. Any gain realized 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 as a result of which no STT has been paid, will be subject to 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 capital gains tax in India. Capital gains arising from the sale of the equity shares of our Company will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident.



Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gain upon a sale of the Equity Shares.

**15. *Volatility in the stock market may have an impact on the market price and trading of our Equity Shares.***

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Equity Shares. There may be significant volatility in the market price of our Equity Shares.

If we are unable to operate profitably or as profitably as we have in the past, investors could sell our Equity Shares when it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will be sustained after this Issue, 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 Issue.

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

We are subject to a daily 'circuit breaker' imposed by the Stock Exchanges, which may not allow transactions beyond specified increases or decreases in the price of our Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

This circuit breaker will limit the upward and downward movements in the price of our Equity Shares during the day. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

**17. *Any future issuance of Equity Shares may dilute the investor's shareholding and sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares by the Company could dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise capital through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**18. *Any trading closure at the BSE may adversely affect the trading price of our Equity Shares.***

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies,



including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on the BSE Platform could adversely affect the trading price of the Equity Shares.

### **III. EXTERNAL RISK FACTORS**

**19. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

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

**20. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**21. *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 neighboring 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.

**22. *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.

**23. *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, tsunami, 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**

1. This is an Issue of [●] Equity Shares at a premium of ₹ [●] per Equity Share for an amount aggregating upto ₹ 600 lakhs on a rights basis to the existing Equity Shareholders of our Company in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders as on the Record Date.
2. As of March 31, 2017 and five months ended August 31, 2017, our net worth was ₹ 418.21 lakhs & ₹ 461.70 lakhs as per our Company's Audited Consolidated Financial Information and ₹ 328.69 lakhs & ₹ 333.20 lakhs as per our Company's Audited Standalone Financial Information.
3. As of March 31, 2017 and five months ended August 31, 2017, net asset value per Equity shares was ₹ 13.73 & ₹ 15.16 per share as per our Company's Audited Consolidated Financial Information and ₹ 10.79 & ₹ 10.94 per share as per our Company's Audited Standalone Financial Information.
4. The average cost of acquisition of Equity Shares by our Promoters, Mr. Sanjay Aggarwal, Mr. Ram Swaroop Aggarwal and Ms. Anu Aggarwal are ₹ 16.46, ₹ 6.03 and ₹ 10 per Equity Share. Mrs. Anubha Aggarwal does not hold any share in the Company. For further details, see "Capital Structure-Build-up of our Promoter's shareholding in our Company" on page 39 of this Draft Letter of Offer.
5. Our Company, in the course of business has entered into transactions with related parties. For the details of related party transactions, please refer 101 of the Draft Letter of Offer.
6. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase of securities of our Company by any other person, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
7. There have been no changes to the name of our Company in the three years prior to the filing of this Letter of Offer.
8. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the Lead Manager who has submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.
9. As on date there are no outstanding investor complaints.

Investors may contact the Lead Manager for complaints, information or clarifications pertaining to the Issue.





## **SECTION III – INTRODUCTION**

### **SUMMARY OF INDUSTRY**

*The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Letter of Offer is reliable, it has not been independently verified.*

*Accordingly, our Company and the Lead Manager do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained.*

#### **Evolution of the Industry**

The advent of NBFCs in India can be traced back to the 1960s when the RBI Act, 1934 was amended on 1st December, 1964 by Reserve Bank Amendment Act, 1963. In this new, 'Chapter III-B', was introduced to Regulate 'Deposit Accepting' NBFCs

NBFCs served the people who did not have access to the banking systems of the country. It provided easy finance to small businesses and to the underprivileged or part of the weaker section of the society. Initially, they operated on a limited scale and could not make a significant impact on the financial system. But these entities experienced sudden spurt in their activities between the late 1980s and the mid-1990s. While, on an average basis, deposits of NBFCs as a proportion of bank deposits were 0.8 percent during 1985–86 to 1989–90, they shot up to as much as 9.5 percent by 1996–97. This sharp jump in NBFC deposits was mostly, “on account of the high rates of interest offered on such deposits”. They also had a firm base owing to its customer friendly reputation. As they facilitated access to credit for semi-rural and rural India where the reach of traditional banks has traditionally been poor, it got huge investors.

While traditionally, the regulation of NBFCs was confined to deposit-taking activities of NBFCs, in 1997 the RBI was given comprehensive powers to regulate NBFCs for ensuring their overall efficiency. The amended RBI Act also made it mandatory for every NBFC to have minimum net owned funds (NOF) and obtain a certificate of registration from the RBI for commencing or carrying on business.

In the year 2016, RBI allowed all sub-sectors falling within NBFCs 100% FDI either through automatic route or approval route and also removed any form of additional capitalisation norms linked to foreign ownership prescribed under the FDI policy, thereby aligning the capitalisation norms.

In recent years the NBFCs have gained significance by adding considerable depth to the overall financial sector.

*(Source: IMF WP- Indian Financial Sector: Structure, Trends and Turns, January 2017)*

#### **Indian Financial Service Industry**

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry.



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The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for Micro and Small Enterprises, issuing guideline to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by both government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

(Source: <https://www.ibef.org/industry/financial-services-india.aspx>)

### ***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.

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 term 'NOF' means, owned funds (paid-up capital and free reserves, minus accumulated losses, deferred revenue expenditure and other intangible assets) less, (i) investments in shares of subsidiaries/companies in the same group/ all other NBFCs; and (ii) the book value of debentures/ bonds/ outstanding loans and advances, including hire-purchase and lease finance made to, and deposits with, subsidiaries/ companies in the same group, in excess of 10% of the owned funds.

The NBFC sector assumes a critical role in financial inclusion as it caters to a wide range of financial activities particularly in areas where commercial banks have limited penetration. NBFCs are expected to play a crucial role in fostering inclusive growth, especially in sectors like MSMEs.

The NBFC sector continued to raise funds mainly through debentures, borrowings from banks and commercial papers. The Reserve Bank also eased the norms for external commercial borrowings (ECBs) for NBFCs that lend to the infrastructure sector, to raise ECBs with a minimum maturity of five years. In addition, the Reserve Bank also allowed NBFCs to raise funds through rupee denominated bonds overseas.

(Source: *RBI's Report on Trend and Progress of Banking in India 2015-16*)

### **The types of NBFCs registered with the RBI are:-**

1. **Asset Finance Company (AFC):** An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.
2. **Investment Company(IC):** IC means any company which is a financial institution carrying on as its principal business the acquisition of securities.
3. **Loan Company (LC):** LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.
4. **Infrastructure Finance Company (IFC):** IFC is a non-banking finance company a) which deploys at



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least 75 per cent of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of Rs. 300 crore, c) has a minimum credit rating of 'A' or equivalent d) and a CRAR of 15%.

5. Systemically Important Core Investment Company (CIC-ND-SI): CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:-
  - (a) it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
  - (b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;
  - (c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
  - (d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
  - (e) Its asset size is Rs. 100 crore or above and
  - (f) It accepts public funds
6. Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC) : IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.
7. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI): NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:
  - (a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 1,00,000 or urban and semi-urban household income not exceeding Rs. 1,60,000;
  - (b) loan amount does not exceed Rs. 50,000 in the first cycle and Rs. 1,00,000 in subsequent cycles;
  - (c) total indebtedness of the borrower does not exceed Rs. 1,00,000;
  - (d) tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 15,000 with prepayment without penalty.
  - (e) loan to be extended without collateral;
  - (f) aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs;
  - (g) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower
8. Non-Banking Financial Company – Factors (NBFC-Factors): NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50 percent of its total assets and its income derived from factoring business should not be less than 50 percent of its gross income.
9. Mortgage Guarantee Companies (MGC): MGC are financial institutions for which at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is Rs. 100 crore.
10. NBFC- Non-Operative Financial Holding Company (NOFHC): It's a financial institution through which promoter / promoter groups will be permitted to set up a new bank .It's a wholly-owned Non-Operative Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.  
(Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92>)

NBFCs are further categorised into two types on the basis of their liability structure: deposit-taking NBFCs (NBFCs-D) and non-deposit taking NBFCs (NBFCs-ND). Non deposit taking NBFCs may be further classified, based on their size, as systemically important non-deposit taking NBFCs. As of March



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2017, there were 11,517 non-banking financial companies (NBFCs) registered with the Reserve Bank, of which 179 are deposit accepting (NBFCs-D). There were 220 Systemically Important Non-Deposit accepting NBFCs (NBFCsND-SI). All NBFC-D and NBFCs-ND-SI are subjected to prudential regulations such as capital adequacy requirements and provisioning norms along with reporting requirements.

*(Source: RBI's Report on Trend and Progress of Banking in India 2016-17)*



## **SUMMARY OF BUSINESS**

We are a Non Deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI to carry on the NBFI activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. N-14.0332 dated November 20, 2015. We are engaged in a diverse range of businesses catering to the financial services sector through our own Company & also through our Subsidiary, encompassing lending loans, and insurance .

Our Company was incorporated on November 22, 1983 as Emerald Leasing Finance and Investment Company Limited under the Companies Act, 1956. Our Company got certificate of Commencement of Business on December 16, 1983.

Our Company is promoted by Mr. Sanjay Aggarwal, Mrs. Anubha Aggarwal, Mr. Ram Swaroop Aggarwal and Mrs. Anu Aggarwal. As a Non-Banking Financial Company (NBFC) we are involved in providing financial services with a paramount focus on small and medium enterprises (SMEs) in corporate and non-corporate sector. Our loan portfolio as of September 30, 2017, is ₹ 2.46 Crs.

Our Company's net-worth as on March 31, 2017 was ₹ 328.69 lakhs on a standalone basis and ₹ 434.87 lakhs on a consolidated basis, compared to ₹ 322.23 lakhs on a standalone basis and ₹ 324.43 lakhs on a consolidated basis, respectively, for Fiscal 2016.

### **BUSINESS MODEL**

Our company's business model is centered around two main activities in the financial market i.e. Loan activities (granting of loans & advances) and acting as a Direct Selling Agent (for various Banks and NBFC's). As an NBFC, we operate in the business of providing loans to small and medium enterprises ("SMEs") and retail customers. We provide finance to our clients after satisfying ourselves about the credit worthiness and repayment capacity of our borrowers after evaluating major risks associated with the business/project/proposal for which loan has been sought. We along with our Subsidiary Company are also engaged in the business of acting as a Direct Selling Agent for various Banks and NBFC's. This business activity was undertaken by strengthening our employee base with adequate training sessions to understand the service support to be provided to the banks and financial institutions for selling their products. Our Company along with our Subsidiary Company is associated with more than 25 Banks and NBFCs.

So far we have obtained Direct Selling Agency of Fullerton India, Indusind Bank, HDFC Bank Ltd., Kotak Mahindra Bank Ltd., ICICI Bank Ltd., Edelweiss Retail Finance Ltd., HDB Financial Services Ltd, Tata Capital Financial Services Ltd, Capital First Limited, Capital Float, Dewan Housing Finance Corporation Ltd., Reliance Home Finance Ltd, Aditya Birla Housing Finance Ltd, Indiabulls Housing Finance Ltd., Cholamandalam Investment & Finance Company Ltd., HDFC Limited, Magma Finance Ltd., DCB Bank Limited, RBL Bank Ltd. etc. Due to these DSAs and our strong network amongst the debt finance market; we mentor and help our retail clients, corporate clients and SMEs to raise banking and institutional finance.

### **OUR OPERATIONS**

- A. OUR LENDING BUSINESS**
- B. OUR BUSINESS OF ACTING AS A DIRECT SELLING AGENT**

#### **A. Our Lending Business –**

Our business typically includes four major segments, namely, customer origination, customer evaluation, credit appraisal and approval and disbursements, loan administration and monitoring and collection and recovery. We have briefly discussed each of these segments below:-

##### **1. Customer Origination**

Our customer base typically includes small and medium enterprises, Corporates and retail



investors. Our Promoters and Directors have past experience in the fields of Corporate Finance, Loan Syndication, Banking and Project Finance. Our Company originates customers majorly through such contacts. Our target customer segment comprises middle-income individuals, corporate clients and micro and small business customers in urban markets.

**2. Customer Evaluation**

We follow certain procedures for the evaluation of the customers based on a set of qualitative and quantitative factors for determining the creditworthiness of our potential borrowers. Upon sourcing a customer, a marketing executive assesses the customer based on several parameters for eg:- for a SME loan the marketing executive visits the customer's business premises to access credit needs, and repayment capabilities.

A field investigation officer also confirms the accuracy of the information on a loan application by visiting the applicant's residence, office or business premises. A member of the credit team then verifies the applicant's credit history through a credit bureau check. Subsequently, a member of the credit team contacts the customer and makes a final assessment of the application.

**3. Credit Appraisal**

We carry out credit appraisal of every application as per our organizational and credit policies and the credit assessment and evaluation is conducted in accordance with our terms and condition. In case of an SME Loan, an appraisal officer verifies documents such as bills of purchase and sale, stock registers, cash books, fuel and energy consumption bills to assess the turnover and margins of a customer's business and his repayment capability. We provide approvals based on risk pricing, desirable terms of sanction and adequate due diligence. After the credit evaluation and due diligence, approval is accorded to the prospective customers.

**4. Loan Disbursement**

Prior to the loan disbursement, we ensure proper Know Your Customer compliance of the applicant and the loan documents include the applicant's acceptance of the terms and conditions of the loan.

**5. Loan administration and monitoring**

Our tenure for financial assistance varies dependent on customers' profile and their business model. We track loan repayment schedules of our customers, on a regular basis.

**B. Our Business of acting as a Direct Selling Agent –**

We along with our Subsidiary are also in the business of acting as a Direct Selling Agent. Following are the financial products where we act as Direct Selling Agents:

**a. Personal Loans**

Personal loans / unsecured debt are not backed by any type of collateral, such as your home or car, as in the case with a mortgage or auto loan, respectively. These loans are typically general purpose loans. Personal loans are a type of instalment loan, with a fixed repayment term, usually two to five years, and often carry a fixed interest rates.

**b. Corporate Loans**

Corporate Loan or commercial loan is a debt-based funding arrangement that a business can set up with a financial institution. The proceeds of corporate loans may be used to fund large capital expenditures or operations that a business may otherwise be unable to afford. Corporate loans are usually short term in nature and are almost always backed with some sort of collateral.

**c. Home Loans**

Home loan is a loan advanced to a person to assist in buying a house or a flat. Home loans consist of an adjustable or fixed interest and payment terms.

**d. Property Loans**



## **Emerald Leasing Finance & Investment Company Limited**

Property Loan or a loan against property (LAP) is a loan given or disbursed against the mortgage of property. The loan is given as a certain percentage of the property's market value.

**e. Machinery Loans**

Machinery Loan is a debt taken to purchase a new or refurbished machinery. The primary security consist of the industrial machinery being financed. It's a unique financial product with flexible tenure options and minimum documentation.

**f. Factoring**

Factoring is a transaction in which a business sells its invoices, or receivables, to a third-party financial institution. The financial company then collects payment on those invoices from the business's customer. Factoring allows companies to quickly build up their cash flows, which makes it easier for them to pay employees, handle customer orders and add more business.

**g. Insurance (Both life and non life)**

insurance also known as general insurance is typically defined as any insurance that is not determined to be life insurance such as insurance of property against fire, burglary, theft; personal insurance covering health, travel and accidents; and liability insurance covering legal liabilities.

For our DSA business which is carried out along with our subsidiary, the business operations typically include various steps/activities which can be summarized as follows:

**1. Identification of client**

Some clients directly send their application seeking financial assistance while to seek other prospective clients we use various marketing strategies like doing an extensive search on the internet which is conducive to potential customers. Also maintaining cordial relations with our existing clients enables us to sought clients through their reference.

**2. Customer Evaluation**

We undertake various cross checks and due diligence on a prospective customer before signing a deal. These include reference of clients from various sources like suppliers, employees, competitors etc., fraud verification, asset verification and valuation and other procedures. Once the internal verification procedures conclude all documents submitted by the client are verified.

**3. Appraisal of Client Proposal**

After the document verification, Meetings are conducted wherein personal discussions are done with clients in order to procure information about their debt requirements. Also, through such discussions we acquire information about their business model and business risks which might affect the repayment capacity of the client.

**4. Identification of Prospective Lender**

Prospective lenders are identified based on various parameters like the nature of loan, size of loan, time frame, etc. Brief detail of our client and the loan applied for is sent to the prospective lender. Thereafter, meetings are conducted with them to negotiate the details of the proposed transaction. We assist the client with the terms and any queries pertaining to the transaction. If both the client and the lender are content with the terms and conditions of the transaction, an agreement is signed.

**5. Processing and Disbursement of Loans**

Assistance is rendered to the client in submission of required information and documents with the lender. We help the client is complying with the terms of the agreement till the loan is disbursed to the client.

### **BUSINESS STRENGTHS**

**1. Strong professional and experienced execution/management team allows the Company to develop a strong business**

Our Company's business is supported by an experienced and professional management team with strong background in Financial services. Our Company derives strength from the expertise of its





## **Emerald Leasing Finance & Investment Company Limited**

Promoter & Managing Director, Sanjay Aggarwal, having more than twenty (20) years of experience in the fields of Corporate Finance, Loan Syndication & Capital Restructuring.

Our efficient management team are backed by our accomplished promoters who are having more than a decade of experience in the varied business segments like Project Finance, Loan syndication, Capital Restructuring, Steel Trading and Banking . We believe that with a relevant experience of our management backed by the education and experience of our KMPs would provide us a competitive advantage as compared to other unorganized players in our business segments

### **2. Focus on customer services by efficient use of technology**

We believe that our customer service initiatives coupled with the effective use of technology has helped us enhance our recognition and secure both new and repeat business in our lending operations. Further, in our business of acting as a direct selling agent, Shubhbank.com platform, a unit of our subsidiary company, helps to connect the borrowers and lenders in India more efficiently by providing hassle free online as well as offline services.

### **3. Focus on a disciplined business philosophy with Internal controls and risk management**

Our Company's built up philosophy is to do business predominantly on a short term to medium term basis with borrowers who are engaged in diverse businesses and industry sectors. Our Company does not give industry specific loans but gives weightage to the borrowers repayment capacity. Our Company believes that it has necessary internal controls and risk management systems to assess and monitor risks.

### **4. Direct Selling Agency Method of Business**

From the financial year 2013- 14 , we have been operating as a Direct Selling Agent providing networking and execution facilities to clients wanting to raise debt funds. We have successfully advised transactions for our clients from large Banks and FIs such as HDFC Bank Ltd, Kotak Mahindra Bank Ltd, ICICI Bank Ltd, Edelweiss Financial Services Ltd, etc. Further we are in talks to improve our relations with other banks and FIs to obtain more such DSA. We believe that having a DSA portfolio helps lend credibility to our image amongst clients and banking circles and hence augment our capability to scale up our business operations.

## **OUR STRATEGIES**

Our key strategic priorities are as follows:

### **1. Leverage on our experience and relationships**

We have steadily grown our business in recent years. We intend to continue to leverage our experience and relationships with our customers to expand and diversify.

### **2. Focus on customer services by efficient use of technology**

We believe that our customer service initiatives coupled with the effective use of technology has helped us enhance our recognition and secure our leading business operations. Further, with the launch of website in our subsidiary Shubhbank.com , we offer a one stop shop solution to meet the financial needs of the Indian customers. This set up also helped to connect the borrowers and lenders more efficiently by providing hassle free online as well as offline services.

We will continue to invest in our technology systems to improve our operational efficiencies, functionality, reduce errors and improve our productivity through well defined processes and systems. We also believe in deploying strong technology systems that will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities. We intend to remain committed to technological innovation to ensure our ability to respond to our increasingly sophisticated and competitive market and to mitigate the risks we face as a NBFC.

### **3. Maintain and expand long term Relationship with Client**

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time. Our Company believes that a long term client relationship with large clients fetches better dividends. Our Company intends to establish





## **Emerald Leasing Finance & Investment Company Limited**

strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our Company's business and are likely to enhance its opportunities.

#### **4. Attract and Retain Experienced Professionals**

Our Company has been recruiting a team of professionals with experience in financial services sector, credit evaluation, risk management, technology and marketing. Our Company believes to create the right balance of performance bonus and other financial incentives for its employees so that they will be challenged to develop business, achieve profitability targets and control risk.



**SUMMARY OF FINANCIAL INFORMATION**

The following tables set forth summary of financial information derived from audited consolidated financial statements for the year ended March 31, 2017, March 31, 2016 and for the five months period ended August 31, 2017 and audited standalone financial statements for the year ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and for the five months period ended August 31, 2017. These financial statements have been prepared in accordance with Companies Act, the Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards and other applicable statutory and/or regulatory requirements. Our summary of financial information presented below, is in ₹ in lakhs and should be read in conjunction with the financial information and the notes thereto included in the section titled “*Financial Information*”, on page 101 of the Draft Letter of Offer.



## CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

	PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' Funds</b>			
	( a ) Share capital	304.50	304.50	304.50
	( b ) Reserves and Surplus	157.20	113.71	19.93
	<b>Minority interest</b>	16.67	16.67	0.00
	<b>Sub Total 1</b>	<b>478.37</b>	<b>434.88</b>	<b>324.43</b>
2	<b>Non - Current Liabilities</b>			
	(a) Long - term borrowings	10.10	-	-
	<b>Sub Total 2</b>	<b>10.10</b>	<b>-</b>	<b>-</b>
3	<b>Current liabilities</b>			
	(a) Trade payables	-	-	-
	(b) Other current liabilities	66.75	28.14	4.59
	(c) Short - term provisions	6.61	8.18	4.68
	<b>Sub Total 3</b>	<b>73.36</b>	<b>36.31</b>	<b>9.27</b>
	<b>TOTAL</b>	<b>561.83</b>	<b>471.19</b>	<b>333.70</b>
<b>II</b>	<b>ASSETS</b>			
1	<b>Non - current assets:</b>			
	<b>( a )Fixed Assets</b>			
	(i) Tangible Assets	4.65	3.33	1.51
	<b>Sub Total 1</b>	<b>4.65</b>	<b>3.33</b>	<b>1.51</b>
2	<b>Current assets</b>			
	( a ) Trade Receivables	59.05	31.97	31.75
	( b ) Cash and Bank balances	(1.23)	42.27	2.61
	(c) Short-term loans and advances	490.75	391.76	295.71
	<b>Sub Total 2</b>	<b>548.57</b>	<b>466.00</b>	<b>330.07</b>
3	<b>Miscellaneous Expenses</b>	<b>8.61</b>	<b>1.86</b>	<b>2.12</b>
	<b>TOTAL</b>	<b>561.83</b>	<b>471.19</b>	<b>333.70</b>



CONSOLIDATED STATEMENT OF PROFIT & LOSS

(₹ in lakhs)

	PARTICULARS	Five Months ended 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016
I	Revenue from operations (Gross)	124.32	172.99	77.26
	<b>Total revenue ( I)</b>	<b>124.32</b>	<b>172.99</b>	<b>77.26</b>
II	Expenses			
	Employee benefits expense	19.58	43.92	32.86
	Depreciation and amortization expense	-	1.46	0.47
	Other expenses	60.06	100.23	28.79
	<b>Total Expenses (II)</b>	<b>79.64</b>	<b>145.61</b>	<b>62.12</b>
III	Profit/(Loss) before exceptional and extraordinary Items and tax ( I-II)	<b>44.68</b>	<b>27.38</b>	<b>15.14</b>
IV	Exceptional items	-	-	-
V	Profit/(Loss) before extraordinary Items and tax ( III-IV)	<b>44.68</b>	<b>27.38</b>	<b>15.14</b>
VI	Extraordinary Items	-	-	-
VII	<b>Profit/(Loss) before tax ( V-VI)</b>	<b>44.68</b>	<b>27.38</b>	<b>15.14</b>
VIII	Tax expenses			
	1.Current tax	1.18	8.18	4.68
	2.Income tax			0.05
	Total	1.18	8.18	4.73
IX	<b>Profit for the year (VII-VIII)</b>	<b>43.50</b>	<b>19.20</b>	<b>10.41</b>



CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs)

PARTICULARS	Five months ended 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit before Tax and Extraordinary Items	44.68	27.38	15.14
Adjustment for:			
Depreciation and amortization expense	-	1.71	0.73
<b>Operating Profit before Working Capital Changes</b>	<b>44.68</b>	<b>29.09</b>	<b>15.87</b>
Adjustment for:			
Increase/Decrease in trade & other receivable	(27.08)	(0.22)	(7.29)
Changes in Loans & Advances	(98.99)	(96.04)	(60.13)
Long Term Borrowings & Provisions	10.10	-	-
Short Term Borrowings & Provisions	(1.57)	27.04	4.39
Changes in Other Current Liabilities	38.61	-	-
Trade Payable	-	-	-
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(34.25)</b>	<b>(40.13)</b>	<b>(47.16)</b>
Provisions for Current year Taxes	(1.18)	(8.18)	(4.73)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(35.43)</b>	<b>(48.31)</b>	<b>(51.89)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets ( Net of Sales)	(1.32)	(3.27)	(1.74)
Misc Expenditure	(6.75)	-	(0.25)
Purchase of investments in Subsidiaries	-	(89.00)	(0.49)
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(8.07)</b>	<b>(92.27)</b>	<b>(2.48)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from issue of Share Capital	-	180.24	1.00
<b>NET CASH FROM FINANCING ACTIVITIES 'C'</b>	<b>-</b>	<b>180.24</b>	<b>1.00</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(43.50)</b>	<b>39.66</b>	<b>(53.37)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Opening Balance in the beginning of the year	42.27	2.61	55.98
<b>Closing Balance at the end of the year</b>	<b>(1.23)</b>	<b>42.27</b>	<b>2.61</b>



**Emerald Leasing Finance & Investment Company Limited**

**STANDALONE BALANCE SHEET**

(₹ in lakhs)

	PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<b>I</b>	<b>EQUITY AND LIABILITIES</b>						
1	<b>Shareholders' Funds</b>						
	( a ) Share capital	304.50	304.50	304.50	304.50	304.50	20.00
	( b ) Reserves and Surplus	28.70	24.19	17.73	9.52	0.42	(5.92)
	<b>Sub Total 1</b>	<b>333.20</b>	<b>328.69</b>	<b>322.23</b>	<b>314.02</b>	<b>304.92</b>	<b>14.08</b>
2	<b>Non - Current Liabilities</b>						
	(a) Long - term borrowings	10.10	-	-	-	-	-
	<b>Sub Total 2</b>	<b>10.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3	<b>Current liabilities</b>						
	(a) Short - term borrowings	-	-	-	-	-	0.26
	(b) Trade payables	-	-	-	-	0.25	1.06
	(c) Other current liabilities	31.10	21.20	0.47	0.82	0.55	0.04
	(d) Short - term provisions	1.18	2.75	3.69	4.07	2.83	0.36
	<b>Sub Total 3</b>	<b>32.28</b>	<b>23.95</b>	<b>4.16</b>	<b>4.89</b>	<b>3.63</b>	<b>1.72</b>
	<b>TOTAL (1+2+3)</b>	<b>375.58</b>	<b>352.64</b>	<b>326.39</b>	<b>318.91</b>	<b>308.55</b>	<b>15.80</b>
<b>II</b>	<b>ASSETS</b>						
1	<b>Non - current assets:</b>						
	<b>( a )Fixed Assets</b>						
	(i) Tangible Assets	0.79	0.27	0.44	0.24	0.58	-
	( b ) Non- Current Investments	90.00	90.00	1.00	0.51	-	-
	<b>Sub Total 1</b>	<b>90.79</b>	<b>90.27</b>	<b>1.44</b>	<b>0.75</b>	<b>0.58</b>	<b>-</b>
2	<b>Current assets</b>						
	( a ) Trade Receivables	11.96	12.86	26.14	18.86	11.56	1.00
	( b ) Cash and Bank balances	0.97	2.76	1.31	55.99	63.82	0.64
	(c) Short-term loans and advances	263.45	245.09	295.60	241.18	230.22	14.16
	<b>Sub Total 2</b>	<b>276.38</b>	<b>260.71</b>	<b>323.05</b>	<b>316.03</b>	<b>305.60</b>	<b>15.80</b>
3	Miscellaneous Expenses 3	8.41	1.66	1.90	2.13	2.37	-
	<b>TOTAL (1+2+3)</b>	<b>375.58</b>	<b>352.64</b>	<b>326.39</b>	<b>318.91</b>	<b>308.55</b>	<b>15.80</b>



**Emerald Leasing Finance & Investment Company Limited**

**STANDALONE STATEMENT OF PROFIT & LOSS**

(₹ in lakhs)

	<b>PARTICULARS</b>	<b>Five Months Ended 31st August 2017</b>	<b>Year Ended 31st March 2017</b>	<b>Year Ended 31st March 2016</b>	<b>Year Ended 31st March 2015</b>	<b>Year Ended 31st March 2014</b>	<b>Year Ended 31st March 2013</b>
<b>I</b>	Revenue from operations (Gross)	22.72	51.34	67.49	88.50	35.48	3.38
	<b>Total revenue ( I )</b>	<b>22.72</b>	<b>51.34</b>	<b>67.49</b>	<b>88.50</b>	<b>35.48</b>	<b>3.38</b>
<b>II</b>	<b>Expenses</b>						
	Employee benefits expense	7.36	14.88	28.86	31.16	11.30	1.68
	Depreciation and amortization expense	-	0.18	0.27	0.34	0.88	-
	Other expenses	9.67	27.07	26.41	43.83	14.14	0.47
	<b>Total Expenses (II)</b>	<b>17.03</b>	<b>42.13</b>	<b>55.54</b>	<b>75.33</b>	<b>26.32</b>	<b>2.15</b>
<b>III</b>	Profit/(Loss) before exceptional and extraordinary Items and tax (I-II)	<b>5.69</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>	<b>1.23</b>
<b>IV</b>	Exceptional items	-	-	-	-	-	-
<b>V</b>	Profit/(Loss) before extraordinary Items and tax ( III-IV)	<b>5.69</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>	<b>1.23</b>
<b>VI</b>	Extraordinary Items		-	-	-	-	-
<b>VII</b>	<b>Profit/(Loss) before tax ( V-VI)</b>	<b>5.69</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>	<b>1.23</b>
<b>VIII</b>	Tax expenses						
	1.Current tax	1.18	2.75	3.69	4.07	2.83	0.37
	2.Income tax			0.05		-	-
	Total	1.18	2.75	3.74	4.07	2.83	0.37
<b>IX</b>	<b>Profit for the year (VII-VIII)</b>	<b>4.51</b>	<b>6.46</b>	<b>8.21</b>	<b>9.10</b>	<b>6.33</b>	<b>0.86</b>



**Emerald Leasing Finance & Investment Company Limited**

**STANDALONE CASH FLOW STATEMENT**

(₹ in lakhs)

PARTICULARS	Five Months Ended 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>						
Net Profit before Tax and Extraordinary Items	5.69	9.21	11.95	13.17	9.16	1.23
Adjustment for:						
Depreciation and amortization expense	-	0.41	0.51	0.58	0.87	-
Operating Profit before Working Capital Changes	<b>5.69</b>	<b>9.62</b>	<b>12.46</b>	<b>13.75</b>	<b>10.03</b>	<b>1.23</b>
Adjustment for :						
Increase/Decrease in trade & other receivable	0.90	13.27	(7.29)	(7.30)	(10.55)	(1.00)
Changes in Loans & Advances	(18.36)	50.52	(54.42)	(10.96)	(216.04)	-
Long Term Borrowings	10.10	-	-	-	-	-
Short Term Borrowings & Provisions	8.33	19.79	(0.72)	1.25	2.70	0.39
Trade Payable		-	-	-	(0.81)	-
CASH GENERATED FROM OPERATING ACTIVITIES	6.66	93.20	(49.97)	(3.26)	(214.67)	0.62
Provisions for Current year Taxes	(1.18)	(2.75)	(3.69)	(4.07)	(2.83)	(0.37)
Previous Year Taxes			(0.05)			
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>5.48</b>	<b>90.45</b>	<b>(53.71)</b>	<b>(7.33)</b>	<b>(217.50)</b>	<b>0.25</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Purchase of Fixed Assets ( Net of Sales)	(0.52)	-	(0.47)	-	(1.46)	-
Misc Expenditure	(6.75)	-	-	-	(2.37)	-
Purchase of investments in Subsidiaries	-	(89.00)	(0.49)	(0.51)	-	-
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(7.27)</b>	<b>(89.00)</b>	<b>(0.96)</b>	<b>(0.51)</b>	<b>(3.83)</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>						
Proceeds from issue of Share Capital	-	-	-	-	284.50	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284.50</b>	<b>-</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1.79)</b>	<b>1.45</b>	<b>(54.67)</b>	<b>(7.84)</b>	<b>63.17</b>	<b>0.25</b>
<b>CASH AND CASH EQUIVALENTS:</b>						
Opening Balance in the beginning of the year	2.76	1.31	55.98	63.82	0.65	0.39
Closing Balance at the end of the year	0.97	2.76	1.31	55.98	63.82	0.64





## Emerald Leasing Finance & Investment Company Limited

### THE ISSUE

The Issue has been authorised by way of a resolution passed by our Board on March 29, 2017 and by the way of special resolution passed by the shareholders in its EGM held on April 24, 2017, pursuant to section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 158 of this Draft Letter of Offer.

<b>Equity Shares outstanding prior to the Issue</b>	30,45,000 Equity Shares
<b>Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)</b>	[●] Equity Shares
<b>Rights Entitlement</b>	[●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date i.e., [●]
<b>Record Date</b>	[●]
<b>Face Value per Equity Share</b>	₹ 10 each
<b>Issue Price per Equity Share</b>	₹ [●] each
<b>Terms of the Issue</b>	For more information, please see “ <i>Terms of the Issue</i> ” on page 158 of this Draft Letter of Offer.
<b>Use of Issue Proceeds</b>	For further information, please see “ <i>Objects of the Issue</i> ” on page 51 of this Draft Letter of Offer.

#### Terms of Payment

The full amount of ₹ [●] per Equity Share is payable on application.

#### Book closure/ Record Date and other details

<b>Book closure/ Record Date</b>	[●]
<b>Purpose</b>	[●]
<b>Ex-Right</b>	[●]

#### Issue Schedule

<b>Issue Opening Date:</b>	[●]
<b>Last date for receiving requests for split forms:</b>	[●]
<b>Issue Closing Date:</b>	[●]



GENERAL INFORMATION

Registered Office cum Corporate Office of our Company

**Emerald Leasing Finance and Investment Company Limited**

SCO 7, Industrial Area, Phase II,  
Chandigarh – 160 002, India  
Tel: 0172 - 4005659; Fax: 0172 - 4603859  
Website: [www.emeraldfin.com](http://www.emeraldfin.com)  
Email: [info@emeraldfin.com](mailto:info@emeraldfin.com)

Changes in the Registered Office since Incorporation

Date of change	From	To
September 20, 2004	29 A/1, Asif Ali Road, New Delhi 110002	144 Sant Nagar, East of Kailash, New Delhi 110065
April 4, 2013	144 Sant Nagar, East of Kailash, New Delhi 110065	A 35, New Multan Nagar, Paschim Vihar, New Delhi 110063, India
January 06, 2014	A 35, New Multan Nagar, Paschim Vihar, New Delhi 110063, India	M 63 Third Floor, Lajpat Nagar, New Delhi 110024 India
September 15, 2016	M 63 Third Floor, Lajpat Nagar, New Delhi 110024 India	59, First Floor, Uday Park, Gautam Nagar, New Delhi 110049, India
October 26, 2017	59, First Floor, Uday Park, Gautam Nagar, New Delhi 110049, India	SCO 7, Industrial Area, Phase II, Chandigarh 160 047, India.

Corporate Identification No.: L65993DL1983PLC016993

Address of the Registrar of Companies

**The Registrar of Companies, Delhi and Haryana, New Delhi**

Corporate Bhawan, Plot No. 4 B,  
Sector 27 B, Madhya Marg,  
Chandigarh – 160 019

Board of Directors

Our Board comprises of:

Name, Designation and Occupation	Date of Birth	DIN	Address
<b>Mr. Sanjay Aggarwal</b> <i>Managing Director</i>	14/03/1967	02580828	3054, Sector 28 D Chandigarh 160002
<b>Mrs. Anubha Aggarwal</b> <i>Director</i>	09/08/1970	02557154	3054, Sector 28 D Chandigarh 160002
<b>Mr. Raman Aggarwal</b> <i>Independent and Non-executive Director</i>	12/03/1965	00116103	F- 1/17, Model Town, Delhi
<b>Mr. Tarun Khanna</b> <i>Independent and Non-executive Director</i>	16/03/1971	02306480	B-9/21, Second Floor Vasant Vihar, Delhi
<b>Mr. Deepak Gaur</b> <i>Independent and Non-executive Director</i>	01/08/1984	06445299	B-20 West Block A, Friends Enclave, Mundka Rani Khera Road, Nangloi Delhi



**Brief Profile of the Board of Directors**

Please see “*Management*” on page 83 of this Draft Letter of Offer.

**Company Secretary & Compliance Officer**

Mrs. Anju Sharma  
SCO 7, Industrial Area, Phase II,  
Chandigarh 160 002, India  
**Tel:** 0172 - 4603859  
**Fax:** 0172 - 4603859  
**Email:** cs@emeraldfin.com

**Chief Financial Officer**

Ms. Sheetal Kapoor  
SCO 7, Industrial Area, Phase II,  
Chandigarh 160 002, India  
**Tel:** 0172 - 4005659  
**Fax:** 0172 - 4603859  
**Email:** cfo@emeraldfin.com

**Lead Manager to the Issue**

**Keynote Corporate Services Limited**

The Ruby, 9th Floor,  
Senapati Bapat Marg, Dadar (W)  
Mumbai 400 028  
Maharashtra, India.  
**Tel:** +91 22 3026 6000-3  
**Fax:** +91 22 30266088  
**E-mail :** mbd@keynoteindia.net  
**Website :** www.keynoteindia.net  
**Contact Person :** Ms. Pooja Sanghvi  
**SEBI Registration Number:** INM 000003606

**Registrar to the Issue**

**Mas Services Limited**

T-34, IInd Floor,  
Okhla Industrial Area,  
Phase-II New Delhi - 110020.  
**Tel:** +91-11- 2638 7281-83  
**Fax:** +91-11- 2638 7384  
**E-mail:** info@masserv.com  
**Website:** www.masserv.com  
**Contact Person:** Mr. Sharwan Mangla  
**SEBI Registration Number:** INR 000000049

**Legal Advisors to the Issue**

**Anil Kumar Aggarwal**

SCO 64, 2<sup>nd</sup> Floor,  
Sector 20-C, Chandigarh-160020  
**Tel :** +91 9988114440, **Fax :** +044 28292273  
**E mail:** [anilkaggarwaladv@gmail.com](mailto:anilkaggarwaladv@gmail.com)  
**Contact Person:** Mr. Anil Aggarwal



**Statutory Auditors of our Company**

**K. Singh & Associates**

Chartered Accountants

**H.No. 6, Sector 19-A**

Chandigarh 160019

Telefax: 0172 - 5071399

**Email:** ksinghassociates@rediffmail.com

**FRN:** 012458N

**S. Lal Bansal & Co. (upto September 27, 2017)**

Chartered Accountants

SCF 23, 1<sup>st</sup> Floor Sector 16 D, Chandigarh 160015

Telefax: 0172 - 2781588

**Email:** shamlal2@hotmail.com

**ICAI Registration No:** 081569

**Bankers to our Company**

**The Punjab State Corp Bank limited.**

SCO 4, Industrial Area, Phase 2,

Chandigarh – 160 002

**Tel:** +91 172 2653494

**Fax:** +91-172-5067018

**Email:** pscbchd@yahoo.com

**Contact Person:** Mr. Satinder Singh

**Kotak Mahindra Bank Limited**

SCO 154-155, C-153, Madhya Marg,

Sector 8C, Sector 9, Chandigarh – 160 017

**Tel:** +91 – 172 5008616

**Fax:** +91 – 172 5008617

**Email:** jaspreet.kaur@kotak .com

**Contact Person:** Ms. Jaspreet Kaur

**Bankers to the Issue**

[•]

**Self Certified Syndicate Banks**

All QIBs and Non-Institutional Investors must mandatorily and Retail Individual Investors may optionally apply through the ASBA process provided that they hold Equity Shares as on the Record Date i.e; [•] in dematerialised form. The ASBA Investors are required to fill the ASBA Form and submit the same to their Self Certified Syndicate Banks (“SCSB”) which in turn will block the amount as per the authority contained in the ASBA Form and undertake other tasks as per the specified procedure. The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided in the SEBI website at <http://www.sebi.gov.in/pmd/scsb.html>. Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above mentioned link. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Equity Shares allotted.

For further details on the ASBA process, please refer to details given in ASBA form and also see “*Terms of the Issue*” on page 158 of this Draft Letter of Offer.

**Investors may please contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-issue /post-issue related matter such as non-receipt of Abridged Letter of Offer / CAF / letter of allotment / share certificate(s) / credit of allotted shares in the respective beneficiary account / refund orders etc. All grievances relating to the ASBA process may be**



## Emerald Leasing Finance & Investment Company Limited

addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

### Allocation of responsibilities

Keynote Corporate Services Limited is the sole Lead Manager to this issue and hence Interse allocation of responsibilities is not applicable. However the list of major responsibilities of Keynote Corporate Services Limited inter alia, is as follows:

SI No.	Activity
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document. To ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3.	Marketing of the issue will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including composite application form and the Abridged Letter of Offer and the Draft Letter Of Offer to the extent applicable.
4.	Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, and advertisement agencies, etc.
5.	Follow-up with bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
6.	The post-issue activities will involve essential follow-up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Issuer.

### Credit rating

As the Issue is a rights issue of equity shares, no credit rating is required.

### Monitoring Agency

Since the Issue size does not exceed ₹ 10,000 Lakhs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required.

### Appraising Agency

The objects of this Issue have not been appraised by any bank or any other independent financial institution.

### Principal Terms of Loan and Assets charged as security

For details of the principal terms of loans and assets charged as security, please see “*Financial Indebtedness*” on page 142 of this Draft Letter of Offer.

### Experts

Except for the reports of the Auditor of our Company on the audited financial information and statement of tax benefits, included in the Draft Letter of Offer, our Company has not obtained any expert opinions.



**Underwriting**

This Issue of Equity Shares is not being underwritten and/or no standby support is being sought for the said Issue.

**Debenture Trustee**

As the Issue is of Rights Equity Shares, the appointment of a debenture trustee is not required.

**Minimum Subscription**

If our Company does not receive minimum subscription of 90% of the Issue including subscription of any undersubscribed portion by our Promoter and devolvement to the Underwriter, if any, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under "*Terms of the Issue - Basis of Allotment*" on page 158 of this Draft Letter of Offer.



**Emerald Leasing Finance & Investment Company Limited**

**CAPITAL STRUCTURE**

The capital structure of our Company and related information as on date of this Draft Letter of Offer, prior to and after the proposed Issue, is set forth below:

*(₹ in lakhs except per share data)*

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
<b>Authorised share capital:</b>		
1,10,00,000 Equity Shares of ₹ 10 each	1100.00	1100.00
<b>Issued, subscribed and paid up capital before the Issue</b>		
30,45,000 equity shares of ₹ 10 each	304.50	304.50
<b>Present Issue being offered to the Equity Shareholders through the Letter of Offer</b>		
[●] equity shares of ₹10/- each at an Issue Price of [●] per Equity Share (premium of ₹ [●] per Equity Share)	[●]	[●]
<b>Paid up capital after the Issue</b>		
[●] equity shares of ₹10 each	[●]	[●]
<b>Securities premium account</b>		
Before the Issue	--	--
After the Issue	[●]	[●]

*The Board of our Company has, pursuant to resolution passed at its meeting held on March 29, 2017 authorised the Issue, subject to approval by the shareholders of our Company under section 62(1)(a) of the Companies Act, 2013. The shareholders of our Company have, pursuant to a special resolution in its EGM held on April 24, 2017 under section 62(1)(a) of the Companies Act, 2013, authorised the Issue.*

**Details of increase in the Authorized Share Capital since incorporation**

Sr. No.	Details of change	Date of the shareholders resolution
1	The authorized share capital of ₹ 20,00,000 comprising of 2,00,000 equity shares of ₹ 10 each	Incorporation
2	The authorized share capital of our company increased from ₹ 20,00,000 divided into 2,00,000 Equity Shares of ₹ 10 each to ₹ 1,50,00,000 comprising of 15,00,000 equity shares of ₹ 10 each	March 10, 2013
3	The authorized share capital of our company increased from ₹ 1,50,00,000 divided into 15,00,000 Equity Shares of ₹ 10 each to ₹ 3,50,00,000 comprising of 35,00,000 equity shares of ₹ 10 each	December 05, 2013
4	The authorized share capital of our company increased from ₹ 3,50,00,000 divided into 35,00,000 Equity Shares of ₹ 10 each to ₹ 11,00,00,000 comprising of 1,10,00,000 equity shares of ₹ 10 each	April 24, 2017



**Notes to the Capital Structure**

**1. Share Capital History**

**a) Capital Build up:**

The existing equity share capital of our Company has been subscribed and allotted as under:

<b>Date of allotment of the Equity Shares</b>	<b>No. of Equity Shares allotted</b>	<b>Face Value (₹)</b>	<b>Issue Price (₹)</b>	<b>Nature of consideration</b>	<b>Nature of Allotment</b>	<b>Issued Equity Capital (₹)</b>	<b>Cumulative number of Equity Shares</b>
November 22, 1983	7	10	10	Cash	Initial Allotment based on subscription to Memorandum of Association	70	7
March 23, 1984	1,99,993	10	10	Cash	Initial Public Offer	19,99,930	2,00,000
July 12, 2013	8,45,000	10	10	Cash	Preferential allotment of equity shares	84,50,000	10,45,000
March 8, 2014	20,00,000	10	10	Cash	Preferential allotment of equity shares	2,00,00,000	30,45,000

**b) Equity Shares issued for consideration other than cash**

No Equity Shares have been issued by our Company for consideration other than cash.

**c) Equity Shares issued at a price which may be lower than the Issue Price during the preceding one year.**

No Equity shares by have been issued by our Company at a price which may be lower than the Issue Price during the preceding one year from the date of filing this Draft Letter of Offer with SEBI.

**2. Share capital build-up for the shareholding of the Promoter(s) in the Company**

As on the date of this Draft Letter of Offer, our Promoters hold 10,08,500 Equity Shares, equivalent to 33.12% of the paid-up Equity Share capital of our Company.

Details of the build-up of shareholding of the Promoters are as under:-





(a) Mr. Sanjay Aggarwal

Date of allotment /transfer	Number of equity shares allotted/acquired/(sold)/(transferred)	Face Value (in ₹)	Acquisition Price/Sale Price (in ₹)	Nature of transaction (Cash, Consideration other than cash)	Allotment/ Transfer	Pre Issue Capital (%)	Post Issue Capital (%)
February 16, 2010	28,500	10	10	Cash	Market Purchase	0.93	[•]
March 10, 2017	2,50,000	10	17.20	Cash	Acquisition pursuant to open offer made in terms of Takeover Regulations	8.22	
<b>Total</b>	<b>2,78,500</b>					<b>9.15</b>	

(b) Mr. Ram Swaroop Aggarwal

Date of allotment /transfer	Number of equity shares allotted/acquired/(sold)/(transferred)	Face Value (in ₹)	Acquisition Price/Sale Price (in ₹)	Nature of transaction (Cash, Consideration other than cash)	Allotment/T ransfer	Pre Issue Capital (%)	Post Issue Capita l (%)
March 08, 2014	3,50,000	10	10	Cash	Issue of shares through preferential allotment	11.49	[•]
October 26, 2017	2,30,000	10	-	Transmission	Transmission upon death of Mrs. Kiran Aggarwal	7.55	
<b>Total</b>	<b>5,80,000</b>					<b>19.04</b>	



(c) Mrs. Anu Aggarwal

Date of allotment /transfer	Number of equity shares allotted/acquired/(sold)/(transferred)	Face Value (in ₹)	Acquisition Price/Sale Price (in ₹)	Nature of transaction (Cash, Consideration other than cash)	Allotment/ Transfer	Pre Issue Capital (%)	Post Issue Capital (%)
March 08, 2014	1,50,000	10	10	Cash	Issue of shares through preferential allotment	4.93	[●]
<b>Total</b>	<b>1,50,000</b>					<b>4.93</b>	

### 3. Details for subscription of Rights Equity Shares by Promoter and Promoter Group

The Promoter and the following members of the Promoter Group of our Company through their letters dated November 13, 2017 (the "Subscription Letters") have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue and to the extent of the unsubscribed portion of the Issue.

Further, the Promoter and Promoter Group may also apply for additional shares along with their Rights Entitlement and / or renunciation.

Such subscriptions of Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Any acquisition of additional Equity Shares shall not result in change of control of the management of the Company in accordance with provisions of the SEBI Takeover Code and shall be exempt subject to fulfillment of the conditions of Regulation 10 of the SEBI Takeover Code. The members of the Promoter and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue do not fall below the permissible minimum level as specified in the listing conditions or Regulation 38 of SEBI (LODR) Regulations, 2015.

In case the rights issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.



**Emerald Leasing Finance & Investment Company Limited**

**4. The shareholding pattern of our Company as December 31, 2017:**

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 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 Class X	Class Equity Others Y	Total			No. (a)	As a % of total Shares held (b)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)			
(A)	Promoter & Promoter Group	3	1008500	0	0	1008500	33.12	1008500	0	0	33.12	0	0.00	0	1008500	
(B)	Public	599	2036500	0	0	2036500	66.88	2036500	0	0	66.88	0	0.00	NA	1300199	
(C)	Non Promoter - Non Public	0	0	0	0	0	0	0	0	0	0.00	0	0.00	NA	0	
(C1)	Shares Underlying DRs	0	0	0	0	0	0	0	0	0	0.00	0	0.00	NA	0	
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0	0	0	0	0.00	0	0.00	NA	0	
	Total	602	3045000	0	0	3045000	100.00	3045000	0	0	100.00	0	0.00	0	2308699	



**Emerald Leasing Finance & Investment Company Limited**

Statement Showing Shareholding Pattern									
Category code	Category of Shareholder	Number of Shareholders	Table (I)(a)		Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered		
			Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage	
			(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>								
1	Indian								
(a)	Individuals/ Hindu Undivided Family	3	1008500	1008500	33.12	33.12	0.00	0.00	
(b)	Central Government/ State Government(s)				0.00	0.00		0.00	
(c)	Bodies Corporate				0.00	0.00		0.00	
(d)	Financial Institutions/ Banks				0.00	0.00		0.00	
(e)	Any Others(Specify)				0.00	0.00		0.00	
(e-i)					0.00	0.00		0.00	
(e-ii)					0.00	0.00		0.00	
	Sub Total(A)(1)	3	1008500	1008500	33.12	33.12	0	0.00	
2	Foreign								
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00		0.00	
b	Bodies Corporate				0.00	0.00		0.00	
c	Institutions				0.00	0.00		0.00	
d	Qualified Foreign Investor				0.00	0.00		0.00	
e	Any Others(Specify)				0.00	0.00		0.00	
e-i					0.00	0.00		0.00	
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3	1008500	1008500	33.12	33.12	0	0.00	
(B)	Public shareholding								
1	Institutions								
(a)	Mutual Funds/ UTI				0.00	0.00			
(b)	Financial Institutions / Banks				0.00	0.00			
(c)	Central Government/ State Government(s)				0.00	0.00			
(d)	Venture Capital Funds				0.00	0.00			



**Emerald Leasing Finance & Investment Company Limited**

Statement Showing Shareholding Pattern								
Category code	Category Shareholder of	Number of Shareholders	Table (I)(a)		Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
			Total number of shares	Number of shares held in dematerialized form	As a percentage of(A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
(e)	Insurance Companies				0.00	0.00		
(f)	Foreign Institutional Investors				0.00	0.00		
(g)	Foreign Venture Capital Investors				0.00	0.00		
(h)	Qualified Foreign Investor				0.00	0.00		
(i)	Any Other (specify)				0.00	0.00		
(i-ii)					0.00	0.00		
(i-ii)								
	Sub-Total (B)(1)	0	0	0	0.00	0.00		
B 2	Non-institutions							
(a)	Bodies Corporate	3	800039	750039	26.27	26.27		
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh	581	232226	60964	7.63	7.63	0	0.00
II	Individuals -i. Individual shareholders holding nominal share capital more than Rs 2 lakh	15	1004235	489235	32.98	32.98		0.00
(c)	Qualified Foreign Investor				0.00	0.00		
(d)	Any Other (specify)				0.00	0.00		
(d-i)					0.00	0.00		
(d-ii)								
	Sub-Total (B)(2)	599	2036500	1300199	66.88	66.88		
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	599	2036500	1300199	66.88	66.88		
	TOTAL (A)+(B)	602	3045000	2308699	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been							



**Emerald Leasing Finance & Investment Company Limited**

Statement Showing Shareholding Pattern								
Category code	Category Shareholder of	Number of Share holders	Table (I)(a)		Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
			Total number of shares	Number of shares held in dematerialized form	As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
	issued							
1	Promoter and Promoter Group					0.00		0.00
2	Public					0.00		
	Sub-Total (C)	0	0	0		0	0	
	GRAND TOTAL (A)+(B)+(C)	602	3045000	2308699	100.00	100.00	0	0.00

Aggregate Shareholding of our Promoter Group for the quarter ended December 31, 2017 is as follows:

Sr. No.	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		Number of shares held	As a % of grand total (A) +(B) +( C )	No.	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a )	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*100	(VII)	(XII)
1	Sanjay Aggarwal	278500	9.15	0	0.00	0.00	278500
2	Anu Aggarwal	150000	4.93	0	0.00	0.00	150000
3	Ram Swaroop Aggarwal	580000	19.04	0	0.00	0.00	580000
	<b>TOTAL</b>	<b>1008500</b>	<b>33.12</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>1008500</b>



**Emerald Leasing Finance & Investment Company Limited**

Details of Public shareholders holding more than 1% of the pre-Issue paid up capital of our Company for the quarter ended December 31, 2017 is as follows:

Serial No.	Name of the Shareholders (I)	No. of fully paid up equity shares held (IV)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)
				No of Voting (XIV) Rights		Total as a % of Total Voting rights	
				Class eg: X	Total		
1	AGR Investments Ltd	750000	24.63	750000	750000	24.63	24.63
2	Urmila Rani	150000	4.93	150000	150000	4.93	4.93
3	Navneet Kaur	140000	4.6	140000	140000	4.6	4.6
4	Shweta Ahluwalia	110000	3.61	110000	110000	3.61	3.61
5	Atul Arora	100000	3.28	100000	100000	3.28	3.28
6	Rakesh Kumar	50000	1.64	50000	50000	1.64	1.64
7	Aman Garg	50000	1.64	50000	50000	1.64	1.64
8	Nidhi Arora	50000	1.64	50000	50000	1.64	1.64
9	Meenu Aggarwal	50000	1.64	50000	50000	1.64	1.64
10	Akshay Agarwal	50000	1.64	50000	50000	1.64	1.64
11	Lavish Aggarwal	50000	1.64	50000	50000	1.64	1.64
12	Rudraksh Engineers Pvt Ltd	50000	1.64	50000	50000	1.64	1.64
13	Kultar Singh	50000	1.64	50000	50000	1.64	1.64
12	Saurabh Gupta	50000	1.64	50000	50000	1.64	1.64
13	Rahul Sondhi	40000	1.31	40000	40000	1.31	1.31
14	Lokesh Aggarwal	39235	1.29	39235	39235	1.29	1.29
<b>TOTAL</b>		<b>1779235</b>	<b>58.43</b>	<b>1779235</b>	<b>1779235</b>	<b>58.43</b>	<b>58.43</b>

**5. Details of locked-in, pledged, encumbered shares of the Promoter and Promoter Group**

NIL

**6. Top Ten Shareholders**

The list of top ten Shareholders of our Company and the number of Equity Shares held by them as on the date of this Draft Letter of Offer, 10 days before the date of filing, and two years prior to the date of filing of this Draft Letter of Offer are set forth below:



a) *The top ten shareholders of our Company and the number of Equity Shares held by them as on the date this Draft Letter of Offer:*

Sr. No	Name of Shareholders	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
1.	AGR Investments Ltd.	7,50,000	24.63
2.	Ram Swaroop Aggarwal	5,80,000	19.05
3.	Sanjay Aggarwal	2,78,500	9.15
4.	Anu Aggarwal	1,50,000	4.93
5.	Urmila Rani	1,50,000	4.93
6.	Navneet Kaur	1,40,000	4.60
7.	Shweta Ahluwalia	1,10,000	3.61
8.	Atul Arora	1,00,000	3.28
9.	Rakesh Kumar; Aman Garg; Nidhi Vora; Akshay Aggarwal; Lavish Aggarwal; Rudraksh Engineers Pvt. Ltd.;	50,000 50,000 50,000 50,000 50,000 50,000	1.64 1.64 1.64 1.64 1.64 1.64
	Kultar Singh; Saurabh Gupta; Meenu Aggarwal	50,000 50,000 50,000	1.64 1.64 1.64
10.	Rahul Sondhi;	40,000	1.31

b) *The top ten shareholders of our Company and the number of Equity Shares held by them ten days prior to the date this Draft Letter of Offer:*

Sr. No	Name of Shareholders	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
1.	AGR Investments Ltd.	7,50,000	24.63
2.	Ram Swaroop Aggarwal	5,80,000	19.05
3.	Sanjay Aggarwal	2,78,500	9.15
4.	Anu Aggarwal	1,50,000	4.93
5.	Urmila Rani	1,50,000	4.93
6.	Navneet Kaur	1,40,000	4.60
7.	Shweta Ahluwalia	1,10,000	3.61
8.	Atul Arora	1,00,000	3.28
9.	Rakesh Kumar; Aman Garg; Nidhi Vora; Akshay Aggarwal; Lavish Aggarwal; Rudraksh Engineers Pvt. Ltd.;	50,000 50,000 50,000 50,000 50,000 50,000	1.64 1.64 1.64 1.64 1.64 1.64
	Kultar Singh; Saurabh Gupta; Meenu Aggarwal	50,000 50,000 50,000	1.64 1.64 1.64
10.	Rahul Sondhi	40,000	1.31





- c) **Our top ten shareholders and the number of Equity Shares held by them two years prior to the date of this Draft Letter of Offer:**

Sr. No	Name of Shareholders	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
1.	AGR Investments Ltd.	7,50,000	24.63
2.	Ram Swaroop Aggarwal	3,50,000	11.49
3.	Kiran Aggarwal	2,30,000	7.55
4.	Urmila Rani	1,50,000	4.93
5.	Anu Agarwal	1,50,000	4.93
6.	Navneet Kaur	1,40,000	4.60
7.	Shweta Ahulwalia	1,10,000	3.61
8.	Pga Professional Limited	1,00,000	3.28
9.	Narinder Kumar Bansal	1,00,000	3.28
10.	Atul Arora	1,00,000	3.28

**7. Details of Equity Shares held by the Directors and KMPs of our Company**

Sr. No	Name of Shareholders	Designation	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
1.	Sanjay Aggarwal	Managing Director	2,78,500	9.15
2.	Sheetal Kapoor	Chief Financial Officer	1,500	0.05

8. There are no financing or buyback arrangements whereby our Promoter/ Promoter Group, our Group Companies, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during the period of 6 months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
9. The Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirement of promoters' contribution and lock-in are not applicable.
10. Except following, none of our Promoter, Promoter Group, our Directors and their immediate relatives have purchased or sold any Equity Shares during a period of six months preceding the date on which this Draft Letter of Offer is filed with SEBI:

Name of the promoter	Date of allotment/ Transfer	Type of transaction	No. of Equity Shares	Face value (₹)	Issue Price /average acquisition price per Equity Share (₹)	Aggregate Price
Mr. Ram Swaroop Aggarwal	26.10.2017	Transmission upon death of Mrs. Kiran Aggarwal	2,30,000	10	N.A	N.A

11. Our Company has not raised any bridge loan from any Bank against the proceeds of this Issue. However, depending on its business requirements, the Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds of the Issue.



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**Emerald Leasing Finance & Investment Company Limited**

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12. Neither our Company, nor the Directors or the Promoters, or the Lead Manager have entered into any buy-back arrangement and / or safety net facility for the purchase of Equity Shares of our Company.
13. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments, which would entitle the Promoters or the shareholders of our Company or any other person any option to acquire any of the Equity Shares.
14. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer.
15. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or otherwise. However, if business needs of the Company so require, the Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.
16. If our Company does not receive the minimum subscription of 90% of the Issue of the Equity Shares being offered under the Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is any delay in the refund of the subscription amount of more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, at such rates as prescribed under the Companies Act.
17. Our company has not issued or allotted any equity shares under any Scheme of Arrangement.
18. Our Company has not revalued its fixed assets since incorporation.
19. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft letter of Offer.
20. At any given time, there shall be only one denomination of the Equity Shares. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
21. As on December 31, 2017 the total number of members of our Company was 602.
22. We have not made any issue of equity shares during the preceding one year from the date of filing of this Draft Letter of Offer
23. As on the date of the Draft Letter of Offer, neither the lead manager nor any associates of the lead manager hold any equity shares in our Company.
24. Till date our Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.
25. The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the Takeover Regulations in connection with the Issue is [●]
26. The Issue will remain open for a minimum of 15 days. The Board of Directors or duly authorised committee thereof shall have the right to extend the Issue period as it may determine from time to time, provided that the issue will not be kept open in excess of 30 days from the Issue Opening Date.



SECTION IV – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The objects of the Issue to finance:

- The augmentation of our capital; and
- Meet the Issue Related Expenses.

The objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any banks or financial institutions. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

In case of variations in the actual utilization of funds earmarked for the purposes set forth below, 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 Issue.

**Requirement of funds and utilization of Issue Proceeds**

The proposed utilization of Issue Proceeds is set forth below:

<i>(₹ in lakhs)</i>	
<b>Expenditure Items</b>	<b>Amount</b>
To augment our capital	565.00
Meet Issue Expenses	35.00
<b>Issue Proceeds from the Issue</b>	<b>600.00</b>

**Means of finance**

Our Company proposes to meet the entire requirement of funds to be deployed on the object of the Issue through the Issue Proceeds. Accordingly, our Company confirms that there is no requirement 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 through the Issue.

**Details of the Objects of the Rights Issue**

**1. To augment our capital base**

We are a RBI Registered systematically important NBFC primarily involved in the business of providing financial services with a paramount focus on small and medium enterprises (SMEs) in corporate and non-corporate sector.

Our Company intends to utilize approximately ₹ 565.00 lakhs from the Issue Proceeds towards the expansion of the financing business and/or to provide for funding of fresh loans to our customers. Our Company proposes to expand its loan portfolio to target high net worth individual with past credit track record to whom our Company may advance funds both secured/ unsecured based on the risk profile and as envisaged in the loan policy of our Company. No portion of the amount earmarked towards this object will be utilised for giving loans to our Promoters, Subsidiaries, Associates, Group Companies and Promoter Group Companies.

Our Company intends to take the benefit of growing economy of India and growth in the financial sector of the economy. Considering the expected buoyancy in financial markets, our Company is planning an expansion in its operations. We believe that there would be opportunities for financing in the future. In



## Emerald Leasing Finance & Investment Company Limited

view of such anticipated growth, we believe that, as an NBFC we would continue to play a role in the financing sector in India

### 2. Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Approximate Amount (₹ in lakhs)	As percentage of total expenses (%)	As a percentage of Issue size (%)
Fees of the Intermediaries	[•]	[•]	[•]
Advertising, Printing and stationery expenses (including courier and distribution charges)	[•]	[•]	[•]
Statutory and others miscellaneous expenses (fees to regulators, listing fees, depositories' fees, auditor fees, out of pocket expenses, etc.)	[•]	[•]	[•]
<b>Total</b>	<b>35.00</b>	<b>100.00</b>	[•]

### Schedule of Implementation and Deployment of Funds

Our Company proposes to utilize funds collected in rights issue after finalisation of the basis of allotment. Post completion of the rights issue, the company will immediately use the funds for the purpose stated in the objects of the issue.

### Year wise break-up of proceeds to be used

Our Company proposes to utilize the entire Issue proceeds immediately towards the Objects as mentioned above. Hence no year wise breakup of proceeds to be used is given separately.

### Funds deployed till date

As per the certificate dated February 24, 2018 issued by K Singh & Associates, Chartered Accountant & Statutory Auditors of the Company, our company has spent an amount of ₹9.55 lakhs till February 1, 2018 towards the objects of the issue. Details of Deployment & Sources of funds are as mentioned herein under:-

Particulars	(₹ in lakhs)
<u>Deployment of Funds</u>	
Expenses to the Issue	9.55
<b>Total</b>	<b>9.55</b>
<u>Sources of Funds</u>	
Internal Accruals	9.55
<b>Total</b>	<b>9.55</b>

### Interim use of funds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Issue Proceeds. Pending utilization for the purposes described above, we intend to temporarily deposit funds in the Scheduled Commercial Banks included in the Schedules



of Reserve Bank of India Act, 1934.

**Appraisal**

The Objects of the Issue have not been appraised by any bank or financial institution.

**Bridge Financing Facilities**

We have not availed any bridge financing facilities for financing the Objects of the Issue.

**Monitoring of the utilization of funds**

Since the Issue size does not exceed ₹10,000 lakhs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required.

Pursuant to Regulation 32(3) of the Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that the Net Proceeds have been utilized in full. The statement shall be certified by the Statutory Auditors of our Company. Furthermore, in accordance with Regulation 32(1)(a) of the Listing Regulations, our Company shall furnish to the Stock Exchange on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

**Other confirmations**

No part of the proceeds of this Issue will be paid by us as consideration to our Promoters, our Promoter Group, our Directors, key managerial personnel or companies promoted by our Promoters.



**BASIS OF ISSUE PRICE**

*The Issue Price will be determined by our Company in consultation with the Lead Manager on the basis of an assessment of market demand for the issued Equity Shares and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹ 10 each and the Issue Price is ₹ [●]. Investors should also refer to “Our Business”, “Risk Factors” and “Financial Statements” on pages 66, 10 and 101 respectively, to have an informed view before making an investment decision. The Issue Price is [●] times of the face value of Equity Shares.*

**Quantitative Factors**

Some of the information presented below relating to our Company is derived from the Financial Statements prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations. For details, see “Financial Statements” on page 101

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

**1. Basic and Diluted Earnings per Share (“EPS”)**

For the Year ended	Basic & Diluted EPS (₹)		Weight
	Standalone	Consolidated	
March 31, 2017	0.21	0.63	3
March 31, 2016	0.27	0.34	2
March 31, 2015	0.30	N.A	1
<b>Weighted Average*</b>	<b>0.25</b>	<b>0.43</b>	

Our EPS on standalone and consolidated basis as of August 31, 2017 was ₹ 0.15 and ₹ 1.43, respectively

*\*Weighted average is aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. {(EPS x Weight) for each year} / {Total of weights}.*

**Notes:**

- i. Our subsidiary has been incorporated in March 31, 2015. Since the company was incorporated on March 31, 2015, the consolidated balance sheet for the year ending March 31, 2015 has not been prepared. The first consolidation was made for the period of March 31, 2015 to March 31, 2016.
- ii. The figures disclosed above are based on the financial information statement as disclosed in this draft letter of offer.
- iii. Earnings per share is calculated in accordance with Accounting Standard 20 ‘Earnings Per Share’, notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the audited financial information as appearing in Chapter “Auditor’ Report” on page 101 of this Draft Letter of Offer.

**2. Price/Earning Ratio (P/E) ratio in relation to issue Price of ₹[●] per Equity Share of ₹10 each:**

The P/E ratio based on the basic and diluted EPS for the Fiscal Year 2017 at the Issue Price is [●].

Sr. No.	Particulars	Standalone (₹)	Consolidated (₹)
1	P/E ratio based on basic and diluted EPS for the financial year ended March 31, 2017	[●]	[●]



**Emerald Leasing Finance & Investment Company Limited**

2	P/E ratio based on weighted average basic and diluted EPS for the fiscal ended March 31, 2017	[•]	[•]
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**Industry peer group P/E ratio:**

Sr. No.	Particulars	Standalone (₹)
1	Highest (Franklin Leasing Finance Ltd.)	334.06
2	Lowest (Ceejay Finance Ltd.)	13.37
	<b>Industry Composite (Finance &amp; Investment) *</b>	<b>46.5</b>

\*Source: Capital Market Magazine January 29, 2018 – February 11, 2018

**3. Return on Net Worth (RONW)**

For the year ended	RONW (%)		Weight
	Standalone	Consolidated	
March 31, 2017	1.98	4.61	3
March 31, 2016	2.56	3.23	2
March 31, 2015	2.92	N.A	1
<b>Weighted Average*</b>	<b>2.31</b>	<b>3.38</b>	

Our RONW on standalone and consolidated basis as of August 31, 2017 was 1.39% and 9.60%, respectively

\* Weighted average = Aggregate of year-wise weighted Return on Net Worth divided by the aggregate of weights i.e.  $\{(Return\ on\ Net\ Worth\ \times\ Weight)\ for\ each\ year\} / \{Total\ of\ weights\}$

**Note:** The RONW has been computed by dividing net profit after tax by net worth as at year end

**4. Minimum Return on Increased Net Worth required to maintain pre-Issue EPS for the year ended March 31, 2017:**

Particulars	Consolidated (%)	Standalone (%)
<b>To maintain pre-issue basic EPS</b>		
At the issue price	[•]	[•]
<b>To maintain pre-issue diluted EPS</b>		
At the issue price	[•]	[•]

**5. Net asset Value (NAV) per Equity Share of our Company (In ₹):**

As of the year ended	Standalone (₹)	Consolidated (₹)
March 31, 2017	10.74	13.67
March 31, 2016	10.52	10.58
March 31, 2015	10.24	N.A
After the issue	[•]	[•]

The book value per Equity Share as on August 31, 2017 on standalone and consolidated basis was ₹ 10.67/- and ₹ 14.88/-, respectively.

**Note:** Net Asset Value per Equity Share represents net worth divided by the number of Equity Shares outstanding at the end of the period.



6. Comparison with listed peers:

(₹ in lakhs)

Name of the Company	Face Value (₹)	Revenue from operations (₹)	PAT(₹)	Basic EPS (₹)	P/E Ratio	RONW (%)	NAV (₹)
Amrapali Fincap Ltd	10	2458.45	45.18	0.34	98.24*	0.32	106.44
Ceejay Finance Ltd	10	1449.56	467.67	13.55	13.37	13.57	10
Franklin Leasing and Finance Ltd	10	427.24	24.85	0.16	334.06	0.68	23.06
Karnavati Finance Ltd	10	94.68	75.43	0.90	32.33**	8.94	10.09
Golden Goenka Fincorp Ltd.	5	2594.49	1137.56	0.60	14.88	4.88	12.25
Emerald Leasing Finance & Investment Company Ltd.	10	51.34	6.46	0.21	180.48	1.96	10.79

**Notes:**

- i. The figures of Emerald Leasing Finance & Investment Company Limited and those of the Peer group companies are based on the Standalone audited financials for the year ended March 31, 2017.
- ii. P/E Ratio has been computed as the closing market prices of the companies sourced from the BSE website as on February 16, 2018, as divided by the EPS.  
\* Since there was no trade on 16/02/2018, previous trading days (i.e 08/02/2018) closing price is taken into consideration.  
\*\* Since there was no trade on 16/02/2018, previous days (i.e 15/02/2018) closing price is taken into consideration.
- iii. The peer group identified is broadly based on the turnover and the service lines that we are into.

The Issue Price of ₹ [●] has been determined by our Company, in consultation with the Lead Manager on the basis of assessment of market demand from investors for the Equity Shares and is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with “Risk Factors”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 10, 101 and 134, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “Risk Factors” or any other factors that may arise in the future and you may lose all or part of your investments.





**STATEMENT OF TAX BENEFITS**

**Statement of possible special direct tax benefits available to Emerald Leasing Finance & Investment Company Limited and its shareholders**

To,  
The Board of Directors  
**Emerald Leasing Finance & Investment Company Limited**  
59, First Floor,  
Uday Park, Gautam Nagar  
New Delhi 110049 , India

Dear Sirs,

***Sub: Proposed Rights Issue (the “Issue”) of equity shares (the “Equity Shares”) of Emerald Leasing Finance & Investment Company Limited (the “Company”)***

We report that there are no possible special direct tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 and Wealth-tax Act, 1957, 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 Letter of Offer, the Letter of Offer and in any other material used in connection with the Issue.

For **S. Lal Bansal & Co.**,  
Chartered Accountants  
Proprietor  
Sd/-

**Membership No.:** 081569  
**Firm Registration No. with ICAI:** 002664N  
**Peer Review Certificate No.:** 006930

**Place:** Chandigarh  
**Date:** 25-09-2017



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**SECTION V – ABOUT US**

**INDUSTRY OVERVIEW**

**Evolution of the Industry**

The advent of NBFCs in India can be traced back to the 1960s when the RBI Act, 1934 was amended on 1st December, 1964 by Reserve Bank Amendment Act, 1963. In this new, 'Chapter III-B', was introduced to Regulate 'Deposit Accepting' NBFCs

NBFCs served the people who did not have access to the banking systems of the country. It provided easy finance to small businesses and to the underprivileged or part of the weaker section of the society. Initially, they operated on a limited scale and could not make a significant impact on the financial system. But these entities experienced sudden spurt in their activities between the late 1980s and the mid-1990s. While, on an average basis, deposits of NBFCs as a proportion of bank deposits were 0.8 percent during 1985–86 to 1989–90, they shot up to as much as 9.5 percent by 1996–97. This sharp jump in NBFC deposits was mostly, “on account of the high rates of interest offered on such deposits”. They also had a firm base owing to its customer friendly reputation. As they facilitated access to credit for semi-rural and rural India where the reach of traditional banks has traditionally been poor, it got huge investors.

While traditionally, the regulation of NBFCs was confined to deposit-taking activities of NBFCs, in 1997 the RBI was given comprehensive powers to regulate NBFCs for ensuring their overall efficiency. The amended RBI Act also made it mandatory for every NBFC to have minimum net owned funds (NOF) and obtain a certificate of registration from the RBI for commencing or carrying on business.

In the year 2016, RBI allowed all sub-sectors falling within NBFCs 100% FDI either through automatic route or approval route and also removed any form of additional capitalisation norms linked to foreign ownership prescribed under the FDI policy, thereby aligning the capitalisation norms.

In recent years the NBFCs have gained significance by adding considerable depth to the overall financial sector.

*(Source: IMF WP- Indian Financial Sector: Structure, Trends and Turns, January 2017)*

**Indian Financial Service Industry**

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for Micro and Small Enterprises, issuing guideline to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by both government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

*(Source: <https://www.ibef.org/industry/financial-services-india.aspx>)*

**Reforms in Indian Financial Services Industry**

Until the early 1990s, the role of the financial system in India was primarily restricted to the function of channeling resources from the surplus to deficit sectors. Whereas the financial system performed this role reasonably well, its operations came to be marked by some serious deficiencies over the years. The banking sector suffered from lack of competition, low capital base, low productivity and high intermediation cost. After the nationalization of large banks in 1969 and 1980, public ownership dominated the banking sector. The role of technology was minimal and the quality of service was not given adequate importance. Banks



also did not follow proper risk management system and the prudential standards were weak. All these resulted in poor asset quality and low profitability. Among non-banking financial intermediaries, development finance institutions (DFIs) operated in an over-protected environment with most of the funding coming from assured sources at concessional terms. In the insurance sector, there was little competition. The mutual fund industry also suffered from lack of competition and was dominated for long by one institution, viz., the Unit Trust of India.

Non-banking financial companies (NBFCs) grew rapidly, but there was no regulation of their asset side. Financial markets were characterized by control over pricing of financial assets, barriers to entry, high transaction costs and restrictions on movement of funds/participants between the market segments. Apart from inhibiting the development of the markets, this also affected their efficiency.

Against this backdrop, wide-ranging financial sector reforms in India were introduced as an integral part of the economic reforms initiated in the early 1990s. Financial sector reforms in India were grounded in the belief that competitive efficiency in the real sectors of the economy will not be realized to its full potential unless the financial sector was reformed as well. Thus, the principal objective of financial sector reforms was to improve the allocative efficiency of resources and accelerate the growth process of the real sector by removing structural deficiencies affecting the performance of financial institutions and financial markets.

The main thrust of reforms in the financial sector was on the creation of efficient and stable financial institutions and markets. Reforms in respect of the banking as well as non-banking financial institutions focused on creating a deregulated environment and enabling free play of market forces while at the same time strengthening the prudential norms and the supervisory system. In the banking sector, the focus was on imparting operational flexibility and functional autonomy with a view to enhancing efficiency, productivity and profitability, imparting strength to the system and ensuring accountability and financial soundness. The restrictions on activities undertaken by the existing institutions were gradually relaxed and barriers to entry in the banking sector were removed. In the case of non-banking financial intermediaries, reforms focused on removing sector-specific deficiencies. Thus, while reforms in respect of Development Financial Institutions focused on imparting market orientation to their operations by withdrawing assured sources of funds, in the case of NBFCs, the reform measures brought their asset side also under the regulation of the Reserve Bank. In the case of the insurance sector and mutual funds, reforms attempted to create a competitive environment by allowing private sector participation.

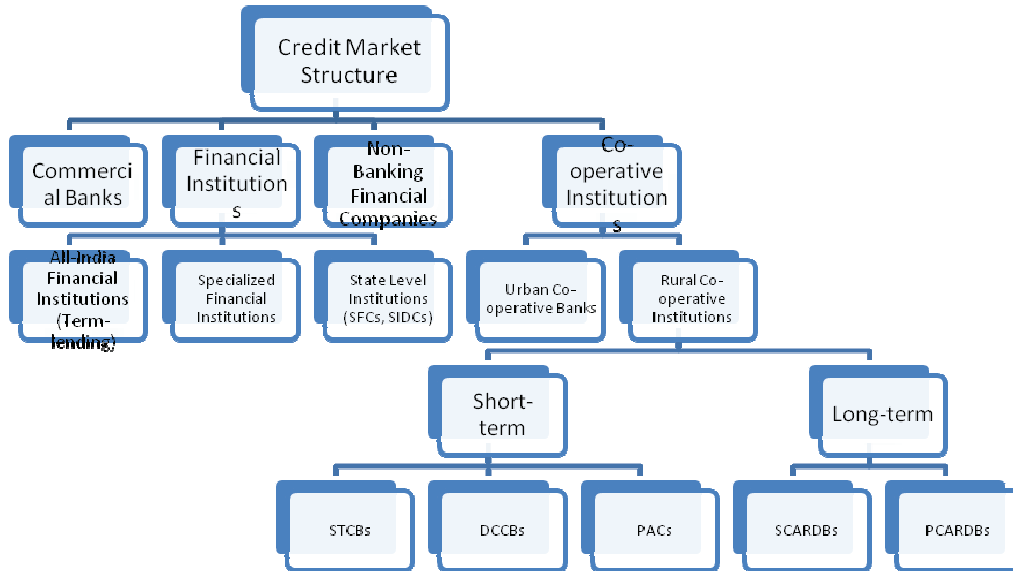
Reforms in financial markets focused on removal of structural bottlenecks, introduction of new players/instruments, free pricing of financial assets, relaxation of quantitative restrictions, improvement in trading, clearing and settlement practices, more transparency, *etc.* Reforms encompassed regulatory and legal changes, building of institutional infrastructure, refinement of market microstructure and technological upgradation. In the various financial market segments, reforms aimed at creating liquidity and depth and an efficient price discovery process.

(Source: <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=14945>)

### **Structure of Credit Market in India**

Credit markets perform the critical function of intermediation of funds between savers and investors and improve the allocative efficiency of resources. Banks, which are major players in the credit market, play an important role in providing various financial services and products, including hedging of risks. Credit markets also play a key role in the monetary transmission mechanism.

The credit market in India has traditionally played a predominant role in meeting the financing needs of various segments of the economy. Credit institutions range from well developed and large sized commercial banks to development finance institutions (DFIs) to localised tiny co-operatives. They provide a variety of credit facilities such as short-term working loans to corporates, medium and long-term loans for financing large infrastructure projects and retail loans for various purposes. Unlike other segments of the financial market, the credit market is well spread throughout the country and it touches the lives of all segments of the population.



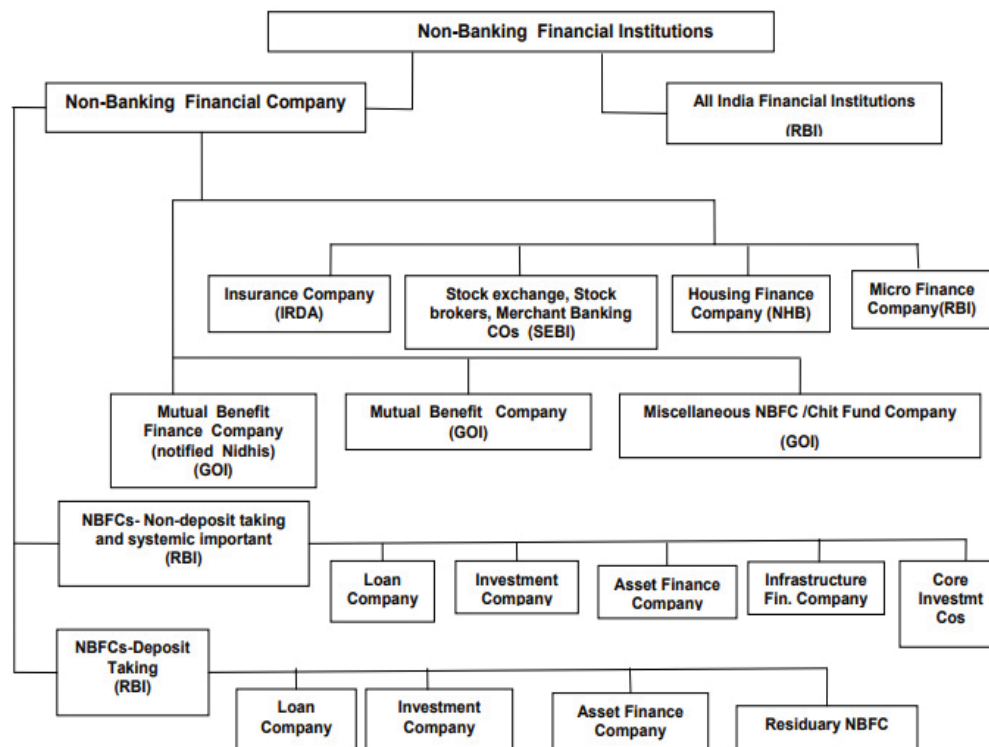
The credit market structure in India has evolved over the years. A wide range of financial institutions exist in the country to provide credit to various sectors of the economy. These include commercial banks, regional rural banks (RRBs), cooperatives [comprising urban cooperative banks (UCBs), State co-operative banks (STCBs), district central co-operative banks (DCCBs), primary agricultural credit societies (PACS), state co-operative and agricultural rural development banks (SCARDBs) and primary co-operative and agricultural rural development banks (PCARDBs)], financial institutions (FI) (term-lending institutions, both at the Centre and State level, and refinance institutions) and non-banking financial companies (NBFCs)

(Source:

<https://www.rbi.org.in/SCRIPTS/PublicationReportDetails.aspx?UrlPage=ReportonCurrencyandFinance&ID=502>)

### **Structure of Non Banking Financial Institutions (NBFIs) in India**

Indian financial system is predominantly institution oriented unlike many developed economies such as the US where the financial system is predominated by capital market. The institutions include both banks and non-bank financial institutions, though banking system takes dominant position as it is the main conveyor of core financial services. Over the years, the non-bank financial entities came into existence with multiplicity as well as importance in mobilizing the public savings and channelising the same to industry and other economic activities since the country's independence.



(Source: <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/21WPN020112.pdf>)

### 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.

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 lakhs. The term 'NOF' means, owned funds (paid-up capital and free reserves, minus accumulated losses, deferred revenue expenditure and other intangible assets) less, (i) investments in shares of subsidiaries/companies in the same group/ all other NBFCs; and (ii) the book value of debentures/ bonds/ outstanding loans and advances, including hire-purchase and lease finance made to, and deposits with, subsidiaries/ companies in the same group, in excess of 10% of the owned funds.

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

(Source: [www.india.gov.in](http://www.india.gov.in))

The NBFC sector assumes a critical role in financial inclusion as it caters to a wide range of financial activities particularly in areas where commercial banks have limited penetration. NBFCs are expected to play a crucial role in fostering inclusive growth, especially in sectors like MSMEs.

The NBFC sector continued to raise funds mainly through debentures, borrowings from banks and commercial papers. The Reserve Bank also eased the norms for external commercial borrowings (ECBs) for NBFCs that lend to the infrastructure sector, to raise ECBs with a minimum maturity of five years. In addition, the Reserve Bank also allowed NBFCs to raise funds through rupee denominated bonds overseas.

(Source: *RBI's Report on Trend and Progress of Banking in India 2015-16*)

**The types of NBFCs registered with the RBI are:-**

**1. Asset Finance Company (AFC):**

An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

**2. Investment Company(IC):**

IC means any company which is a financial institution carrying on as its principal business the acquisition of securities.

**3. Loan Company (LC):** LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

**4. Infrastructure Finance Company (IFC):** IFC is a non-banking finance company a) which deploys at least 75 per cent of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of Rs. 300 crore, c) has a minimum credit rating of 'A 'or equivalent d) and a CRAR of 15%.

**5. Systemically Important Core Investment Company (CIC-ND-SI):**

CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:-

- (a) it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
- (b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes



not less than 60% of its Total Assets;

- (c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
- (d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- (e) Its asset size is Rs. 100 crore or above and
- (f) It accepts public funds

**6. Infrastructure Debt Fund:**

Non- Banking Financial Company (IDF-NBFC) : IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

**7. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI):**

NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

- (a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 1,00,000 or urban and semi-urban household income not exceeding Rs. 1,60,000;
- (b) loan amount does not exceed Rs. 50,000 in the first cycle and Rs. 1,00,000 in subsequent cycles;
- (c) total indebtedness of the borrower does not exceed Rs. 1,00,000;
- (d) tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 15,000 with prepayment without penalty.
- (e) loan to be extended without collateral;
- (f) aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs;
- (g) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower.

**8. Non-Banking Financial Company – Factors (NBFC-Factors):**

NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50 percent of its total assets and its income derived from factoring business should not be less than 50 percent of its gross income.

**9. Mortgage Guarantee Companies (MGC):**

MGC are financial institutions for which at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is Rs. 100 crore.

**10. NBFC- Non-Operative Financial Holding Company (NOFHC):**

It's a financial institution through which promoter / promoter groups will be permitted to set up a new bank .It's a wholly-owned Non-Operative Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.

(Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92>)

NBFCs are further categorised into two types on the basis of their liability structure: deposit-taking NBFCs (NBFCs-D) and non-deposit taking NBFCs (NBFCs-ND). Non deposit taking NBFCs may be further classified, based on their size, as systemically important non-deposit taking NBFCs. As of March 2017, there were 11,522 non-banking financial companies (NBFCs) registered with the Reserve Bank, of which 178 are



## Emerald Leasing Finance & Investment Company Limited

deposit accepting (NBFCs-D). There were 220 Systemically Important Non-Deposit accepting NBFCs (NBFCsND-SI). All NBFC-D and NBFCs-ND-SI are subjected to prudential regulations such as capital adequacy requirements and provisioning norms along with reporting requirements.

(Source: RBI's Report on Trend and Progress of Banking in India 2016-17)

### NBFC Sector-Performance

The aggregate balance sheet size of the NBFC sector expanded by 14.5 per cent during 2016-17 as compared to 15.5 per cent during 2015- 16. Loans and advances increased by 16.4 per cent and investments increased by 11.9 per cent in March 2017. In terms of borrowings, commercial paper outstanding rose by 70.3 per cent and debentures outstanding increased by 28.3 per cent as on March 31, 2017, while, bank borrowings declined by 3.7 per cent.

**Table: Consolidated balance sheet of the NBFC sector: y-o-y growth(%)**

Sr. No.	Item	Mar-15	Mar-16	Mar-17
1	Share capital	6.3	4.8	15.2
2	Reserves and surplus	13.5	14.3	12.2
3	Total borrowings	16.9	15.3	15.0
4	Current liabilities and provisions	14.1	31.8	16.0
	<b>Total Liabilities / Assets</b>	<b>15.7</b>	<b>15.5</b>	<b>14.5</b>
1	Loans & advances	17.1	16.6	16.4
2	Investments	11.5	10.8	11.9
3	Other assets	10.6	12.7	7.9
	<b>Income/Expenditure</b>			
1	Total income	15.3	15.8	8.9
2	Total expenditure	15.5	15.8	9.6
3	Net profit	15.0	15.6	-2.9

(Source: RBI's Financial Stability Report, June 2016 & June 2017)

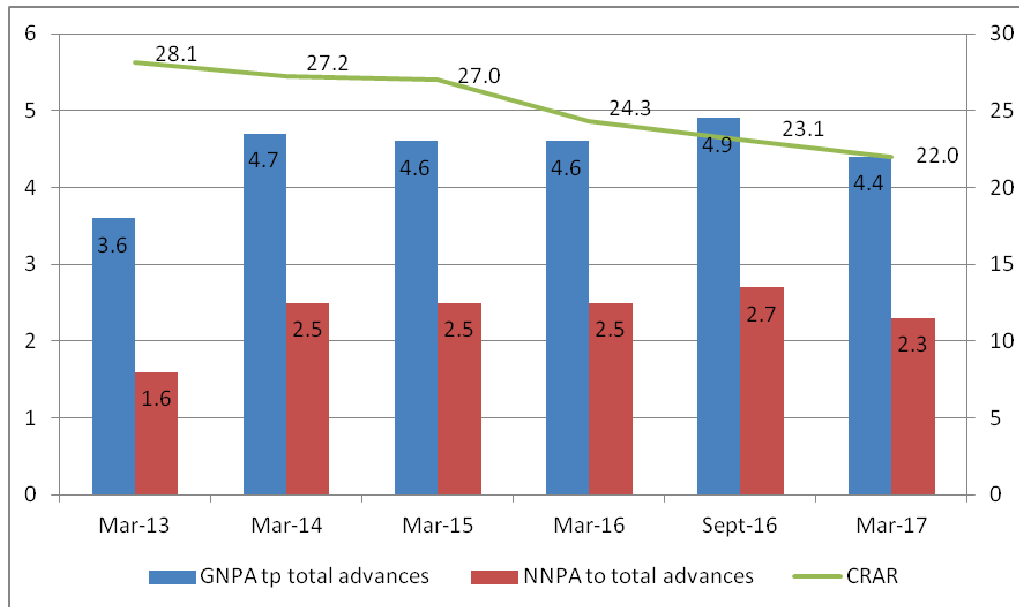
**Table: Select ratios of the NBFC sector**

Sr.No.	Item	Mar-16	Mar-16	Mar-17
1	Capital market exposure (CME) to total assets	8.5	8.5	7.8
2	Real Estate Exposure to total assets	-	4.8	5.6
3	Leverage ratio	3.9	2.8	2.8
4	Net profit to total income	18.3	18.3	14.0
5	RoA (Annualised)	2.2	2.1	1.8
6	RoE (Annualised)	10.6	7.9	6.8

(Source: RBI's Financial Stability Report, June 2016 & June 2017)

**Table: Asset Quality and Capital Adequacy of the NBFC sector**





(Source: RBI's Financial Stability Report, June 2017)

Gross NPAs of the NBFC sector as a percentage of total advances declined from 4.9 per cent to 4.4 per cent between September 2016 and March 2017. Net NPAs as a percentage of total advances also declined from 2.7 per cent to 2.3 per cent.

#### Future prospects of Indian Financial Sector

The following broad trends could be highlighted as key features of the Indian financial sector. As a consequence of successive reforms over the past 25 years, there has been significant progress in making interest and exchange rates largely market determined, though the exchange rate regime remains one of managed float, and some interest rates remain administered. Considerable competition has been introduced in the banking sector through new private sector banks, but public sector banks continue to have a dominant share in the market. Contractual savings systems have been improved, but provident and pension funds in India are still in their infancy. Similarly, despite the introduction of new private sector insurance companies coverage of insurance can expand much further, which would also provide greater depth to the financial markets. The extent of development along all the segments of the financial market has not been uniform. While the equity market is quite developed, activities in the private debt market are predominantly confined to private placement form and continued to be limited to the blue-chip companies.

Going forward, the future areas for development in the Indian financial sector would include further reduction of public ownership in banks and insurance companies, expansion of the contractual savings system through more rapid expansion of the insurance and pension systems, greater spread of mutual funds, and development of institutional investors. It is only then that the both the equity and debt markets will display greater breadth as well as depth, along with greater domestic liquidity.

India continues its journey towards a financially inclusive regime through innovative policies involving a multi-pronged approach. India has come a long way from a financially repressive regime to a modern financial sector where public sector financial institutions tend to compete with the private sector financial institutions. The Indian authorities while reforming the financial sector had to constantly keep the issues of equity and efficiency in mind.

(Source: IMF WP- Indian Financial Sector: Structure, Trends and Turns, January 2017)



**BUSINESS OVERVIEW**

**OVERVIEW**

We are a Non Deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI to carry on the NBFBI activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. N-14.0332 dated November 20, 2015. We are engaged in a diverse range of businesses catering to the financial services sector through our own Company & also through our Subsidiary, encompassing lending loans, and insurance .

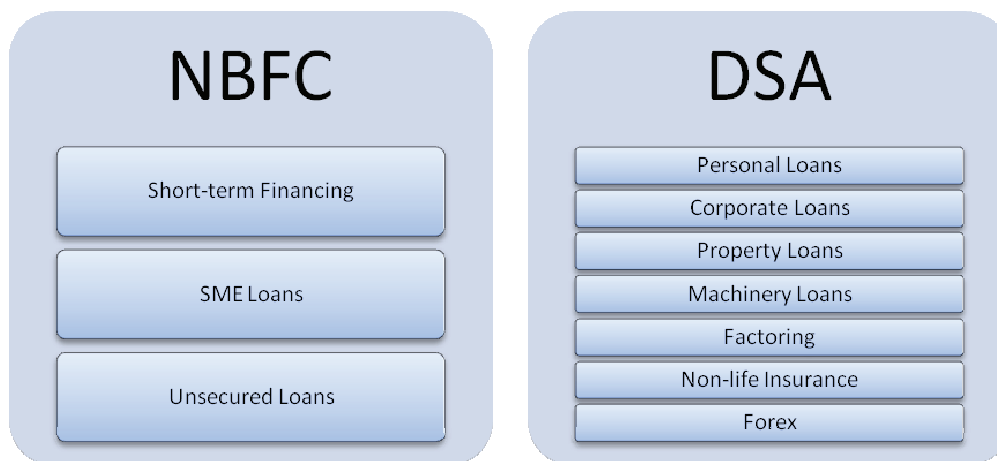
Our Company was incorporated on November 22, 1983 as Emerald Leasing Finance and Investment Company Limited under the Companies Act, 1956. Our Company got certificate of Commencement of Business on December 16, 1983.

Our Company is promoted by Mr. Sanjay Aggarwal, Mrs. Anubha Aggarwal, Mr. Ram Swaroop Aggarwal and Mrs. Anu Aggarwal.

Mr. Sanjay Aggarwal, Mr. Ram Swaroop Aggarwal were appointed as directors on the Board of Emerald on September 01, 2009 by virtue of which they assumed the control of the Target Company. This change in control had triggered the obligation on the Acquirers to make Public Announcement under Regulation 12 of SEBI (SAST) Regulations, 1997 due to which an open offer was made during Fiscal 2017. Pursuant to the open offer, Mr. Sanjay Aggarwal acquired 2,50,000 equity shares of the face value of ₹ 10/- at ₹ 17.20/- per share (including interest of ₹ 7.20/- per share) aggregating to 8.21% of the issued and subscribed equity share capital of our Company for cash. All the formalities in this regard had been duly completed. Subsequent to the said acquisition, the promoters holding increased from 7,58,500 equity shares to 10,08,500 equity shares, representing 33.12% from 24.91% of the equity share capital of our company.

Our Company's net-worth as on March 31, 2017 was ₹ 328.69 lakhs on a standalone basis and ₹ 434.88 lakhs on a consolidated basis, compared to ₹ 322.23 lakhs on a standalone basis and ₹ 324.43 lakhs on a consolidated basis, respectively, for Fiscal 2016.

The various business segments that we operate in are as follows:



As a Non-Banking Financial Company (NBFC) we are involved in providing financial services with a paramount focus on small and medium enterprises (SMEs) in corporate and non-corporate sector. Our loan portfolio as of September 30, 2017, is ₹ 2.46 Crs.

**BUSINESS MODEL**

Our company's business model is centered around two main activities in the financial market i.e. Loan activities (granting of loans & advances) and acting as a Direct Selling Agent (for various Banks and



## **Emerald Leasing Finance & Investment Company Limited**

NBFC's). As an NBFC, we operate in the business of providing loans to small and medium enterprises ("SMEs") and retail customers. We provide finance to our clients after satisfying ourselves about the credit worthiness and repayment capacity of our borrowers after evaluating major risks associated with the business/project/proposal for which loan has been sought. We along with our Subsidiary Company are also engaged in the business of acting as a Direct Selling Agent for various Banks and NBFC's. This business activity was undertaken by strengthening our employee base with adequate training sessions to understand the service support to be provided to the banks and financial institutions for selling their products. Our Company along with our Subsidiary Company is associated with more than 25 Banks and NBFCs.

So far we have obtained Direct Selling Agency of Fullerton India, Indusind Bank, HDFC Bank Ltd., Kotak Mahindra Bank Ltd., ICICI Bank Ltd., Edelweiss Retail Finance Ltd., HDB Financial Services Ltd, Tata Capital Financial Services Ltd, Capital First Limited, Capital Float, Dewan Housing Finance Corporation Ltd., Reliance Home Finance Ltd, Aditya Birla Housing Finance Ltd, Indiabulls Housing Finance Ltd., Cholamandalam Investment & Finance Company Ltd., HDFC Limited, Magma Finance Ltd., DCB Bank Limited, RBL Bank Ltd. etc. Due to these DSAs and our strong network amongst the debt finance market; we mentor and help our retail clients, corporate clients and SMEs to raise banking and institutional finance.

### **OUR OPERATIONS**

#### **A. OUR LENDING BUSINESS**

#### **B. OUR BUSINESS OF ACTING AS A DIRECT SELLING AGENT**

#### **A. Our Lending Business –**

Our business typically includes four major segments, namely, customer origination, customer evaluation, credit appraisal and approval and disbursements, loan administration and monitoring and collection and recovery. We have briefly discussed each of these segments below:-

##### **1. Customer Origination**

Our customer base typically includes small and medium enterprises, Corporates and retail investors. Our Promoters and Directors have past experience in the fields of Corporate Finance, Loan Syndication, Banking and Project Finance. Our Company originates customers majorly through such contacts. Our target customer segment comprises middle-income individuals, corporate clients and micro and small business customers in urban markets.

##### **2. Customer Evaluation**

We follow certain procedures for the evaluation of the customers based on a set of qualitative and quantitative factors for determining the creditworthiness of our potential borrowers. Upon sourcing a customer, a marketing executive assesses the customer based on several parameters for eg:- for a SME loan the marketing executive visits the customer's business premises to access credit needs, and repayment capabilities.

A field investigation officer also confirms the accuracy of the information on a loan application by visiting the applicant's residence, office or business premises. A member of the credit team then verifies the applicant's credit history through a credit bureau check. Subsequently, a member of the credit team contacts the customer and makes a final assessment of the application.

##### **3. Credit Appraisal**

We carry out credit appraisal of every application as per our organizational and credit policies and the credit assessment and evaluation is conducted in accordance with our terms and condition. In case of an SME Loan, an appraisal officer verifies documents such as bills of purchase and sale, stock registers, cash books, fuel and energy consumption bills to assess the turnover and margins of a customer's business and his repayment capability. We provide approvals based on risk pricing, desirable terms of sanction and adequate due diligence. After the credit evaluation and due diligence, approval is accorded to the prospective customers.

##### **4. Loan Disbursement**



Prior to the loan disbursement, we ensure proper Know Your Customer compliance of the applicant and the loan documents include the applicant's acceptance of the terms and conditions of the loan.

**5. Loan administration and monitoring**

Our tenure for financial assistance varies dependent on customers' profile and their business model. We track loan repayment schedules of our customers, on a regular basis.

**B. Our Business of acting as a Direct Selling Agent –**

We along with our Subsidiary are also in the business of acting as a Direct Selling Agent. Following are the financial products where we act as Direct Selling Agents:

**a. Personal Loans**

Personal loans / unsecured debt are not backed by any type of collateral, such as your home or car, as in the case with a mortgage or auto loan, respectively. These loans are typically general purpose loans. Personal loans are a type of instalment loan, with a fixed repayment term, usually two to five years, and often carry a fixed interest rates.

**b. Corporate Loans**

Corporate Loan or commercial loan is a debt-based funding arrangement that a business can set up with a financial institution. The proceeds of corporate loans may be used to fund large capital expenditures or operations that a business may otherwise be unable to afford. Corporate loans are usually short term in nature and are almost always backed with some sort of collateral.

**c. Home Loans**

Home loan is a loan advanced to a person to assist in buying a house or a flat. Home loans consist of an adjustable or fixed interest and payment terms.

**d. Property Loans**

Property Loan or a loan against property (LAP) is a loan given or disbursed against the mortgage of property. The loan is given as a certain percentage of the property's market value.

**e. Machinery Loans**

Machinery Loan is a debt taken to purchase a new or refurbished machinery. The primary security consist of the industrial machinery being financed. It's a unique financial product with flexible tenure options and minimum documentation.

**f. Factoring**

Factoring is a transaction in which a business sells its invoices, or receivables, to a third-party financial institution. The financial company then collects payment on those invoices from the business's customer. Factoring allows companies to quickly build up their cash flows, which makes it easier for them to pay employees, handle customer orders and add more business.

**g. Insurance (Both life and non life)**

insurance also known as general insurance is typically defined as any insurance that is not determined to be life insurance such as insurance of property against fire, burglary, theft; personal insurance covering health, travel and accidents; and liability insurance covering legal liabilities.

For our DSA business which is carried out along with our subsidiary, the business operations typically include various steps/activities which can be summarized as follows:

**1. Identification of client**

Some clients directly send their application seeking financial assistance while to seek other prospective clients we use various marketing strategies like doing an extensive search on the internet which is conducive to potential customers. Also maintaining cordial relations with our existing clients enables us to sought clients through their reference.

**2. Customer Evaluation**

We undertake various cross checks and due diligence on a prospective customer before signing a deal. These include reference of clients from various sources like suppliers, employees, competitors etc., fraud verification, asset verification and valuation and other procedures. Once the internal



verification procedures conclude all documents submitted by the client are verified.

**3. Appraisal of Client Proposal**

After the document verification, Meetings are conducted wherein personal discussions are done with clients in order to procure information about their debt requirements. Also, through such discussions we acquire information about their business model and business risks which might affect the repayment capacity of the client.

**4. Identification of Prospective Lender**

Prospective lenders are identified based on various parameters like the nature of loan, size of loan, time frame, etc. Brief detail of our client and the loan applied for is sent to the prospective lender. Thereafter, meetings are conducted with them to negotiate the details of the proposed transaction. We assist the client with the terms and any queries pertaining to the transaction. If both the client and the lender are content with the terms and conditions of the transaction, an agreement is signed.

**5. Processing and Disbursement of Loans**

Assistance is rendered to the client in submission of required information and documents with the lender. We help the client is complying with the terms of the agreement till the loan is disbursed to the client.

**BUSINESS STRENGTHS**

**1. Strong professional and experienced execution/management team allows the Company to develop a strong business**

Our Company's business is supported by an experienced and professional management team with strong background in Financial services. Our Company derives strength from the expertise of its Promoter & Managing Director, Sanjay Aggarwal, having more than twenty (20) years of experience in the fields of Corporate Finance, Loan Syndication & Capital Restructuring.

Our efficient management team are backed by our accomplished promoters who are having more than a decade of experience in the varied business segments like Project Finance, Loan syndication, Capital Restructuring, Steel Trading and Banking . We believe that with a relevant experience of our management backed by the education and experience of our KMPs would provide us a competitive advantage as compared to other unorganized players in our business segments

**2. Focus on customer services by efficient use of technology**

We believe that our customer service initiatives coupled with the effective use of technology has helped us enhance our recognition and secure both new and repeat business in our lending operations. Further, in our business of acting as a direct selling agent, Shubhbank.com platform, a unit of our subsidiary company, helps to connect the borrowers and lenders in India more efficiently by providing hassle free online as well as offline services.

**3. Focus on a disciplined business philosophy with Internal controls and risk management**

Our Company's built up philosophy is to do business predominantly on a short term to medium term basis with borrowers who are engaged in diverse businesses and industry sectors. Our Company does not give industry specific loans but gives weightage to the borrowers repayment capacity. Our Company believes that it has necessary internal controls and risk management systems to assess and monitor risks.

**4. Direct Selling Agency Method of Business**

From the financial year 2013- 14 , we have been operating as a Direct Selling Agent providing networking and execution facilities to clients wanting to raise debt funds. We have successfully advised transactions for our clients from large Banks and FIs such as HDFC Bank Ltd, Kotak Mahindra Bank Ltd, ICICI Bank Ltd, Edelweiss Financial Services Ltd, etc. Further we are in talks to improve our relations with other banks and FIs to obtain more such DSA. We believe that having a DSA portfolio helps lend credibility to our image amongst clients and banking circles and hence augment our capability to scale up our business operations.



## OUR STRATEGIES

Our key strategic priorities are as follows:

### 1. Leverage on our experience and relationships

We have steadily grown our business in recent years. We intend to continue to leverage our experience and relationships with our customers to expand and diversify.

### 2. Focus on customer services by efficient use of technology

We believe that our customer service initiatives coupled with the effective use of technology has helped us enhance our recognition and secure our leading business operations. Further, with the launch of website in our subsidiary Shubhbank.com , we offer a one stop shop solution to meet the financial needs of the Indian customers. This set up also helped to connect the borrowers and lenders more efficiently by providing hassle free online as well as offline services.

We will continue to invest in our technology systems to improve our operational efficiencies, functionality, reduce errors and improve our productivity through well defined processes and systems. We also believe in deploying strong technology systems that will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities. We intend to remain committed to technological innovation to ensure our ability to respond to our increasingly sophisticated and competitive market and to mitigate the risks we face as a NBFC.

### 3. Maintain and expand long term Relationship with Client

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time. Our Company believes that a long term client relationship with large clients fetches better dividends. Our Company intends to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our Company's business and are likely to enhance its opportunities.

### 4. Attract and Retain Experienced Professionals

Our Company has been recruiting a team of professionals with experience in financial services sector, credit evaluation, risk management, technology and marketing. Our Company believes to create the right balance of performance bonus and other financial incentives for its employees so that they will be challenged to develop business, achieve profitability targets and control risk.

## EMPLOYEE AND EMPLOYEE RELATIONS

As on date we have 18 permanent employees, the break-up is given below. Our success depends to a great extent on our ability to recruit, train and retain high quality professionals. Accordingly, we place special emphasis on the human resources function in our Company. As part of our customer-centric approach, we recruit employees locally, which assists us in gaining a better understanding of customers in that region and their requirements. The following table sets forth employee details as of October 31, 2017:

Sr. No.	Name of the Department	No.
1	Managerial Level	4
2	Middle Management	4
3	Lower Management	10
	<b>Total</b>	<b>18</b>

## COMPETITION

We face competition in all aspects of our business and compete directly with many banks and NBFCs. In recent years, international banks have also entered the markets we operate in. Some of our competitors have significantly greater financial, technical, marketing and other resources than those available to us. Our competitors for our lending business include domestic and international banks and NBFCs such as Capital



### Emerald Leasing Finance & Investment Company Limited

First Limited, Edelweiss Retail Finance Ltd, IFL Enterprises Ltd, Ceejay Finance Ltd, Amrapali Fincap Ltd., Franklin Leasing Finance Ltd., Karnavati Finance Ltd., Golden Goenka Fincorp Ltd. etc. A number of unregulated lenders also operate in this sector. Nevertheless, our operating model brings uniformity and minimizes local subjectivities to the extent possible and allows us to derive economies of scale from our operations, which we believe is especially important and differentiates us from other players in this highly competitive and volume intensive business.

#### MARKETING ARRANGEMENT

Our marketing initiatives include product promotion activities and referral programs. Our customer base typically includes retail customers, small and medium enterprises and Corporates. Our Promoters and Directors have past experience in the fields of Corporate Finance (Inter Corporate Deposits, Short Term Financing, Bill Discounting. Our Company originates customers through such contacts.

#### INTELLECTUAL PROPERTY

Our Company has a registered trademark, details of which are set out below:

Sr. No.	Particulars	Authority	Registration/ Application number	Registration Date	Status
1.	Trademark	The Trademark Registry, Government of India	Applied for vide App. No. 2909170	Filing date 24.02.2015	Status Objected

#### PROPERTIES

Details of the Property taken on rent by our Company are as follows:-

Sr No	Agreement	Amount	Period	Description of the Property	Purpose of use
1	Rent Agreement dated November 1, 2017 entered into between Mr. Sanjay Aggarwal and the Company through its Director, Mrs. Anubha Aggarwal	Rent amount: ₹ 10,000/- per month	Period of 11 months	SCO 7 First Floor Industrial Area Phase II Chandigarh 160002 consisting of 1000 sq ft. area	Registered cum Corporate Office



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**KEY INDUSTRY REGULATIONS**

*The following description is a summary of certain sector specific laws and regulations as prescribed by the Government of India or state Governments which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.*

The Company undertakes *inter alia* to carry on the business of providing loan & advances, securities broking, commodities broking, investment banking, depositories services, loan against securities and other financial and advisory services to corporate, institutional, high net worth individuals and other retail clients. In light of the same, the major regulations governing the Company are detailed below:

**The Companies Act, 2013**

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 2013. The Companies 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. Regulation of the financial and management aspects constitutes the main focus of the Act. 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 Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

**Dealing in Securities**

Securities regulation in India takes place under the provisions of the Securities Contracts (Regulation) Act, SEBI Act, the Depositories Act and the rules and regulations promulgated thereunder.

**Securities Contracts Regulation Act, 1956 (“SCRA”)**

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

The bye-laws *inter alia* provide *inter alia* for:

- the opening and closing of markets and the regulation of the hours of trade;
- the fixing, altering or postponing of days for settlements;
- the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities;
- the terms, conditions and incidents of contracts, including the prescription of margin requirements, if any, and conditions relating thereto, and the forms of contracts in writing;
- the regulation of the entering into, making, performance, recession and termination of contracts, including contracts between members or between a member and his constituent.

**NBFC Regulations**

**The Reserve Bank of India Act, 1934**

RBI is entrusted with responsibility of regulating and supervising activities of NBFCs by virtue of power vested in Chapter III B of Reserve Bank of India Act, 1934 (“RBI Act”). The RBI Act defines an NBFC under Section 45-I (f) as:





- A financial institution which is a company;
- 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; and
- Such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

“Financial Institution” and “non-banking institution” have been defined under Section 45-I (c) and 45-I(e) of RBI Act, respectively. As per RBI Act, a ‘financial institution’ has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/ stock/ bonds/ debentures/ securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining Certificate of Registration (“CoR”). For the purpose of imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, RBI has raised the requirement of minimum net owned fund from Rs. 25 lakhs to Rs. 200 lakhs for the NBFC. Further, every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 31 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a Certificate of Registration granted under section 45-IA of the RBI Act.

#### **Regulation of NBFCs registered with RBI**

Pursuant to the Non Systemically Important Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2015, issued by the RBI on July 1, 2015 which do not apply to non-deposit taking NBFC having asset size of less than Rs. 500 crore as per the last audited balance sheet provided that it does not accept/ hold any public funds. Every NBFC shall classify its assets into standard assets, sub - standard assets, doubtful assets and loss assets.

#### **Fair Practices Code:**

The RBI has framed guidelines for Fair Practice Code, to promote good and fair practices by setting minimum standards to be adhered to by NBFCs in dealing with customers. These guidelines require NBFCs to ensure that they meet the commitments and standards specified therein for the products and services they offer and in the procedures and practices their staff follows, their products and services meet relevant laws and regulations in letter and spirit, and their dealings with customers rest on ethical principles of integrity and transparency.

RBI vide a Master Circular DNBR (PD) CC No. 054/03.10.119/2015-16 dated July 1, 2015, has come out with consolidated guidelines on Fair Practice Code governing the NBFCs and their various activities and are required to be framed and approved by the Board of Directors of all NBFCs. RBI has framed Guidelines for entry of NBFCs into Insurance Business. Any NBFC registered with RBI having the specified net owned fund would be permitted to undertake insurance business as agent of insurance companies on fee basis, without any risk participation. An NBFC or a group of NBFCs are restricted being the underlying business, along with prior RBI approval being a pre-requisite.

#### **Know your customers (“KYC”) Guidelines and prevention of Money Laundering Measures**

The RBI has extended the KYC guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the nature of the activities undertaken by them and ensure that a proper policy framework on KYC and Anti-Money Laundering measures is put in place. The KYC policies are required to have the following key elements, namely, a customer acceptance policy, customer identification procedures,



monitoring of transactions and risk management, adherence to KYC guidelines by the persons authorized by NBFCs including brokers/ agents, due diligence of persons authorized by NBFCs including brokers/ agents, customer service in terms of identifiable contact with persons authorized by NBFCs including brokers/ agents.

As per RBI Master Circular DBR.AML.BC.No.15/14.01.001/2015-16 dated July 1, 2015 on 'Know Your Customers ("KYC") Guidelines- Master Circular - 'Know Your Customer' (KYC) Guidelines - Anti Money Laundering Standards (AML) –'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules made thereunder and the circular bearing number DBOD.AML.BC.No.24/14.01.001/2013-14 on risk categorization and updation of customer profiles dated July 01, 2013 provide for a comprehensive framework on the matter. The circulars provide that whenever there is suspicion of money laundering, terrorist financing, or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, NBFCs should carry out full scale customer due diligence before opening an account. In the circumstances when a NBFC believes that it would no longer be satisfied that it knows the true identity of the account holder, the NBFC should also file a 'suspicious transaction report' with the Financial Industrial Unit, India. Also in the event of an existing customer or the beneficial owner of an existing account, subsequently becoming a politically exposed person, NBFCs are required to obtain senior management approval to continue the business relationship and subject the account to the customer due diligence measures including enhanced monitoring on an ongoing basis.

As per the Master Circular DNBR (PD) CC No. 051/03.10.119/2015-16 dated July 1, 2015, NBFCs are required to ensure the following:

- Compliance with KYC norms of the RBI;
- 
- The creation of a process of due diligence in respect of persons authorised by NBFCs including brokers/agents etc. collecting deposits on behalf of such NBFC through a uniform policy for appointment and detailed verification;

All deposit receipts should bear the name and registered office address of the NBFC and must invariably indicate the name of the persons authorised by NBFCs including brokers/agents etc. and their addresses who mobilised the deposit and the link office with the telephone number of such officer and/or persons authorised by NBFCs including brokers/agents etc.; and

- appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities

NBFCs should maintain for at least five years from the date of transaction between the NBFC and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

NBFCs should ensure that records pertaining to the identification of the customers and their address (e.g. copies of documents like passports, identity cards, driving licenses, PAN card, utility bills, etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least five years after the business relationship is ended as required under Rule 10 of the Rules *ibid*. The identification of records and transaction data should be made available to the competent authorities upon request.

### **Shops and Commercial Establishments Acts**

Shops and Commercial Establishments Acts are state enactments being different for every State of India. The Act is intended for the regulation of conditions of work, number of days of leave and employment in shops, commercial establishments and other establishments. Every establishment not regulated/being under the purview of Factories Act, 1948 has to be registered under the respective state Shops and Commercial Establishments Act.



## **Other Laws**

### **Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable shall not exceed Rs. 10 lakhs.

### **Employees' Provident Fund & Miscellaneous Provisions Act, 1952**

The Employees' Provident Fund & Miscellaneous Provisions Act, 1952 provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of eligible employees in factories and establishments in which twenty or more persons are employed. A liability is placed on the employer and employee to make certain contributions to the funds mentioned above after obtaining the necessary registrations. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities.

### **The Maternity Benefits Act, 1961**

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 26 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

### **The Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 (MWA) came into force with the objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA.

### **The Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 provides for payment of bonus on the basis of profit or productivity to people employed in factories and establishments employing twenty or more persons on any day during an accounting year. The said act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Further, every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs.100, whichever is higher.

### **The Payment of Wages Act, 1936**

The Payment of Wages Act, 1936 aims at ensuring payment of wages in a particular form at regular intervals without unauthorized deductions. It regulates the payment of wages to certain classes of employed persons and provides for the imposition of fines and deductions and lays down wage periods and time and mode of payment of wages. Persons whose wages are Rs. 24,000 or more per month are outside the ambit of the said



act.

### **Tax Related Legislations**

#### **Goods & Service Tax Act, 2017 (GST)**

Goods and Service Tax (GST) is an indirect tax which was introduced in India on 1 July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. The rate of 18% would be levied on the companies services. The company has to file various returns under GST.

#### **Income Tax Act, 1961**

IT Act is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this act or rules made under it depending upon its “Residential Status” and “Type of income” involved. Pursuant to Section 139(1) every Company is required to file its income tax return for every previous year by September 30 of the assessment year. Other compliances like those relating to tax deduction at source, fringe benefit tax, advance tax, and minimum alternative tax and the like are also required to be complied by every Company.

### **Intellectual Property Rights**

#### **Trade Marks Act, 1999**

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as 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 word of invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. 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 ten years, which may be renewed for similar periods on payment of prescribed renewal fee.



**HISTORY AND OTHER CORPORATE MATTERS**

**Company Background**

Our Company was originally incorporated in New Delhi as Emerald Leasing Finance and Investment Company Limited under the Companies Act, 1956 vide certificate of incorporation no. 16993 of 1983-84 issued by the Registrar of Companies, National Capital Territory of Delhi & Haryana on November 22, 1983. Our Company obtained certificate of Commencement of Business on December 16, 1983. Subsequently, our company was allotted corporate identification number (CIN) L65993DL1983PLC016993. The subscribers to the Memorandum of Association were Mr. Mahendra Prakash Gupta, Mr. Kamal Khanna, Mr. Sidharth Jain, Mr. Alok Sarda, Mr. Rajiv Dhar, Mr. Krishan Lal Bhatia and Mr. Jatinder Pal Singh Johar.

Mr. Sanjay Aggarwal and Mr. Ram Swaroop Aggarwal were appointed as directors on the Board of Emerald on September 01, 2009 by virtue of which they assumed the control of the Target Company. This change in control had triggered the obligation on the Acquirers to make Public Announcement under Regulation 12 of SEBI (SAST) Regulations, 1997. The Public Announcement in respect of the same should have been made on or before September 7, 2009. The same was not made as required under provisions of the repealed SEBI (SAST) Regulations, 1997. In order to fulfill their obligation under the applicable SEBI Regulations though delayed, the present promoters made an open offer pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto in the Financial Year 2017. Pursuant to the open offer, Mr. Sanjay Aggarwal acquired 2,50,000 equity shares of the face value of ₹ 10/- at ₹ 17.20/- per share (including interest of ₹ 7.20/- per share) aggregating to 8.21% of the issued and subscribed equity share capital of our Company for cash. All the formalities in this regard had been duly completed. Subsequent to the said acquisition, the promoters holding increased from 7,58,500 equity shares to 10,08,500 equity shares, representing 33.12% from 24.91% of the equity share capital of our company

Before the de-recognition of Delhi Stock Exchange, the company listed its shares with Bombay Stock Exchange under Direct listing guidelines in the year 2015. Currently the shares of the Company are under Graded Surveillance Measures (GSM) – Stage I category.

In March 2015, the company has floated a subsidiary in the name of Eclat Net Advisors Private Limited. It has launched its own website under its registered brand name shubhbank.com. The company has tied up with more than 25 Financial Institutions for sourcing the various financial products.

At present, Mr. Sanjay Aggarwal, Mr. Ram Swaroop Aggarwal, Mrs. Anu Aggarwal and Mrs. Anubha Aggarwal are the promoters of our Company.

**Main Objects of our Company**

The main objects of our Company are:

1. To carry on the business of financing industrial enterprises.
2. To invest in, buy, sell, transfer, hypothecation, deal in and dispose of any shares, stocks debentures (whether perpetual or redeemable debentures), debenture stock, securities, properties of any other company including securities of any Government, local Authority, bonds and Certificates.
3. Subject to section 58A of the Act and Regulation made thereunder and the directions issued of Reserve Bank of India, to receive money, deposits on interest or otherwise and to lend money, and negotiate loans with or without security to such companies, firms or persons, and on such terms as may seem expedient, and to guarantee the performance of contracts by person, companies or firms, provided that the company shall not do any Banking Business.
4. To carry on in all respective branches the business of Promoters, Investment Consultant and Investment.
5. To act as broker and underwriters and to give any guarantee for the payment of money or the performance of any obligation or underwriting.



## Emerald Leasing Finance & Investment Company Limited

6. To secure sound investments of foreign capital in Indian undertaking and enterprises and Indian capital in foreign undertakings and enterprises.
7. To carry on the business of leasing and hire purchase and/or hire purchase financing and to acquire to provide on lease or to provide on hire purchase basis all types of industrial and office plant, equipment, machinery, vehicles, building and real estate required for manufacturing processing, transportation and trading business and other commercial and service business.
8. To act as Direct Selling Agents (DSA), Direct marketing agents (DMA) and facilitator for various banks, financial institutions, Non Banking Financial Companies and other lenders for selling/distributing of financial products, bonds, shares, Loans, credit cards, saving schemes or any other financial products or services and to act as record agents, collection agents, representatives verifiers, telcaller, payroll vendors, credential verification agents for above purposes

### Amendments to our Memorandum of Association

Since incorporation, various changes/amendments made to our Memorandum of Association are as under:

Date of EGM/ AGM	Nature of Amendment
June 10, 2013	Increase in Authorised Capital from ₹ 20,00,000 to ₹ 1,50,00,000  Changes in Clause V  “V. The Authorized Capital of the Company is ₹ 1,50,00,000 (Rupees One Crore Fifty Lakhs) divided into 15,00,000 (Fifteen Lacs) equity shares of ₹ 10/- each”.
December 5, 2013	Increase in Authorised Capital from ₹ 1,50,00,000 to ₹ 3,50,00,000  Changes in Clause V  “V. The Authorised Share Capital of the Company is ₹ 3,50,00,000 (Rupees Three Crores and Fifty Lacs) divided into 35,00,000 (Thirty Five Lacs) Equity shares of ₹ 10/- each”.
April 9, 2015	Alteration in Object Clause  <i>8. To act as Direct Selling Agents (DSA), Direct marketing agents (DMA) and facilitator for various banks, financial institutions, Non Banking Financial Companies and other lenders for selling/distributing of financial products, bonds, shares, Loans, credit cards, saving schemes or any other financial products or services and to act as record agents, collection agents representatives verifiers, telcaller, payroll vendors credential verification agents for above purposes.</i>
April 24, 2017	Increase in Authorised Capital from ₹ 3,50,00,000 to ₹ 11,00,00,000  Changes in Clause V  “V. The Authorised Share Capital of the Company is ₹ 11,00,00,000 (Rupees Eleven Crores) divided into 1,10,00,000 (One Crore Ten Lacs) Equity shares of ₹ 10/- each”.
October 26, 2017	Change in the Registered Office  Change in clause II



### Emerald Leasing Finance & Investment Company Limited

Date of EGM/ AGM	Nature of Amendment
	“II. The Registered Office of the Company will be situated in the Union Territory of Chandigarh”

#### Changes in the Registered Office of our Company since Incorporation

Period	From	To	Reason
Since Incorporation – September 20, 2004	29 A/1, Asif Ali Road, New Delhi 110002	144 Sant Nagar, East of Kailash, New Delhi 110065	For smooth functioning of the company business
September 20, 2004 – April 4, 2013	144 Sant Nagar, East of Kailash, New Delhi 110065	A 35, New Multan Nagar, Paschim Vihar, New Delhi 110063, India	
April 4, 2013 – January 06, 2014	A 35, New Multan Nagar, Paschim Vihar, New Delhi 110063, India	M 63 Third Floor, Lajpat Nagar, New Delhi 110024 India	
January 06, 2014 - September 15, 2016	M 63 Third Floor, Lajpat Nagar, New Delhi 110024 India	59, First Floor, Uday Park, Gautam Nagar, New Delhi 110049 , India	
September 15, 2016 – October 26, 2017	59, First Floor, Uday Park, Gautam Nagar, New Delhi 110049 , India	SCO 7, Industrial Area, Phase II, Chandigarh - 160002	

#### Major events in the history of our Company

Year	Particulars
Nov, 1983	Incorporation of the Company in the name and style of Emerald Leasing Finance and Investment Company Limited
1984	Company came out with an Initial Public Offer.
1984	Listing of Equity shares on Delhi Stock Exchange
Sept, 2009	Control of company acquired by Mr. Sanjay Aggarwal
July 2013	Company has raised its paid up capital to ₹ 1,04,50,000 through preferential allotment
July 2013	Company has deployed its funds for increasing the loan book size to ₹ 59,50,000/-
Mar 2014	Company has further increased its paid up capital to ₹ 3,04,50,000/- through preferential allotment
Mar 31, 2014	Company's Loan book size closed at ₹ 2,17,00,000/-
Apr 2014	Company has further deployed its funds for increasing the loan book size to ₹ 3,07,00,000/-
Jan, 2015	Listed on BSE Ltd under direct listing route.
Mar 2015	The company floated a subsidiary in the name of Eclat Net Advisors Private limited
Nov 2015	The company got NBFC license on 20 <sup>th</sup> November 2015.
Jan 2017	SEBI approved open offer for acquisition of shares by promoters

#### Our Shareholders

As on December 31, 2017, the total number of holders of Equity Shares is 602. For further details of our



share holding pattern, please see “Capital Structure” on page 39 of the Draft Letter of Offer

**Issuance of Equity or Debt**

Other than as information disclosed in “Capital Structure” on page 39 of the Draft Letter of Offer, our Company has not issued any capital in the form of equity or debt. For details on the description of our Company’s activities, the growth of our Company, please see “Business Overview”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and “Basis of Issue Price” on pages 66, 134 and 54 of this Draft Letter of Offer.

**Changes in the activities of our Company during the last five years**

There have been no changes in the activities of the company.

**Defaults or Rescheduling of borrowings with financial institutions/ banks**

There have been no defaults or rescheduling of borrowings with financial institutions or banks since the incorporation.

**Time and cost overruns**

Since the acquisition of our Company by the Promoter, there have been no time and cost overruns in the development or construction of any of our projects.

**Injunctions or restraining order against our Company**

There have been no Injunctions or Restraining Order passed against the company since its incorporation.

**Revaluation of Assets**

Our Company has not revalued its fixed assets since incorporation.

**Acquisitions / Amalgamations / Mergers/ Revaluation of assets**

No acquisitions / amalgamations / mergers or re revaluation of assets have been done by the company.

**Lock-out or strikes**

There were no strikes or lock out in the company since its incorporation.

**Shareholders’ Agreement**

As on the date of the Draft Letter of Offer, our Company has not entered into any shareholders’ agreement.

**Other Material Agreements**

There are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us.

**Strategic Partners**

As on the date of the Draft Letter of Offer, our Company does not have any strategic partners.

**Financial Partners**

As on the date of the Draft Letter of Offer, apart from the various arrangements with bankers and lenders





## Emerald Leasing Finance & Investment Company Limited

which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

### Our Holding company

Our Company has no holding company.

### Our Subsidiaries

As on the date of this Draft Letter of Offer, our Company has only 1 subsidiary, details of which are as under:

#### Eclat Net Advisors Private Limited

##### Corporate Information

Eclat Net Advisors Private Limited (ENAPL) was incorporated under the Companies Act 2013 on 31 March, 2015. The CIN is U74140CH2015PTC035473. The Registered Office of the Company is situated at Kabari site No. 7, Industrial Area Phase II Chandigarh, 160002 India.

The main object of Eclat Net Advisors Private Limited is engaged in the business of providing financial services. The Company had signed-up partnerships and is working with various leading Banks & NBFCs including Capital First Limited, Fullerton, ICICI Bank, Kotak Mahindra Bank Limited and HDFC Bank Limited among others so far. The company acts as a Direct Selling Agent for the various financial products of these financial Institutions.

### Board of Directors

Sr. No.	Name	Age	Qualifications	Address
1	Mr. Sanjay Aggarwal	50	B.Com, ACA.	3054 Sector 28 D, Chandigarh 160 002
2	Mrs. Anubha Aggarwal	47	Graduate, Diploma Holder	3054 Sector 28 D, Chandigarh 160 002

### Capital Structure

Particulars	Amount (₹)
Authorised Capital	125,00,000 consisting of 12,50,000 shares of ₹ 10/- each
Issued, subscribed and paid-up capital	106,66,630 consisting of 10,66,663 shares of ₹ 10/- each

### Shareholding Pattern

The shareholding pattern of ENAPL as on October 31, 2017 is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares of ₹ 10/- each	Percentage of total equity holding
1	M/s Emerald Leasing Finance & Inv. Co. Ltd.	899,990	84.37
2	Mr. Ram Swaroop Aggarwal	100,000	9.37
3	Mr. Kavi Arora	16,000	1.50
4	Mr. Vikas Thapar	10,666	0.99
5	Mr. Vikram Krishna	10,666	0.99
6	Mr. R.K. Aggarwal	10,667	1.00
7	Mr. Avnish Dhingra	8,000	0.75
8	Mr. Navneet Misra	2,666	0.24
9	Mrs. Anuradha Walia	2,666	0.24
10	Mr. Abhishek Mehra	2,666	0.24
11	Mr. Neeraj Wadhwa	2,666	0.24



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<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>No. of Equity Shares of ₹ 10/- each</b>	<b>Percentage of total equity holding</b>
12	Mr. Sanjay Aggarwal	10	0.00
	<b>Total</b>	<b>1,066,663</b>	<b>100</b>

**Financial Performance**

*₹ in Lakhs*

<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Share Capital	106.67	1.00
Reserves (excluding revaluation reserves) and surplus	89.52	2.20
Income (including other income)	121.65	9.77
Profit after tax	12.74	2.20
EPS (FV ₹10 each) (₹)	1.19	22.00



**Emerald Leasing Finance & Investment Company Limited**

**MANAGEMENT**

**Board of Directors**

The Articles of Association of our Company provides that our Company shall have not less than three and not more than eleven Directors on our Board. Our Company currently has five Directors on our Board.

The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer:

<b>Name, Designation, Address, Occupation, Date of Appointment, Tenure and DIN</b>	<b>Nationality</b>	<b>Age (years)</b>	<b>Designation</b>	<b>Other directorships in Companies, partnerships etc</b>
<b>Mr. Sanjay Aggarwal</b> <b>Address:</b> 3054, Sector 28 D Chandigarh 160002 <b>Occupation:</b> Business <b>Date of appointment:</b> 01/09/2009 <b>DIN:</b> 02580828 <b>Term:</b> Liable to retire by rotation	Indian	50	Managing Director	<b>Directorship</b> Eclat Capital & finance Limited. Eclat Net Advisors Private Limited. <b>Proprietorship</b> Eclat Capital Services. Eclat Consulting Group.
<b>Mrs. Anubha Aggarwal</b> <b>Address:</b> 3054 Sector 28 D Chandigarh 160002 <b>Occupation:</b> Business <b>Date of appointment:</b> 26/10/2017 <b>Term:</b> Liable to retire by rotation <b>DIN:</b> 02557154	Indian	47	Director	<b>Directorship</b> Eclat Capital & Finance Limited. Eclat Net Advisors Private Limited. <b>Proprietorship</b> Reliable Capital & Financial Services. Eclat Management Services.
<b>Mr. Raman Aggarwal</b> <b>Address:</b> F- 1/17, Model Town, Delhi <b>Occupation:</b> Service <b>Date of appointment:</b> 13/05/2014 <b>Term:</b> 28/09/2019 <b>DIN:</b> 00116103	Indian	52	Independent and Non-executive Director	<b>Directorship</b> Finance Industry Development Council. Association of Leasing & Financial Services Company. Shristi Cargo Warehouse Pvt Ltd. Itz Cash Card Ltd. <b>Partnership</b> Think Buddies



### Emerald Leasing Finance & Investment Company Limited

Name, Designation, Address, Occupation, Date of Appointment, Tenure and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc
<b>Mr. Tarun Khanna</b>  <b>Address:</b> B-9/21, Second Floor Vasant Vihar, Delhi 110057  <b>Occupation:</b> Service  <b>Date of appointment:</b> 21/11/2013  <b>Term:</b> 28/09/2019  <b>DIN:</b> 02306480	Indian	46	Independent and Non-executive Director	<b>Directorship</b> Security And Intelligence Services (India) Limited. SISI Australia Pty Ltd. Barbeque- Nation Hospitality Limited Mrs. Bectors Food Specialties Ltd. Puri Oils Limited. Sapphire Foods India Private Limited. POM Hydro Energy Limited. MSS Security Private Limited  <b>Partnership</b> CX Advisors LLP
<b>Mr. Deepak Gaur</b>  <b>Address:</b> B-20 West Block A, Friends Enclave, Mundka Rani Khera Road, Nangloi Delhi  <b>Occupation:</b> Professional  <b>Date of appointment:</b> 01/12/2012  <b>Term:</b> 28/09/2019  <b>DIN:</b> 06445299	Indian	33	Independent Director and Non-executive Director	<b>Proprietorship</b> Deepak Gour & Co.

#### Confirmations

None of the Directors is or was a director of any listed company in India during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company, which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

#### Relationship between Directors

Mr. Sanjay Aggarwal is the husband of Mrs. Anubha Aggarwal. Except as stated, none of the other Directors are related to each other.

#### Brief Profile

1. **Mr. Sanjay Aggarwal** is the Promoter and Director of the Company. He holds Bachelor's degree in Commerce from Punjab University and is a qualified Chartered Accountant. He is a qualified Chartered



## Emerald Leasing Finance & Investment Company Limited

Accountant and has experience of over 20 years in the field of project finance, loan syndication, capital restructuring. His work is acknowledged by its clients providing various support services.

2. **Mrs. Anubha Aggarwal** is the promoter and director of the company. She holds a bachelor degree in Arts from Punjab University. She is also a Diploma holder. She has an experience of more than 10 years in the field of financial Services and consultancy. She is a proprietor of Reliable Capital & Financial Services from past 10 years, which deals in financial services.
3. **Mr. Raman Aggarwal** is an independent and non-executive director. He has over 22 years of work experience with Non Banking Finance Companies (NBFCs). He is currently working as Sr.VP, Head – Corporate Affairs at Srei BNP Paribas. He is a member of the Key Advisory Group on NBFCs to Ministry of Finance, Government of India. He has also been a member of Informal Advisory Group on NBFCs to Reserve Bank of India and a member of the Taskforce and Sub Group on NBFCs set up by FICCI. He has been actively representing the NBFC sector as Founder Co-Chairman, Finance Industry Development Council (FIDC) - The representative body cum self regulatory organization for Asset Financing NBFCs in India. He was also instrumental in drafting the “FIDC Handbook on Repossession” which is a comprehensive guide cum reference book on repossession of assets in case of default. He holds a Post Graduate Degree in Urban Planning from School of Planning & Architecture, New Delhi and a B.E with Honors Degree in Civil Engineering from Thapar Institute of Engg & Tech., Patiala.
4. **Mr. Tarun Khanna** is an independent and non-executive director. He is presently one of the partners in CX Partners LLP. Prior to joining CX Partners LLP, he was a Director with a New Private Sector Bank’s Investment Banking business, responsible for originating M&A and capital raising transactions across North & East India. He has been an integral part of the start-up team of the Yes Bank Limited and has served in a variety of leadership roles. Prior to this assignment, he was with the Corporate & Investment banking business of Citi Bank for 4 years, before which he was with GE’s commercial finance business for 18 months. He is MBA from the University of Maryland, College Park (1996) and B.S. in Engineering from the University of Maryland, College Park (1994).
5. **Mr. Deepak Gaur** is an independent and non-executive director of our Company. He is commerce graduate from Delhi University and an associate member of Institute of Chartered Accountants of India. He is engaged in the practice of providing the professional services of auditing, direct & indirect taxation, and secretarial services & financial services to its clients. His experience also includes IPO audit, special post procurement review for World Bank and Audit of Price Waterhouse Coopers (PwC) in their Audit division.

### **Borrowing Powers of the Board**

The Articles of Association, subject to the provisions of the Companies Act, authorize the Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. However, the Board of Directors shall not without the sanction of our Company exceed the aggregate of the paid up capital and free reserves of our Company.

### **Details of Service Contracts for providing benefits upon termination**

Our Company has not entered into any service contracts with the present Board of Directors for providing benefits upon termination of employment.

### **Compensation to Non-Executive Directors**

Our Company did not pay any remuneration to our Directors during the Financial Year 2016-17.

### **ESOP**

Our Company has not implemented any ESOP scheme.



**Details of any arrangement or understanding with major shareholders, customers, suppliers or others**

Our Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned Directors have been appointed in the Board.

**Details of Service Contracts for providing benefits upon termination**

Our Company has not entered into any service contracts with the present Board of Directors for providing benefits upon termination of employment.

**Shareholding of Directors in our Company**

Name of the Director	No. of shares	Shares as a percentage of total number of Equity Shares
Mr. Sanjay Aggarwal	2,78,500	9.15

**Payment or benefit to Directors of our Company**

Except as disclosed in the “Related Party Transactions” in “Auditor’s Report” on page 101 of the Draft Letter of Offer, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration or sitting fees for services rendered as Directors, officers or employees.

**Interest of the Directors**

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue.

Except as stated in this section “Related Party Transaction” in the chapter titled “Financial Information” on page 101 of this Draft Letter of offer and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by us within two years of the date of the Draft Letter of Offer or proposed to be acquired by us.

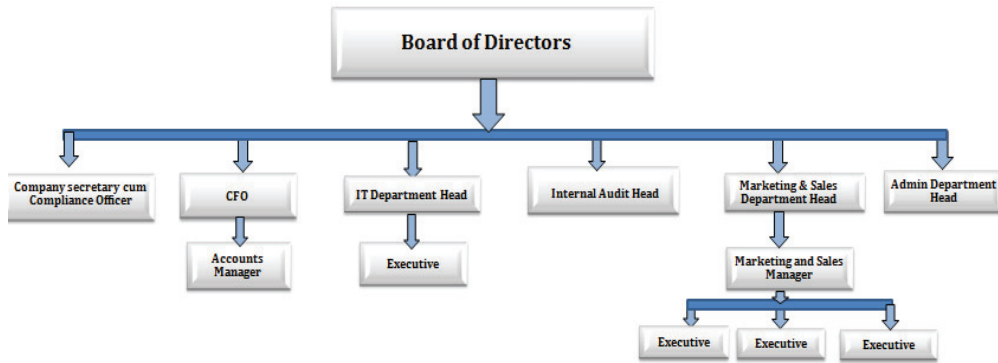
**Changes in the Board in the last three years**

There have been changes in the Board of Directors during last three years, which are detailed as follows:

Sr. No	Name of the Directors	Date of Appointment/ Change/ Cessation	Reason
1	Mr. Raman Aggarwal	May 13, 2015	Appointed as Additional Director
2	Mr. Ram Swaroop Aggarwal	March 24, 2015	Resigned
3	Mrs. Kiran Aggarwal	March 26, 2015	Appointed as Additional Director
4	Mrs. Kiran Aggarwal	October 16, 2017	Cessation
5	Mrs. Anubha Aggarwal	October 26, 2017	Appointed as Additional Director



**Management Organisation Structure**



**Corporate Governance**

As on the date of this Draft Letter of Offer, our Company has complied with the provisions of the Listing Agreement including Clause 49 of the erstwhile Listing Agreement and Regulation 27 of SEBI (LODR) Regulations, 2015 and other requirements under the aforesaid Regulations and Companies Act, 2013 in relation to the meetings of the Audit Committee, Nomination and Remuneration Committee and the Stakeholders/ Investors Grievance Committee. The Board of Directors consists of a total of 5 Directors of which 3 are independent Directors (as required under Regulation 27), which constitutes more than 50% of the Board of Directors. This is in due compliance with the requirements of SEBI (LODR) Regulations, 2015

**Committee of the Board of Directors**

Our Board of Directors presently has 3 (Three) committees which have been constituted in accordance with the relevant provisions of the Companies Act and the Listing Regulations: Audit Committee, Remuneration Committee, and Investor Grievance Committee, of our Company are given below:

**Audit Committee**

The Audit Committee was re-constituted at the Board meeting held on 4<sup>th</sup> April, 2015. The Audit Committee comprises of the following members:

Sr. No.	Name of the Member	Designation in the committee
1	Mr. Raman Aggarwal	Chairman
2	Mr Tarun Khanna	Member
3	Mr Sanjay Aggarwal	Member

**Terms of reference/scope of the Audit Committee:**

1. Oversight of our Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and 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:
  - a. Matters required being included in the Directors’ Responsibility Statement to be included in the Board’s report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.



- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statements.
- f. Disclosure of any related party transaction.
- g. Modified opinion(s) in the draft audit report.
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 utilisation 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, wherever it is necessary
11. evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and internal auditors, and 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 any significant findings and follow-up thereon.
15. Reviewing the findings of any internal investigations by the 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. Discussion with the 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.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower Mechanism, in case the same exists.
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carry out any other function as is mentioned in the terms of reference of Audit Committee

#### **Nomination and Remuneration Committee**

The Remuneration Committee was re-constituted on 4th April, 2015. The Remuneration Committee comprises of the following members:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Designation in the committee</b>
1	Mr Deepak Gaur	Chairman
2	Mr Tarun Khanna	Member
3	Mr Raman Aggarwal	Member

The terms of reference of the Nomination and remuneration committee are as follows:

- (i) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- (ii) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.





**Stakeholders' Relationship Committee**

The Stakeholders/ Investors' Grievance Committee was renamed as Investor Relationship Committee on October 26, 2017 and comprises of the following members:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Designation in the committee</b>
1	Mrs. Anubha Aggarwal	Chairperson
2	Mr Raman Aggarwal	Member
3	Mr. Sanjay Aggarwal	Member

The Committee normally meets as and when required. The committee looks into the following:

1. To approve and register transfer/transmission of shares.
2. To sub-divide, consolidate and issue share certificates.
3. To authorize affixation of common seal of the company.
4. To issue share certificates in place of those which are damaged or in which the pages are completely exhausted provided the original certificates are surrendered to the company.
5. To consider and resolve the grievances of security holders of the company.

**Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

The provisions of regulation 8(1) and 8 (2) of the Insider Trading Regulations, code of practices and procedure for fair disclosure of unpublished price sensitive information has been adopted by our Board of Directors.

Mrs. Anju Sharma, Company Secretary cum Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

**Key Managerial Personnel**

Apart from the Managing Director and the other directors whose details appear on page 83, the following are the other Key managerial personnel of the Company:

**Mrs. Anju Sharma – Company Secretary & Compliance Officer**

Mrs. Anju Sharma, aged 31 years, is a qualified Company Secretary. She joined our company on February 12, 2018 as Company Secretary cum Compliance Officer. Prior to joining our Company she was associated with Hartron Communications Ltd, Gurgaon as Company Secretary. She is responsible for secretarial and compliance function of our Company. She has a total work experience of about 9 years. Mrs. Anju Sharma is being paid a remuneration of ₹ 1.20 lakhs p.a.

**Ms. Sheetal Kapoor – Chief Financial Officer**

Ms. Sheetal Kapoor, aged 27 years, is a Commerce Graduate and holds a Masters Degree in Business Management. She is also pursuing CMA. She joined our company on April 04, 2015 as Chief Financial Officer. Her key responsibility area is Finance & accounts. Prior to joining our Company she was associated with Eclat Capital & Finance Limited. She has a total work experience of about 7 years. Ms. Sheetal Kapoor is being paid a remuneration of ₹ 2.40 lakhs p.a.

**Mr. Devender Vatsal – Marketing and Sales Head**

Mr. Devender Vatsal, aged 51 years, has pursued B.Tech and done Masters of Business Administration in Human Resource. He joined our company on May 02, 2013 as Marketing and Sales Head. His key responsibility area is Marketing & Sales. Prior to joining our Company he was associated with Allengers Medical Systems, GBC Modi Coop, Riken Instrumentation Limited. He has a total work experience of about 27 years. Mr. Devender Vatsal is being paid a remuneration of ₹ 1.98 lakhs p.a.



All the Key Managerial Personnel mentioned above are permanent employees of our Company.

**Nature of any family relationship between the Key Managerial Personnel**

None of the Key Managerial Personnel are in any way related to each other.

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

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Key Managerial Personnel was selected as member of senior management.

**Shareholding of Key Managerial Personnel**

Except as below, none of the Key Managerial Personnel hold any Equity Shares of our Company as on March 31, 2017:

Sr No.	Name of Key managerial personnel	No. of shares held
1	Ms. Sheetal Kapoor	1500

**Changes in Key Managerial Personnel**

The following are the changes in Key Managerial Personnel during the last three years:

SI No.	Name of employee	Designation	Date of change	Reason
1	Ms. Sheetal Kapoor	Chief Financial Officer	April 04, 2015	Appointment
2	Ms. Kirti Arora	Company Secretary	February 28, 2015	Resignation
3	Mrs. Amarjeet Kaur	Company Secretary	April 02, 2015	Appointment
4	Mrs. Amarjeet Kaur	Company Secretary	February 3, 2018	Resignation
5	Mrs. Anju Sharma	Company Secretary	February 12, 2018	Appointment

**Bonus or profit sharing plan for Directors and Key Managerial Personnel**

Our Company does not have a performance linked bonus or a profit sharing plan for the present Directors and Key Managerial Personnel.

**Interest of Key Managerial Personnel**

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of their shareholding and remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

**Payment of Benefits to Officers of our Company**

Except as disclosed in the Draft Letter of Offer, other than statutory payments and remuneration, in the last two years our Company has not paid or has intended to pay any non-salary amount or benefit to any of its officers.

**Loans taken by Directors / Key Managerial Personnel**

None of the Directors / Key Managerial Personnel have taken loan from the Company.



### PROMOTER AND PROMOTER GROUP

The promoters of our company are :

1. Mr. Sanjay Aggarwal
2. Mr. Ram Swaroop Aggarwal
3. Mrs. Anu Aggarwal
4. Mrs. Anubha Aggarwal



**Mr. Sanjay Aggarwal** aged 50 years is the Promoter and Director of our Company. He holds Bachelor's degree in Commerce from Punjab University and is a qualified Chartered Accountant. He is a qualified Chartered Accountant and has experience of over 20 years in the field of project finance, loan syndication, capital restructuring.

**Driving License No.:-** CH01/2008/0004463 PDL  
**Passport No.:-** H1133216.

For further details, please see the section "Management" on page 83.



**Mr. Ram Swaroop Aggarwal** aged 80 years is a promoter of our company. He holds Masters Degree in Commerce and Bachelors degree in Legislative Law. He has more than 50 years of experience in Steel Trading. He has been a vice president of Chandigarh Industrial Association and President of Chandigarh Iron & Steel Trader Association

**Driving License No.:-** CH01/19980345550  
**Passport No.:-** K0017546.



**Mrs. Anu Aggarwal** aged 45 years is also a promoter of our company. She holds a Masters Degree in Business Administration. She has over 18 years of experience. She is presently working as Executive Vice President at Kotak Mahindra Bank. Her prior experience includes her association with Citigroup as senior vice president for over 11 years.

**Driving License No.:-** CH01 19950210576  
**Passport No.:-** L4787194



**Mrs. Anubha Aggarwal** aged 47 years is a Director of the Company. She holds Bachelor's degree in Arts from Punjab University. She is also a diploma holder. She has an experience of more than 10 years in running Financial Services business. She is proprietor in Reliable Capital & Financial Services.

**Passport No.:-** K1008548

For further details, please see the section "Management" on page 83

### Other Confirmations

Our Company confirms that the PAN, bank account number and passport number of our Promoter shall be submitted to BSE at the time of filing this Draft Letter of Offer with BSE.

Our Promoter and Promoter Group confirm that they have not been declared as a wilful defaulter by RBI or any other governmental authority and there have been no violations of securities laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending



against them.

None of our Promoter, Promoter Group entities or persons in control of our Promoter or bodies corporate forming part of our Promoter Group has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad. Our Promoter is not and has never been a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by SEBI.

#### **Changes in our Promoter**

Our Company was incorporated on November 22, 1983. The subscribers to the Memorandum were Mr. Mahendra Prakash Gupta, Mr. Kamal Khanna, Mr. Sidharth Jain, Mr. Alok Sarada, Mr. Rajiv Dhar, Mr. Krishan Lal Bhatia and Mr. Jatinder Pal Singh Johar.

Mr. Sanjay Aggarwal and Mr. Ram Swaroop Aggarwal were appointed as directors on the Board of Emerald on September 01, 2009 by virtue of which they assumed the control of the Target Company. This change in control had triggered the obligation on the Acquirers to make Public Announcement under Regulation 12 of SEBI (SAST) Regulations, 1997. The Public Announcement in respect of the same should have been made on or before September 7, 2009 and the same was not made as required under provisions of the repealed SEBI (SAST) Regulations, 1997. In order to fulfill their obligation under the applicable SEBI Regulations though delayed, the present promoters made an open offer pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto in the FY17 and acquired 2,50,000 equity shares of the face value of ₹ 10/- each at ₹ 17.20/- per share (including premium of ₹ 7.20/- per share) aggregating to 8.21% of the issued and subscribed equity share capital of our Company in the offer. Pursuant to the said acquisition, the promoters holding increased from 7,58,500 equity shares to 10,08,500 equity shares, thereby representing 33.12% from 24.91%.

#### **Interest of Promoter in the Promotion of our Company**

Our Company is incorporated to carry on its present business. Our Promoters are interested in our Company as mentioned above under “Promoter and Promoter Group – Common Pursuits of our Promoter” and to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

#### **Interest of Promoter in the Property of our Company**

Our Promoter does not have any interest in any property being used by our Company within 2 years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company except to the extent of rent paid by our company for leasing premises on which our Registered cum Corporate office premises are located.

#### **Payment of Amounts or Benefits to our Promoter or Promoter Group during the Last Two Years**

No amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group in the last two years preceding the date of this Draft Letter of Offer. Further, as on the date of the Draft Letter of Offer, there is no bonus or profit sharing plan for our Promoter.

#### **Relationship of our Promoter with our Directors and our Key Managerial Personnel**

In terms of Regulation 2 (1) (zb) of the SEBI ICDR Regulations, the following persons form a part of our Promoter Group.

Individuals related to our Promoter:

<b>Name of the Promoter</b>	<b>Name of the Relative</b>	<b>Relationship with the Promoter</b>
Mr. Sanjay Aggarwal	Late Mrs. Kiran Aggarwal	Mother
	Mr. Ram Swaroop Aggarwal	Father
	Mrs. Anubha Aggarwal	Wife
	Mrs. Anu Aggarwal	Sister



**Emerald Leasing Finance & Investment Company Limited**

Name of the Promoter	Name of the Relative	Relationship with the Promoter
	Mr. Pranav Aggarwal	Son
	Mr. Talin Aggarwal	Son
	Mr. B.B. Garg	Spouse's father
	Late Mrs. Swarn Garg	Spouse's mother
	Mr. Ashish Garg	Spouse' Brother
	Mr. Aman Garg	Spouse' Brother
	Mr. Jaijeet Singh Ahluwalia	Sister's Husband

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mr. Ram Swaroop Aggarwal	Late Mrs. Kiran aggarwal	Wife
	Mr. Sanjay Aggarwal	Son
	Mrs. Anubha Aggarwal	Son's wife
	Mrs. Anu Ahluwalia	Daughter
	Mr. Jaijeet Singh Ahluwalia	Daughter's Husband
	Mr. R.K. Aggarwal	Brother
	Mrs. Sheela Mittal	Sister
	Mrs. Veena Bansal, Mrs Anjana Aggarwal, Mrs. Mridula Gupta, Mrs. Kusum Gupta	Spouse's Sister
	Mr. Rajesh Aggarwal	Spouse's Brother

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mrs. Anu Aggarwal	Mr. Ram Swaroop Aggarwal	Father
	Late Mrs. Kiran aggarwal	Mother
	Mr. Jaijeet Singh Ahluwalia	Husband
	Mr. Sanjay Aggarwal	Brother
	Ms. Anahita Ahluwalia	Daughter
	Late Mr. B.S. Ahulawalia	Spouse's Father
	Mrs. N Ahluwalia	Spouse's mother
	Mr. Rajat Ahluwalia, Mr Karan Ahulawalia	Spouse's Brothers
	Mrs. Nalini Chopra, Mrs. Rajni Bindra	Spouse's sister
	Mrs. Anubha Aggarwal	Brother's wife

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mrs. Anubha Aggarwal	Mr. Vir Bhan Garg	Father
	Late Mrs. Swaran Garg	Mother
	Mr. Aman Garg	Brother
	Mr. Ashish Garg	Brother
	Mrs. Dimple Garg	Brother's wife
	Mrs. Ruby Garg	Brother's wife
	Mr. Sanjay Aggarwal	Husband
	Mr. Pranav Aggarwal	Son
	Mr. Talin Aggarwal	Son
	Ms. Ram Swaroop Aggarwal	Spouse's Father
	Late Mrs. Kiran Aggarwal	Spouse's Mother
	Ms. Anu Aggarwal	Spouse's Sister



**Bodies Corporate/ Firms/ HUF in Promoter’s Group**

Nature of Relationship/ Reason for inclusion	Entities			
	Mr. Sanjay Aggarwal	Mr. Ram Swaroop Aggarwal	Mrs. Anu Aggarwal	Mrs. Anubha Aggarwal
Any company in which 10% or more of the share capital is held by the Promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relatives is a member	1. Eclat Capital & Finance Limited. 2. Eclat Net Advisors Private Limited	1. Eclat Capital & Finance Limited. 2. Eclat Net Advisors Private Limited	1. Eclat Capital & Finance Limited 2. Eclat Net Advisors Private Limited	1. Eclat Capital & Finance Limited 2. Eclat Net Advisors Private Limited
Any company in which a company as mentioned above, holds 10% or more, of the equity share capital	N.A.	N.A.	N.A.	N.A.
Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	1. Aggarwal Oil Mills 2. Northern India Sales Corporation 3. Eclat Management Services 4. Eclat Capital services 5. Eclat Consulting Group 6. Reliable Capital & Financial Services	1. Aggarwal Oil Mills 2. Northern India Sales Corporation 3. Eclat Management Services 4. Eclat Capital services 5. Eclat Consulting Group 6. Reliable Capital & Financial Services	1. Aggarwal Oil Mills 2. Northern India Sales Corporation 3. Eclat Management Services 4. Eclat Capital services 5. Eclat Consulting Group 6. Reliable Capital & Financial Services	1. Aggarwal Oil Mills 2. Northern India Sales Corporation 3. Eclat Management Services 4. Eclat Capital services 5. Eclat Consulting Group 6. Reliable Capital & Financial Services

**Companies / Firms from which our Promoter have disassociated himself in last 3 years**

Our Promoter have not disassociated themselves from any of the companies, firms or other entities during the last 3 years preceding the date of this Draft Letter of Offer.

**Common Pursuits of our Promoters**

Our group companies/ concerns namely Eclat Capital and Finance Limited, Eclat Capital Services and Eclat Management Services are engaged in the similar line of business that of ours. Since the business operations of these companies/ concerns are maintained on arms length basis, we do not foresee any disputes arising from such common pursuits which could affect the growth of our Company and its business operations.



**Related Party Transactions**

Our company through its Director, Mrs. Anubha Aggarwal has taken the registered cum corporate office at Chandigarh on lease from Mr. Sanjay Aggarwal. Other than this our company has not entered into any related party transactions with our Promoters or our Group Companies

**Our Promoter Group**

Our Promoter Group shall comprises of persons and entities forming part of our Promoter Group in terms of Regulation 2(1)(zb) of the ICDR Regulations and persons and entities as disclosed to BSE under Regulation 33 filing made by our Company under the Listing Regulations.

**Shareholding of the Promoter Group in our Company**

Except as disclosed in “Capital Structure” on page 39, none of the members of our Promoter Group holds any Equity Shares as on the date of filing of this Draft Letter of Offer.



**GROUP AND ASSOCIATE COMPANIES**

As on the date of the Draft Letter of Offer, besides our Subsidiary, following entities, are promoted by our Promoter (including companies under the same management pursuant to Section 188 of the Companies Act, 2013) and thus is our Group Companies as defined under ICDR Regulations:

**Group Company**

1. Eclat Capital & Finance Limited

Apart from the above the names of the partnership concerns and sole proprietary concerns of the promoters are as given below :

**Partnership firms**

1. Aggarwal Oil Mills
2. Northern India Sales Corporation

**Sole Trading Concern**

1. Eclat Management Services
2. Eclat Capital services
3. Eclat Consulting Group
4. Reliable Capital & Financial Services

**Brief details of the group company is as under:**

**1. Eclat Capital & Finance Limited**

**Corporate Information**

Eclat Capital & Finance Limited (ECFL), was incorporated as a public limited company on 19th January, 1995 vide a certificate of incorporation issued by the ROC and had received its certificate of Commencement of Business on 23<sup>rd</sup> January, 1995. The CIN of the company is U65921CH1995PLC015660. The registered office of ECFL is located at SCO 7, Industrial Area, Phase-II, Chandigarh-160002. The main business of the company is loan syndication of small ticket size cases.

The main objects of ECFL includes, *inter alia*, to act as share broker, sub broker, merchant banker, lead manager, registrar to issue & share transfer agent, underwriter, commission agent, consultant, member of stock exchange, custodian, dealer in foreign exchange, agent/franchise of banks, financial institutions, non-banking finance companies and all other entities, investor financier, money market operator, bankers, capitalist, portfolio manager, insurer, trustee of trust deed, intermediary in capital market.

**Board of Directors**

The Board of directors of ECFL comprises of:

S. No.	Name	Age	Qualification	Address
1	Mr. Sanjay Aggarwal	50	B.Com, ACA	3054 Sector 28 D Chandigarh 160002
2	Mrs. Anubha Aggarwal	47	Graduate	3054 Sector 28 D Chandigarh 160002
3	Mr. Ram Swaroop Aggarwal	80	M.Com, LLB	3054 Sector 28 D Chandigarh 160002

**Capital Structure**

Particulars	Amount (RS.)
Authorised Capital	70,00,000 consisting of 7,00,000 shares of ₹ 10/- each





### Emerald Leasing Finance & Investment Company Limited

Particulars	Amount (RS.)
Issued, subscribed and paid-up capital	5,00,700 consisting of 50,070 shares of ₹ 10/- each

#### Shareholding Pattern

The shareholding pattern of ECFL as on October 31, 2017 is as follows:

(₹ in lakhs)

Sr. No.	Name of Shareholder	No. of Equity Shares of ₹ 10/- each	Percentage of total equity holding
1	Mr. R.S. Aggarwal	20	0.04
2	Mr. Sanjay Aggarwal	50010	99.88
3	Mr. A.C. Sharma	10	0.02
4	Mr. S. K. Ahuja	10	0.02
5	Mr. R.K. Aggarwal	10	0.02
6	Mrs. Anubha Aggarwal	10	0.02
	<b>Total</b>	<b>50070</b>	<b>100</b>

#### Financial Performance of ECFL

Brief details of audited financials of ECFL for Fiscal 2017, 2016 and 2015 are set forth below:

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Share Capital	5.01	5.01	5.01
Reserves (excluding revaluation reserves) and surplus	22.53	22.41	22.23
Income (including other income)	4.49	7.37	1.34
Profit after tax	0.12	0.18	0.03
EPS (FV ₹10 each)	0.24	0.35	0.06
Net Asset Value per share	54.97	54.73	54.37

#### Interest of the Promoter

As on March 31, 2017, Mr. Sanjay Aggarwal holds 50,010 equity shares of ₹ 10 each, aggregating to 99.88 % and Mr. Ram Swaroop Aggarwal holds 20 equity shares of ₹10 each, aggregating to 0.04 % of the issued and paid-up share capital of Eclat Capital & Finance Limited.

#### Other Confirmations

##### *a. In the promotion of our Company*

Except as disclosed in this Draft Letter of Offer, none of our Group Entities have any interest in the promotion or any business interest or other interests in our Company.

##### *b. In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Letter of Offer with SEBI*

None of our Group Entities are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of the Draft Letter of Offer.

##### *c. In transactions for acquisition of land, construction of building and supply of machinery*

None of our Group Entities is interested in any transactions for the acquisition of land, construction of building or supply of machinery to our Company.

#### Disassociation of the Promoter from other companies/ firms in the last three years



Our Promoters have not disassociated themselves from any of the other companies or firms in the last three years from the date of this Draft Letter of Offer.

**Common Pursuits amongst the Group entities with our Company**

Except as mentioned in section “Promoter and Promoter Group” on page 91 of this Draft Letter of Offer, there are no other common pursuits amongst the group companies and associate companies with our companies.

**Related Party Transactions within the Group Entities and significance on the financial performance of our Company**

Except as disclosed in the “Financial Information – Related Party Transactions”, our Company has not entered in to any business transaction with our Group Companies.

**Sale/Purchase between Group Companies and Associate Companies**

Our Group Entities are not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company, except as disclosed in this Draft Letter of Offer.

**Business Interest of Group Companies and Associate Companies in our Company**

None of the Group Companies and associate companies has any business interest in our Company.

**Material Transactions**

Other than as disclosed in the “*Related Party Transactions*” on page 101 of this Draft Letter of Offer, there are no sales or purchase between any of our Group Entities and our Company where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

**Interest of our Group Entities in our Company**

For details of shareholding of our Group Entities please refer to the chapter titled “*Capital Structure*” on page 39 of the Draft Letter of Offer.

Our Group Entities does not have any business interest in our Company except as stated in “*Our Business*” and “*Related Party Transactions*” on pages 66 and 101 of the Draft Letter of Offer.

**Defunct Group Companies**

None of the Group Companies remain defunct and no application has been made to the registrar of companies for striking off the name of any of the Group Companies, during the five years preceding the date of filing this Draft Letter of Offer. Further, none of our Group Entities fall under the definition of sick companies under Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up. Our Group Entities have not received a notice for striking-off of such Group Entities’ names from the relevant Registrar of Companies.

**Other declarations and disclosures**

Our Group Entities are not listed entities and their securities have not been refused listing at any time by any recognized stock exchange in India or abroad. Further, our Group Entities have not made a public issue or rights issue (as defined in the ICDR Regulations) in the preceding three years. No action has been taken against our Group Entities by any Stock Exchange or by SEBI.

As on the date of the Draft Letter of Offer, there are no defaults of our Group Entities in meeting any statutory/bank/institutional dues.



## **Emerald Leasing Finance & Investment Company Limited**

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As on the date of the Draft Letter of Offer, no proceedings have been initiated for economic offences against our Group Entities.

None of our Group Entities have been debarred from accessing the capital market for any reasons by SEBI or any other authorities. Further none of our Group Entities have been identified as wilful defaulters by the RBI or any other authorities.

### **Litigation**

For details relating to legal proceedings involving our Group Entities “Outstanding Litigations and Defaults” beginning on page no. 143 of this Draft Letter of Offer.



**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, contractual obligations and restrictions, 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.

Our Company has not paid any dividend in the previous five Financial Years.

Dividend, if declared, shall be 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 VI – FINANCIAL INFORMATION**

**AUDITOR’S REPORT**

To

The Board of Directors  
Emerald Leasing Finance & Investment Company Limited  
SCO 7 Industrial Area Phase 2  
Chandigarh 160002.

Dear Sirs,

1. We have examined the attached financial information ('Financial Information') of Emerald Leasing Finance & Investment Company Limited ("Emerald " or the "Parent Company" or the "Company"), its subsidiary Eclat Net Advisors Pvt. Ltd. (collectively referred to as "Group") as approved by the Board of Directors of the Company, prepared in accordance with the Accounting Standards notified under the Companies Act, 1956("the Act") (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended to date('SEBI Regulations'), the Guidance note on "Reports in Company's Prospectus" (Revised) issued by the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable ('Guidance note') in connection with the proposed rights issue of equity shares of the Company.
2. This consolidated Financial Information has been extracted by the Management from the Audited consolidated Financial statements of the Company for the period ending August 31, 2017 and year ended March 31, 2017 and March 31, 2016. Since the company was incorporated on March 31, 2015, the consolidated balance sheet for the year ending March 31, 2015 has not been prepared. The first consolidation was made for the period of March 31, 2015 to March 31, 2016.
3. In accordance with the Accounting Standards notified under the Act, (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) the SEBI regulations, Guidance Note and terms of our engagement agreed with you, we further report that:

The Summary of Statement of assets and liabilities, as at August 31, 2017 and for the years ended March 31, 2017 and March 31, 2016 examined by us, as set out in Annexure I to this report, and the Summary of Statement of profit and loss, and the Summary of cash flows, as at August 31, 2017 and for the years ended March 31, 2017 and March 31, 2016 examined by us, as set out in Annexure II and III respectively to this report, read with the Notes to financial statement and Statement of significant accounting policies and notes forming part of accounts in Annexure IV (a) and Annexure IV(b) respectively has been prepared in accordance with the requirements of clause 1(b) of Section 26 of the Companies Act and the Regulations.

4. The Company has not declared any dividend during the financial year ended March 31, 2017 and 2016.
5. We have also examined the following other financial information set out in the Annexures prepared by the Management and approved by the Board of Directors relating to the company for the financial years ended March 31, 2017 and 2016:
  - i. Statement of Accounting Ratios, enclosed as Annexure V
  - ii. Statement of Capitalisation, as appearing in Annexure VI



- iii. Statement of Tax Shelter, enclosed as Annexure VII
6. The accounts as given in the enclosed consolidated statements for the August 31, 2017 and financial years ended March 31, 2017 and 2016 have been given as per the audited statement of accounts for those years and there has been no restatement in the accounts since:
- a) There have been no incorrect accounting policies followed by the company.
  - b) There are no audit qualifications
  - c) There are no adjustments relating to previous years
  - d) There are no extra ordinary items which are needed to be disclosed separately
  - e) There has been no change in the accounting policies followed by the company.
7. In our opinion the consolidated financial information contained in this report read along with the significant accounting policies and notes on accounts (refer Annexure IV(b)) has been prepared after regrouping as considered appropriate and have been prepared in accordance with (“The Act”) and SEBI Regulations.
8. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
10. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed rights issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S.Lal Bansal & Company  
Chartered Accountants  
Proprietor

Membership No.: 081569  
Firm Registration No. with ICAI: 002664N

Place : Chandigarh  
Date: September 25, 2017



## ANNEXURE I

## CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

	PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' Funds</b>			
	( a ) Share capital	304.50	304.50	304.50
	( b ) Reserves and Surplus	157.20	113.71	19.93
	<b>Minority interest</b>	16.67	16.67	-
	<b>Sub Total 1</b>	<b>478.37</b>	<b>434.88</b>	<b>324.43</b>
2	<b>Non - Current Liabilities</b>			
	(a) Long - term borrowings	10.10	-	-
	<b>Sub Total 2</b>	<b>10.10</b>	<b>-</b>	<b>-</b>
3	<b>Current liabilities</b>			
	(a) Trade payables		-	-
	(b) Other current liabilities	66.75	28.14	4.59
	(c) Short - term provisions	6.61	8.18	4.68
	<b>Sub Total 3</b>	<b>73.36</b>	<b>36.31</b>	<b>9.27</b>
	<b>TOTAL</b>	<b>561.83</b>	<b>471.19</b>	<b>333.70</b>
<b>II</b>	<b>ASSETS</b>			
1	<b>Non - current assets:</b>			
	<b>( a )Fixed Assets</b>			
	(i) Tangible Assets	4.65	3.33	1.51
	<b>Sub Total 1</b>	<b>4.65</b>	<b>3.33</b>	<b>1.51</b>
2	<b>Current assets</b>			
	( a ) Trade Receivables	59.05	31.97	31.75
	( b ) Cash and Bank balances	(1.23)	42.27	2.61
	(c) Short-term loans and advances	490.75	391.76	295.71
	<b>Sub Total 2</b>	<b>548.57</b>	<b>466.00</b>	<b>330.07</b>
3	<b>Miscellaneous Expenses</b>	<b>8.61</b>	<b>1.86</b>	<b>2.12</b>
	<b>TOTAL</b>	<b>561.83</b>	<b>471.19</b>	<b>333.70</b>

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section 'Financial Information' appearing on page no 101 of the Draft Letter of Offer.



## ANNEXURE II

## CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS

(₹ in lakhs)

	PARTICULARS	Five Months Ended 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016
I	Revenue from operations (Gross)	124.32	172.99	77.26
	<b>Total revenue ( I)</b>	<b>124.32</b>	<b>172.99</b>	<b>77.26</b>
II	Expenses			
	Employee benefits expense	19.58	43.92	32.86
	Depreciation and amortization expense	-	1.46	0.47
	Other expenses	60.06	100.23	28.79
	<b>Total Expenses (II)</b>	<b>79.64</b>	<b>145.61</b>	<b>62.12</b>
III	Profit/(Loss) before exceptional and extraordinary Items and tax ( I-II)	<b>44.68</b>	<b>27.38</b>	<b>15.14</b>
IV	Exceptional items	-	-	-
V	Profit/(Loss) before extraordinary Items and tax ( III-IV)	<b>44.68</b>	<b>27.38</b>	<b>15.14</b>
VI	Extraordinary Items	-	-	-
VII	<b>Profit/(Loss) before tax ( V-VI)</b>	<b>44.68</b>	<b>27.38</b>	<b>15.14</b>
VIII	Tax expenses			
	1.Current tax	1.18	8.18	4.68
	2.Income tax			0.05
	Total	1.18	8.18	4.73
IX	<b>Profit for the year (VII-VIII)</b>	<b>43.50</b>	<b>19.20</b>	<b>10.41</b>

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section 'Financial Information' appearing on page no 101 of the Draft Letter of Offer.





ANNEXURE III

CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs)

PARTICULARS	Five Months Ended 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit before Tax and Extraordinary Items	44.68	27.38	15.14
Adjustment for:			
Depreciation and amortization expense	-	1.71	0.73
<b>Operating Profit before Working Capital Changes</b>	<b>44.68</b>	<b>29.09</b>	<b>15.87</b>
Adjustment for:			
Increase/Decrease in trade & other receivable	(27.08)	(0.22)	(7.29)
Changes in Loans & Advances	(98.99)	(96.04)	(60.13)
Long Term Borrowings & Provisions	10.10	-	-
Short Term Borrowings & Provisions	(1.57)	27.04	4.39
Changes in Other Current Liabilities	38.61	-	-
Trade Payable		-	-
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(34.25)</b>	<b>(40.13)</b>	<b>(47.16)</b>
Provisions for Current year Taxes	(1.18)	(8.18)	(4.73)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(35.43)</b>	<b>(48.31)</b>	<b>(51.89)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets ( Net of Sales)	(1.32)	(3.27)	(1.74)
Misc Expenditure	(6.75)	-	(0.25)
Purchase of investments in Subsidiaries	-	(89.00)	(0.49)
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(8.07)</b>	<b>(92.27)</b>	<b>(2.48)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from issue of Share Capital	-	180.24	1.00
<b>NET CASH FROM FINANCING ACTIVITIES 'C'</b>	<b>-</b>	<b>180.24</b>	<b>1.00</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(43.50)</b>	<b>39.66</b>	<b>(53.37)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Opening Balance in the beginning of the year	42.27	2.61	55.98
<b>Closing Balance at the end of the year</b>	<b>(1.23)</b>	<b>42.27</b>	<b>2.61</b>



**ANNEXURE IV(a)**

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**I. Statement of significant accounting policies**

**1. ACCOUNTING POLICIES (AS-1)**

- (a) The consolidated financial statements include the financial statements of Emerald Leasing Finance & Investment Company Limited (“Emerald “or the “Parent Company” or the “Company”), its subsidiary Eclat Net Advisors Pvt. Ltd. (collectively referred to as “Group”). The financial statements of the company and its subsidiary companies are combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standards (AS) 21- “Consolidated Financial Statements”.
- (b) The Consolidated Financial Statements are prepared under historical cost convention of accrual basis of accounting and comply with mandatory accounting standards and statements issued by Institute of Chartered Accountants of India.
- (c) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- (d) The presentation of consolidated Financial Statements in conformity with Indian GAAP requires judgments, estimates and liabilities assumption to be made that affect reportable amount of assets and liabilities, disclosure of contingent liabilities on the date of financial statements and the reportable amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known /materialized.
- (e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.

**2. REVENUE RECOGNITION (AS-9)**

All the expenses and income to the extent ascertainable with reasonable certainty considered payable and receivable respectively, except for the following items, are accounted for on mercantile basis.

- Gratuity Payment
- Disposal of Sundry items & Scrap etc.

**3. FIXED ASSETS(AS-10)**

All the fixed assets are stated at their original cost including taxes, duties, freight and other incidental expenses related to the acquisition and installation.

**4. DEPRECIATION(AS-6)**

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method (SLM) Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

**5. CONTINGENT LIABILITIES**

There are no Contingent liabilities.

**6. PRIOR PERIOD & EXTRA ORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES(AS-5)**

There is no prior or extra ordinary items which needs to be disclosed in profit and loss account separately and there is no change in any accounting policy which has a material effect on the financial



## Emerald Leasing Finance & Investment Company Limited

statements and is expected to be disclosed in accounting with the Accounting standards (AS-5) relating to disclosure of prior period & Extra Ordinary Items and change in Accounting Policies notified by the Central Government in exercise of the powers conferred by sub-section (2) of section 145 of the Income Tax Act, 1961.

### 7. RETIREMENT BENEFITS(AS-15)

The provision of the Employees State Insurance Act, 1948 and Employees Provident Funds & Miscellaneous Provisions Act, 1952 are not applicable to the company.

### 8. ACCOUNTING FOR TAXES ON INCOME(AS-22)

The Accounting Standards “Accounting For Taxes on Income” issued by the institute of Chartered Accountants of India is applicable to the concerns where there is timings difference between Taxable Income and Accounting income giving rise to deferred tax asset or liability as the case may be.

### 9. IMPAIRMENT OF ASSETS(AS-28)

The company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If such indicator exists, the company estimates the recoverable amount of the assets, if such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the statement of profit and loss.

10. In the opinion of the management all the current Assets, loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are started.

### 11. PROVISIONS FOR NON PERFORMING ASSTES(NPA) AND DOUBTFUL DEBTS

NPA Provisions are made based on the management’s assessment of the degree of the impairment and the level of provisioning which meets the NBFC prudential norms prescribed by Reserve Bank of India.

### 12. DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the company had Specified Bank Notes (SBNs) or order denomination notes as defined in the MCA notification, G.S.R. 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hands as on November 8, 2016	2,04,000	-	2,04,000
ADD: Permitted Receipts	-	-	-
LESS: Permitted Payments	-	-	-
LESS: Amount deposited in Banks	2,04,000	-	2,04,000
Closing cash in hand as on December 30, 2016	-	-	-

13. Debit or Credit balances on whatever accounts are subject to confirmation from the parties as such, their effect on profit and loss account cannot be reflected.

14. Previous year’s figures have been regrouped/rearranged whenever necessary to make them comparable with the figures of current year.



15. Non Current Investments are stated at cost.

ANNEXURE IV(b)

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Share capital**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
<b>Authorised Capital</b>			
(INR 11,00,00,000 - 1,10,00,000 @ INR 10 each)	1,100.00	350.00	350.00
	1,100.00	350.00	350.00
<b>Issued, subscribed and paid up</b>			
(INR 3,04,50,000 - 30,45,000 @ INR 10 each)	304.50	304.50	304.50
<b>Total</b>	<b>304.50</b>	<b>304.50</b>	<b>304.50</b>

**NOTE 2 - Reserve & Surplus**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
As per last Balance Sheet	113.71	19.93	9.52
Add: Transferred during the year	4.51	6.46	8.21
Share Premium		74.58	-
Capital Reserve on consolidation of Subsidiary	38.98	12.74	2.20
<b>Total</b>	<b>157.20</b>	<b>113.71</b>	<b>19.93</b>

**NOTE 3 - Long Term Borrowings**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Unsecured Loans from Capital First	10.10	-	-
<b>Total</b>	<b>10.10</b>	<b>-</b>	<b>-</b>

**NOTE 4- Other Current Liabilities**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
(a) Service Tax Payable	10.96	5.28	0.12
(b) Audit fees Payable	-	0.25	0.10
(c) Income Tax Deducted as Source Payable	0.92	0.26	-
(d) Payable IT Fees	0.25	0.25	0.25
(e) Expenses Payable	-	4.00	-
(f) Cheques Issued But Not Presented For Payment	-	18.10	4.12
(g) Loan from Directors	49.12	-	-
(h) GST Payable	4.95		
(i) Rent Payable	0.55		
<b>Total</b>	<b>66.75</b>	<b>28.14</b>	<b>4.59</b>



**NOTE 5 – Short Term Provisions**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Income Tax Provision	6.61	8.18	4.68
<b>Total</b>	<b>6.61</b>	<b>8.18</b>	<b>4.68</b>

**NOTE 6 – Fixed Assets**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Computer	3.22	2.7	1.51
Air Conditioner	1.37	0.57	-
Printer	0.06	0.06	-
<b>Total</b>	<b>4.65</b>	<b>3.33</b>	<b>1.51</b>

**NOTE 7 – Trade Receivables**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Accrued Interest on Unsecured loans	5.03	14.15	11.19
Commission Receivable	43.45	17.82	20.56
Sundry Debtors	7.87	-	-
RCM Receivable 2017-2018	2.70	-	-
<b>Total</b>	<b>59.05</b>	<b>31.97</b>	<b>31.75</b>

**NOTE 8 – Cash and Bank Balances**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Current account with CBI Bank Delhi	-	-	-
Current account with CITI Bank Chandigarh	-	1.44	0.06
Current account with Kotak Mahindra Bank Limited	(0.15)	0.09	0.02
Current account with Kotak Mahindra Bank Limited (eclat)	0.09	0.04	-
Current account with HDFC Bank Ltd.	0.05	0.33	0.10
Current account with The Punjab State Co-operative Bank Ltd.	0.15	-	-
Current account with The Punjab State Co-operative Bank Ltd. (Eclat)	(2.86)	(0.06)	1.07
Current account with ICICI Bank Limited	0.04	38.02	0.10
Current account with Yes Bank Limited	0.10	0.35	-
	-	-	-
Cash on hand	1.35	2.06	1.26
<b>Total</b>	<b>(1.23)</b>	<b>42.27</b>	<b>2.61</b>



**NOTE 9 – Short Term Loans and Advances**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Sundry Advances	478.14	383.50	289.92
TDS Receivable (prev. yr.)	10.66	8.26	5.80
Income Tax Refund (2015-2016)	1.95	-	-
<b>Total</b>	<b>490.75</b>	<b>391.76</b>	<b>295.72</b>

**NOTE 10 – Revenue from Operations**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
(a) Commission Received	106.04	128.34	42.52
(b) Interest on Unsecured Loan	18.28	44.59	34.56
(c) Other Income	-	0.06	0.18
<b>TOTAL</b>	<b>124.32</b>	<b>172.99</b>	<b>77.26</b>

**NOTE 11 – Employee Benefit Expenses**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Salaries	19.58	43.92	32.86
<b>TOTAL</b>	<b>19.58</b>	<b>43.92</b>	<b>32.86</b>

**NOTE 12 – Other Expenses**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
Advertisement	0.60	7.00	0.79
Audit Fees	-	0.55	0.34
Bad Debts Written Off	-	6.41	3.50
Bank Charges	0.13	0.15	0.13
Business Promotion	0.06	-	-
Commission Paid	41.60	60.70	6.16
Corporate Social Responsibility	0.87	1.22	-
Genset Rent	0.24	0.78	0.72
Income Tax Adjustment	0.08	-	-
Interest on TDS	-	0.18	0.08
IT Consultation fees	-	-	0.35
Interest on Service Tax	0.11	-	-
Internet Marketing Charges	1.71	-	-
Listing Fees	2.50	2.01	2.25
Membership Fees	-	-	0.02
Misc. Exp. Written off	-	0.26	0.26
Office Expenses	1.56	2.56	2.64



**Emerald Leasing Finance & Investment Company Limited**

Processing Fees	0.61		
Postage	0.30	0.44	0.24
Printing & Stationery	0.51	1.77	1.66
Professional /Legal Fees	4.30	2.98	2.17
Rate, Fee & Taxes	2.52	3.91	0.63
Rent	0.50	0.44	0.36
Repairs & Maintenance	0.99	1.49	0.71
Service Tax	-	-	3.95
Stamp Duty	-	-	0.10
Telephone Expenses	0.30	1.08	0.79
Travelling Expenses	0.51	2.93	0.94
Website Charges	0.66	3.37	-
<b>Total</b>	<b>60.66</b>	<b>100.23</b>	<b>28.79</b>

**NOTE 13 – Related Parties Disclosures:**

**(i) Related parties : Names and Descriptions**

	PARTICULARS	As at 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016
a)	Key Management Personnel	Mr. Sanjay Aggarwal	Mr. Sanjay Aggarwal	Mr. Sanjay Aggarwal
		Mrs. Kiran Aggarwal	Mrs. Kiran Aggarwal	Mrs. Kiran Aggarwal
		Mrs. Amarjeet Kaur	Mrs. Amarjeet Kaur	Mrs. Amarjeet Kaur
		Ms. Sheetal Kapoor	Ms. Sheetal Kapoor	Ms. Sheetal Kapoor
b)	Subsidiary Company *	M/s Eclat Net Advisors Private Limited	M/s Eclat Net Advisors Private Limited	M/s Eclat Net Advisors Private Limited

\* (The company was incorporated on March 31, 2015, hence the first consolidation was made for the period of March 31, 2015 to March 31, 2016)

**(ii) Related parties Transactions:**

S.No.	Nature of Transaction	Particulars	As at 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016
1	Interest	Key Management Personnel	-	-	-
		Subsidiary Company	84.37%	84.37%	99.90%
		Associates	-	-	-
		Others	-	-	-
2	Managerial Remuneration (INR in Lakhs)	Key Management Personnel	4.90	4.90	4.90
		Holding			



**Emerald Leasing Finance & Investment Company Limited**

	Company	-	-	-
	Associates	-	-	-
	Others	-	-	-

**Annexure V - Summary of Accounting Ratios**

(₹ In lacs)

PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016
<b>1. Net Profit Attributable to Equity Shareholders</b>	43.50	19.20	10.41
Earnings Per Share (EPS) (₹) a/b	1.43	0.63	0.34
Return on Net Worth (%) (a/g %)	9.60%	4.61%	3.23%
Weighted Average No. of Equity Shares	3,045,000	3,045,000	3,045,000
No. of Equity Shares outstanding	3,045,000	3,045,000	3,045,000
Paid up value of share	10	10	10
<b>Note:</b>			
Net Profit after tax adjustments (a)	43.50	19.20	10.41
Weighted Average No. of Equity Shares (b)	3045000	3045000	3045000
Total No. of Equity Shares for calculating Diluted EPS(d)	3045000	3045000	3045000
No. of Equity Shares at the end of the year/period €	3045000	3045000	3045000
Net Worth (g)	453.09	416.35	322.31
Net Asset Value per Share (g/b)	<b>14.88</b>	<b>13.67</b>	<b>10.58</b>

**Formula:**

- Net profit attributable to equity shareholders
- i) Earnings per Share (₹) -----  
 Weighted Average number of equity shares outstanding during the period
- Net Worth excluding revaluation reserve at the end of the period
- ii) Net Asset Value Per Share (₹) -----  
 Total Number of equity shares outstanding at the end of the year/period
- Net profit after tax adjustments
- iii) Return on Net Worth (%) -----  
 Net worth at the end of the year/ period
- iv) Net Asset Value -----  
 Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off/ total no. of equity shares outstanding at end of each year/ period

- Earnings per share (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per Share' prescribed by the Companies(Accounting Standards) Rules, 2006





## Annexure VI - Statement of Capitalisation

(₹ In lakhs)

Particulars	Pre-issue as at 31-August-17	As adjusted for Issue*
<b>Debts</b>		
Long Term Debt	10.10	
Short Term Debt	-	
Total Debt	10.10	
<b>Equity (shareholder's funds)</b>		
Equity Share Capital	304.50	●
Reserves	157.20	
Total Equity	461.70	
<b>Total Capitalization</b>		
Long Term Debts/ Equity Ratio (x)	0.02:1	
Total Debt/ Equity Ratio (x)	0.02:1	

\* To be updated at the time of filing of Letter of Offer

## Annexure VII - Statement of Tax Shelter

(₹ In lakhs)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
<b><u>A. Computation of Total Income under Regular provisions of the Act</u></b>		
<b><u>1. Business income</u></b>		
Net profit as per profit and loss account	9.21	11.95
Add : Depreciation as per books	0.18	0.27
Add: Inadmissibles / Disallowances	0.52	-
Less : Depreciation as per Income Tax	0.17	0.42
(Loss)/Income from Business as per IT Act	9.74	11.80
<b><u>B. Computation of Book Profits u/s 115 JB of IT Act</u></b>		
Net profit as per profit and loss account	6.46	8.26
Net Income After Adjustment(For Mat Working)	6.46	8.26
MAT Rate	18.50%	18.50%
Tax due u/s 115JB	1.20	1.52
Add surcharges	-	-
Total Tax and surcharge	1.20	1.52
Add Education Cess	0.04	0.05
Tax Payable	2.80	3.65
Provision for Current Taxes	2.80	3.65



**AUDITOR'S REPORT**

To  
The Board of Directors  
Emerald Leasing Finance & Investment Company Limited  
SCO 7 Industrial Area Phase 2  
Chandigarh 160002.

Dear Sirs,

1. We have examined the attached financial information ('Financial Information') of Emerald Leasing Finance & Investment Company Limited ('Emerald' or 'the Company') as approved by the Board of Directors of the Company, prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended to date ('SEBI Regulations'), the Guidance note on "Reports in Company's Prospectus" (Revised) issued by the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable ('Guidance note') in connection with the proposed rights issue of equity shares of the Company.

2. This Financial Information has been extracted by the Management from the Audited Financial statements of the Company for the period ending August 31, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.

3. In accordance with the Accounting Standards notified under the Act, (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) the SEBI regulations, Guidance Note and terms of our engagement agreed with you, we further report that:

The Summary of Statement of assets and liabilities, as at August 31, 2017 and for the years ended as at March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 examined by us, as set out in Annexure I to this report, and the Summary of Statement of profit and loss, and the Summary of cash flows, as at August 31, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 examined by us, as set out in Annexure II and III respectively to this report, read with the Notes to financial statement and Statement of significant accounting policies and notes forming part of accounts in Annexure IV (a) and Annexure IV(b) respectively has been prepared in accordance with the requirements of clause 1(b) of Section 26 of the Companies Act and the Regulations.

4. The Company has not declared any dividend during the financial year ended March 31, 2017, 2016, 2015, 2014 and 2013 due to accumulated losses.

5. We have also examined the following other financial information set out in the Annexures prepared by the Management and approved by the Board of Directors relating to the company for the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013:

- iv. Statement of Accounting Ratios, enclosed as Annexure V
- v. Statement of Capitalisation, as appearing in Annexure VI
- vi. Statement of Tax Shelter, enclosed as Annexure VII

6. The accounts as given in the enclosed statements for the period ending August 31, 2017 and for the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013 have been given as per the audited statement of accounts for those years and there has been no restatement in the accounts since:

- f) There have been no incorrect accounting policies followed by the company.
- g) There are no audit qualifications



**Emerald Leasing Finance & Investment Company Limited**

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- h) There are no adjustments relating to previous years
  - i) There are no extra ordinary items which are needed to be disclosed separately
  - j) There has been no change in the accounting policies followed by the company.
7. In our opinion the financial information contained in this report read along with the significant accounting policies and notes on accounts refer Annexure IV(b) has been prepared after regrouping as considered appropriate and have been prepared in accordance with (“The Act”) and SEBI Regulations.
8. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
10. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed rights issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S.Lal Bansal & Company  
Chartered Accountants  
Proprietor

Membership No.: 081569  
Firm Registration No. with ICAI: 002664N

Place : Chandigarh  
Date: September 25, 2017



## ANNEXURE I

## STANDALONE BALANCE SHEET

(₹ in lakhs)

	PARTICULARS	As at 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<b>I</b>	<b>EQUITY AND LIABILITIES</b>						
1	<b>Shareholders' Funds</b>						
	(a) Share capital	304.50	304.50	304.50	304.50	304.50	20.00
	(b) Reserves and Surplus	28.70	24.19	17.73	9.52	0.42	(5.92)
	<b>Sub Total 1</b>	<b>333.20</b>	<b>328.69</b>	<b>322.23</b>	<b>314.02</b>	<b>304.92</b>	<b>14.08</b>
2	<b>Non - Current Liabilities</b>						
	(a) Long - term borrowings	10.10	-	-	-	-	-
	<b>Sub Total 2</b>	<b>10.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3	<b>Current liabilities</b>						
	(a) Short - term borrowings	-	-	-	-	-	0.26
	(b) Trade payables	-	-	-	-	0.25	1.06
	(c) Other current liabilities	31.10	21.20	0.47	0.82	0.55	0.04
	(d) Short - term provisions	1.18	2.75	3.69	4.07	2.83	0.36
	<b>Sub Total 3</b>	<b>32.28</b>	<b>23.95</b>	<b>4.16</b>	<b>4.89</b>	<b>3.63</b>	<b>1.72</b>
	<b>TOTAL (1+2+3)</b>	<b>375.58</b>	<b>352.64</b>	<b>326.39</b>	<b>318.91</b>	<b>308.55</b>	<b>15.80</b>
<b>II</b>	<b>ASSETS</b>						
1	<b>Non - current assets:</b>						
	<b>(a) Fixed Assets</b>						
	(i) Tangible Assets	0.79	0.27	0.44	0.24	0.58	-
	(b) Non- Current Investments	90.00	90.00	1.00	0.51	-	-
	<b>Sub Total 1</b>	<b>90.79</b>	<b>90.27</b>	<b>1.44</b>	<b>0.75</b>	<b>0.58</b>	<b>-</b>
2	<b>Current assets</b>						
	(a) Trade Receivables	11.96	12.86	26.14	18.86	11.56	1.00
	(b) Cash and Bank balances	0.97	2.76	1.31	55.99	63.82	0.64
	(c) Short-term loans and advances	263.45	245.09	295.60	241.18	230.22	14.16
	<b>Sub Total 2</b>	<b>276.38</b>	<b>260.71</b>	<b>323.05</b>	<b>316.03</b>	<b>305.60</b>	<b>15.80</b>
3	Miscellaneous Expenses 3	8.41	1.66	1.90	2.13	2.37	-
	<b>TOTAL (1+2+3)</b>	<b>375.58</b>	<b>352.64</b>	<b>326.39</b>	<b>318.91</b>	<b>308.55</b>	<b>15.80</b>

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section 'Financial Information' appearing on page no 101 of the Draft Letter of Offer.



ANNEXURE II

STANDALONE STATEMENT OF PROFIT & LOSS

(₹ in lakhs)

	PARTICULARS	Five Months Ended 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
<b>I</b>	Revenue from operations (Gross)	22.72	51.34	67.49	88.50	35.48	3.38
	<b>Total revenue ( I)</b>	<b>22.72</b>	<b>51.34</b>	<b>67.49</b>	<b>88.50</b>	<b>35.48</b>	<b>3.38</b>
<b>II</b>	<b>Expenses</b>						
	Employee benefits expense	7.36	14.88	28.86	31.16	11.30	1.68
	Depreciation and amortization expense	-	0.18	0.27	0.34	0.88	-
	Other expenses	9.67	27.07	26.41	43.83	14.14	0.47
	<b>Total Expenses (II)</b>	<b>17.03</b>	<b>42.13</b>	<b>55.54</b>	<b>75.33</b>	<b>26.32</b>	<b>2.15</b>
III	Profit/(Loss) before exceptional and extraordinary Items and tax (I-II)	<b>5.69</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>	<b>1.23</b>
IV	Exceptional items	-	-	-	-	-	-
V	Profit/(Loss) before extraordinary Items and tax ( III-IV)	<b>5.69</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>	<b>1.23</b>
VI	Extraordinary Items		-	-	-	-	-
VII	<b>Profit/(Loss) before tax ( V-VI)</b>	<b>5.69</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>	<b>1.23</b>
VIII	Tax expenses						
	1.Current tax	1.18	2.75	3.69	4.07	2.83	0.37
	2.Income tax			0.05		-	-
	Total	1.18	2.75	3.74	4.07	2.83	0.37
IX	<b>Profit for the year (VII-VIII)</b>	<b>4.51</b>	<b>6.46</b>	<b>8.21</b>	<b>9.10</b>	<b>6.33</b>	<b>0.86</b>

**Note:** Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section 'Financial Information' appearing on page no 101 of the Draft Letter of Offer.



ANNEXURE III

STANDALONE CASH FLOW STATEMENT

(₹ in lakhs)

PARTICULARS	Five Months Ended 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>						
Net Profit before Tax and Extraordinary Items	5.69	9.21	11.95	13.17	9.16	1.23
Adjustment for:						
Depreciation and amortization expense	-	0.41	0.51	0.58	0.87	-
Operating Profit before Working Capital Changes	<b>5.69</b>	<b>9.62</b>	<b>12.46</b>	<b>13.75</b>	<b>10.03</b>	<b>1.23</b>
Adjustment for :						
Increase/Decrease in trade & other receivable	0.90	13.27	(7.29)	(7.30)	(10.55)	(1.00)
Changes in Loans & Advances	(18.36)	50.52	(54.42)	(10.96)	(216.04)	-
Long Term Borrowings	10.10	-	-	-	-	-
Short Term Borrowings & Provisions	8.33	19.79	(0.72)	1.25	2.70	0.39
Trade Payable		-	-	-	(0.81)	-
CASH GENERATED FROM OPERATING ACTIVITIES	6.66	93.20	(49.97)	(3.26)	(214.67)	0.62
Provisions for Current year Taxes	(1.18)	(2.75)	(3.69)	(4.07)	(2.83)	(0.36)
Previous Year Taxes			(0.05)			
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>5.48</b>	<b>90.45</b>	<b>(53.71)</b>	<b>(7.33)</b>	<b>(217.50)</b>	<b>0.26</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Purchase of Fixed Assets ( Net of Sales)	(0.52)	-	(0.47)	-	(1.46)	-
Misc Expenditure	(6.75)	-	-	-	(2.37)	-
Purchase of investments in Subsidiaries	-	(89.00)	(0.49)	(0.51)	-	-
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(7.27)</b>	<b>(89.00)</b>	<b>(0.96)</b>	<b>(0.51)</b>	<b>(3.83)</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>						
Proceeds from issue of Share Capital	-	-	-	-	284.50	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284.50</b>	<b>-</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1.79)</b>	<b>1.45</b>	<b>(54.67)</b>	<b>(7.84)</b>	<b>63.17</b>	<b>0.26</b>
<b>CASH AND CASH EQUIVALENTS:</b>						
Opening Balance in the beginning of the year	2.76	1.31	55.98	63.82	0.65	0.39
Closing Balance at the end of the year	0.97	2.76	1.31	55.98	63.82	0.65



**ANNEXURE IV (a)**

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**I. Statement of significant accounting policies**

**1. BACKGROUND**

Emerald Leasing Finance & Investment Company Limited (“the company”) is registered as Non-Banking Financial Company (“NBFC”) as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending and investing activities.

**2. ACCOUNTING POLICIES**

- (a) The Financial Statement are prepared under historical cost convention of accrual basis of accounting and comply with mandatory accounting standards and statements issued by Institute Chartered Accountants of India.
- (b) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- (c) The presentation of Financial Statements in conformity with Indian GAAP requires judgments, estimates and liabilities assumption to be made that affect reportable amount of assets and liabilities, disclosure of contingent liabilities on the date of financial statements and the reportable amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.
- (d) The company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the Reserve Bank of India in terms of Non-Systematically important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms(Reserve Bank) Directions,2015 vide Reserve Bank of India (“RBI”) Notification No. DNBR.009/CGM(CDS)-2015 dated March27,2015 as applicable to the company.

**3. REVENUE RECOGNITION (AS-9)**

All the expenses and income to the extent ascertainable with reasonable certainty considered payable and receivable respectively, except for the following items, are accounted for on mercantile basis.

- Gratuity Payment
- Disposal of Sundry items

**4. FIXED ASSETS(AS-10)**

All the fixed assets are stated at their original cost including taxes, duties, freight and other incidental expenses related to the acquisition and installation.

**5. DEPRECIATION(AS-6)**

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method (SLM) Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

**6. CONTINGENT LIABILITIES**

Contingent liabilities not provided for are disclosed in notes to accounts.

**7. PRIOR PERIOD & EXTRA ORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES(AS-5)**



## Emerald Leasing Finance & Investment Company Limited

There is no prior or extra ordinary items which needs to be disclosed in profit and loss account separately and there is no change in any accounting policy which has a material effect on the financial statements and is expected to be disclosed in accounting with the Accounting standards (AS-5) relating to disclosure of prior period & Extra Ordinary Items and change in Accounting Policies notified by the Central Government in exercise of the powers conferred by sub-section (2) of section 145 of the Income Tax Act, 1961.

### 8. RETIREMENT BENEFITS(AS-15)

The provision of the Employees State Insurance Act, 1948 and Employees Provident Funds & Miscellaneous Provisions Act, 1952 are not applicable to the company.

### 9. ACCOUNTING FOR TAXES ON INCOME(AS-22)

The Accounting Standards “Accounting For Taxes on Income” issued by the institute of Chartered Accountants of India is applicable to the concerns where there is timings difference between Taxable Income and Accounting income giving rise to deferred tax asset or liability as the case may be.

### 10. IMPAIRMENT OF ASSETS(AS-28)

The company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If such indicator exists, the company estimates the recoverable amount of the assets, if such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the statement of profit and loss.

### 11. PROVISIONS FOR NON PERFORMING ASSTES(NPA) AND DOUBTFUL DEBTS

NPA Provisions are made based on the management’s assessment of the degree of the impairment and the level of provisioning which meets the NBFC prudential norms prescribed by Reserve Bank of India.

### 12. DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the company had Specified Bank Notes (SBNs) or order denomination notes as defined in the MCA notification, G.S.R. 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hands as on November 8, 2016	1,12,000	-	1,12,000
ADD: Permitted Receipts	-	-	-
LESS: Permitted Payments	-	-	-
LESS: Amount deposited in Banks	1,12,000	-	1,12,000
Closing cash in hand as on December 30, 2016	-	-	1,12,000

13. In the opinion of the management all the current Assets, loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are started.

14. Debit or Credit balances on whatever accounts are subject to confirmation from the parties as such, their effect on profit and loss account cannot be reflected.





**Emerald Leasing Finance & Investment Company Limited**

15. Previous year's figures have been regrouped/rearranged whenever necessary to make them comparable with the figures of current year.
16. Non Current Investments are stated at cost.

**ANNEXURE IV(b)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Share capital**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<b>Authorised Capital</b>						
35,00,000 Equity Shares of ₹10/- each	1,100.00	350.00	350.00	350.00	350.00	20.00
	1,100.00	350.00	350.00	350.00	350.00	20.00
Issued, subscribed and paid up						
30,45,000 Equity Shares of ₹10/- each fully paid up	304.50	304.50	304.50	304.50	304.50	20.00
<b>Total</b>	<b>304.50</b>	<b>304.50</b>	<b>304.50</b>	<b>304.50</b>	<b>304.50</b>	<b>20.00</b>

**NOTE 2 - Reserve & Surplus**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
As per last Balance Sheet	24.19	17.73	9.52	0.42	(5.92)	(6.78)
Add: Transferred during the year	4.51	6.46	8.21	9.10	6.34	0.86
<b>Total</b>	<b>28.70</b>	<b>24.19</b>	<b>17.73</b>	<b>9.52</b>	<b>0.42</b>	<b>(5.92)</b>

**NOTE 3 – Long Term Borrowings**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Unsecured Loans from Capital First	10.10	-	-	-	-	-
<b>Total</b>	<b>10.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTE 4 – Short Term Borrowings**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Loan from Apoorva Leasing Finance & Invest. Co. Ltd.	-	-	-	-	-	0.26
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.26</b>

**NOTE 5 – Trade Payables**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Sundry Creditors		-	-	-	0.25	1.06
<b>Total</b>		-	-	-	<b>0.25</b>	<b>1.06</b>

**NOTE 6 – Other Current Liabilities**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
(a) Service Tax Payable	0.61	1.76	0.12	0.37	0.33	-
(b) Audit fees Payable	-	0.15	0.10	0.10	0.10	0.04
(c) Income Tax Deducted as Source Payable	0.05	0.09	-	0.10	0.12	-
(d) Rent Payable	0.55					
(e) Payable IT Fees	0.25	0.25	0.25	0.25	-	-
(f) Expenses Payable		0.85	-	-	-	-
(g) Cheques Issued But Not Presented For Payment	-	18.10	-	-	-	-
(h) Loan from Directors	29.35	-	-	-	-	-
(i) GST Payable	0.29	-	-	-	-	-
<b>Total</b>	<b>31.10</b>	<b>21.20</b>	<b>0.47</b>	<b>0.82</b>	<b>0.55</b>	<b>0.04</b>

**NOTE 7 – Short Term Provisions**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Income Tax Provision	1.18	2.75	3.69	4.07	2.83	0.36
<b>Total</b>	<b>1.18</b>	<b>2.75</b>	<b>3.69</b>	<b>4.07</b>	<b>2.83</b>	<b>0.36</b>

**NOTE 8 – Fixed Assets**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Computer	0.79	0.26	0.44	0.23	0.57	-
UPS	-	-	-	0.01	0.01	
<b>Total</b>	<b>0.79</b>	<b>0.26</b>	<b>0.44</b>	<b>0.24</b>	<b>0.58</b>	

**NOTE 9 – Non Current Investments**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
-------------	---------------------------------	--------------------------------	--------------------------------	--------------------------------	--------------------------------	--------------------------------



**Emerald Leasing Finance & Investment Company Limited**

Long term Investment - at cost in Equity Shares of Subsidiary Company	90.00	90.00	1.00	0.51	-	-
<b>Total</b>	<b>90.00</b>	<b>90.00</b>	<b>1.00</b>	<b>0.51</b>	<b>-</b>	<b>-</b>

**NOTE 10 – Trade Receivables**

(₹ in lakhs)

PARTICULARS	As on 31 <sup>st</sup> August 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Sundry Debtors	5.16	-	-	-	-	-
Accrued Interest on Unsecured loans	5.03	8.63	11.18	5.17	6.35	-
Commission Receivable	1.73	4.23	14.96	13.69	5.21	1.00
GST Receivable	0.04					
<b>Total</b>	<b>11.96</b>	<b>12.86</b>	<b>26.14</b>	<b>18.86</b>	<b>11.56</b>	<b>1.00</b>

**NOTE 10 – Cash and Bank Balances**

(₹ in lakhs)

PARTICULARS	As on 31 <sup>st</sup> August 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Current account with CBI Bank Delhi	-					0.08
Current account with CITI Bank Chandigarh		1.44	0.06	52.39	17.32	0.06
Current account with Kotak Mahindra Bank Limited	(0.15)	0.09	0.02	0.25	5.39	
Current account with Kotak Mahindra Bank Limited (for share application money)	-				35.20	
The Punjab State Cooperative Bank Ltd.	0.15					
Cash on hand	0.97	1.23	1.23	3.35	5.90	0.50
<b>Total</b>	<b>0.97</b>	<b>2.76</b>	<b>1.31</b>	<b>55.99</b>	<b>63.82</b>	<b>0.64</b>

**NOTE 11 – Short Term Loans and Advances**

(₹ in lakhs)

PARTICULARS	As on 31 <sup>st</sup> August 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Sundry Advances	260.84	242.00	289.92	233.42	227.27	14.16
TDS Receivable (prev. yr.)	-	3.09	5.68	7.76	2.95	-
Income Tax Refund (2016-2017)	1.88	-	-	-	-	-
TDS Receivable (2017-18)	0.73	-	-	-	-	-
<b>Total</b>	<b>263.45</b>	<b>245.09</b>	<b>295.60</b>	<b>241.18</b>	<b>230.22</b>	<b>14.16</b>

**NOTE 12 – Revenue from Operations**

(₹ in lakhs)

PARTICULARS	As on 31 <sup>st</sup> August 2017	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
(a) Commission Received	10.37	22.93	32.75	54.80	27.63	3.38
(b) Interest on Unsecured Loan	12.35	28.35	34.56	33.70	7.04	-

**Emerald Leasing Finance & Investment Company Limited**

( c) Other Income	-	0.06	0.18	0.00	0.81	-
<b>TOTAL</b>	<b>22.72</b>	<b>51.34</b>	<b>67.49</b>	<b>88.50</b>	<b>35.48</b>	<b>3.38</b>

**NOTE 13 – Employee Benefit Expenses**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Salaries	7.36	14.88	28.86	31.16	11.30	1.68
<b>TOTAL</b>	<b>7.36</b>	<b>14.88</b>	<b>28.86</b>	<b>31.16</b>	<b>11.30</b>	<b>1.68</b>

**NOTE 14 – Other Expenses**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Advertisement	0.55	0.89	0.79	0.52	0.61	-
Audit Fees	-	0.45	0.30	0.40	0.10	0.08
Bad Debts Written Off	-	6.42	3.50	-	-	-
Bank Charges	0.01	0.04	0.08	0.03	0.10	-
Commission Paid	2.23	8.12	4.91	17.13	5.69	-
Corporate Social Responsibility	0.37	0.53	-	-	-	-
Genset Rent	-	0.24	0.72	0.36	-	-
Interest on Income Tax	-	-	-	-	0.05	-
Interest on TDS	-	0.02	0.08	0.03	-	-
Income Tax Adj.	0.08	-	-	-	-	-
IT Consultation fees	-	-	-	0.70	-	-
Listing Fees	2.50	2.01	2.25	7.13	-	-
Membership Fees	-	-	0.01	-	-	-
Misc. Exp. Written off	-	0.24	0.24	0.24	-	-
Office Expenses	0.41	0.99	2.46	1.64	0.49	0.12
Processing Fees	0.57	-	-	-	-	-
Postage	0.17	0.18	0.24	0.10	0.14	0.06
Printing & Stationery	0.40	1.21	1.59	1.65	0.92	0.05
Professional /Legal Fees	0.30	2.88	1.97	4.93	1.11	0.06
Rate, Fee & Taxes	1.40	0.79	0.63	1.78	1.22	0.06
Rent	0.50	0.44	0.36	0.12	-	-
Business Promotion	0.06	-	-	-	-	-
Repairing & Maintenance	-	0.44	0.70	0.51	0.13	-
Service Tax	-	-	3.95	5.14	2.09	-
Stamp Duty	-	-	0.10	-	-	-
Telephone Expenses	0.12	0.56	0.58	0.83	0.82	-
Travelling Expenses	-	0.62	0.94	0.59	0.67	0.04
<b>Total</b>	<b>9.67</b>	<b>27.07</b>	<b>26.41</b>	<b>43.83</b>	<b>14.14</b>	<b>0.47</b>



**Emerald Leasing Finance & Investment Company Limited**

**NOTE 15 – Related Parties Disclosures:**

**(i) Related parties : Names and Descriptions**

(₹ in lakhs)

PARTICULARS	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
a) Key Management Personnel	Mr. Sanjay Aggarwal	Mr. Sanjay Aggarwal	Mr. Sanjay Aggarwal	Mr. Sanjay Aggarwal	Mr. Sanjay Aggarwal	Mr. Sanjay Aggarwal
	Mrs. Kiran Aggarwal	Mrs. Kiran Aggarwal	Mrs. Kiran Aggarwal	Mrs. Kiran Aggarwal	Mrs. Kiran Aggarwal	Mrs. Kiran Aggarwal
	Mrs. Amarjeet Kaur	Mrs. Amarjeet Kaur	Mrs. Amarjeet Kaur	-	-	-
	Ms. Sheetal Kapoor	Ms. Sheetal Kapoor	Ms. Sheetal Kapoor	-	-	-
b) Subsidiary Company	M/s Eclat Net Advisors Private Limited	M/s Eclat Net Advisors Private Limited	M/s Eclat Net Advisors Private Limited	M/s Eclat Net Advisors Private Limited	-	-

**(ii) Related parties Transactions:**

Nature of Transactions	Particulars	As on 31st August 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Interest	Key Management Personnel	-	-	-	-	-	-
	Subsidiary Company	84.37%	84.37%	99.90%	51.00%	-	-
	Associates	-	-	-	-	-	-
	Others	-	-	-	-	-	-
Managerial Remuneration (₹ in Lakhs)	Key Management Personnel	4.90	4.90	4.90	-	-	-
	Subsidiary Company	-	-	-	-	-	-
	Associates	-	-	-	-	-	-
	Others	-	-	-	-	-	-

**Annexure V - Summary of Accounting Ratios**

Particulars	As on 31st August 2017	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
<b>1. Net Profit Attributable to Equity Shareholders</b>	4.51	6.46	8.21	9.10	6.33	0.86
Earnings Per Share (EPS) (Rs.) a/b	0.15	0.21	0.27	0.30	0.21	4.30
Return on Net Worth (%) (a/g %)	1.39%	1.98%	2.56%	2.92%	2.09%	6.11%

**Emerald Leasing Finance & Investment Company Limited**

Weighted Average No. of Equity Shares	3045000	3045000	3045000	3045000	3045000	20000
No. of Equity Shares outstanding	3045000	3045000	3045000	3045000	3045000	20000
Paid up value of share	10	10	10	10	10	10
<b>Note:</b>						
Net Profit after tax adjustments (a)	4.51	6.46	8.21	9.10	6.33	0.86
Weighted Average No. of Equity Shares (b)	3045000	3045000	3045000	3045000	3045000	20000
Total No.of Equity Shares for calculating Diluted EPS(d)	3045000	3045000	3045000	3045000	3045000	20000
No. of Equity Shares at the end of the year/period €	3045000	3045000	3045000	3045000	3045000	20000
Net Worth (g)	324.79	327.03	320.33	311.89	302.55	14.08
<b>Net Asset Value per Share (g/b)</b>	<b>10.67</b>	<b>10.74</b>	<b>10.52</b>	<b>10.24</b>	<b>9.94</b>	<b>70.40</b>

**Formula:**

- i) Earnings per Share (₹) 
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted Average number of equity shares outstanding during the period}}$$
- ii) Net Asset Value Per Share (₹) 
$$\frac{\text{Net Worth excluding revaluation reserve at the end of the period}}{\text{Total Number of equity shares outstanding at the end of the year/period}}$$
- iii) Return on Net Worth (%) 
$$\frac{\text{Net profit after tax adjustments}}{\text{Net worth at the end of the year/ period}}$$
- iv) Net Asset Value 
$$\frac{\text{Equity Share Capital plus Reserves \& Surplus less Miscellaneous Expenditure to the extent not written off/ total no.of equity shares outstanding at end of each year/ period}}{\text{Total Number of equity shares outstanding at the end of the year/period}}$$

- Earnings per share (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per Share' prescribed by the Companies(Accounting Standards) Rules, 2006

**Annexure VI - Statement of Capitalisation**

(₹ in Lakhs)

Particulars	Pre-issue as at 31-Aug-17	As adjusted for Issue*
<b>Debts</b>		
Long Term Debt	10.10	[•]
Short Term Debt	0.00	
Total Debt	10.10	



**Emerald Leasing Finance & Investment Company Limited**

<b>Equity (shareholder's funds)</b>	
Equity Share Capital	304.50
Reserves	28.70
Total Equity	333.20
<b>Total Capitalization</b>	
Long Term Debts/ Equity Ratio (x)	0.03:1
Total Debt/ Equity Ratio (x)	0.03:1

\* To be updated at the time of filing of Letter of Offer

**Annexure VII - Statement of Tax Shelter**

(₹ in lakhs)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
<b>A. Computation of Total Income under Regular provisions of the Act</b>					
<b>1. Business income</b>					
Net profit as per profit and loss account	9.21	11.95	13.17	9.16	1.23
<b>Add :</b> Depreciation as per books	0.18	0.27	0.34	0.88	-
<b>Add:</b> Inadmissibles / Disallowances	0.52	-	-	-	
<b>Less :</b> Depreciation as per Income Tax	0.17	0.42	0.09	0.88	-
<b>(Loss)/Income from Business as per IT Act</b>	<b>9.74</b>	<b>11.80</b>	<b>13.42</b>	<b>9.16</b>	<b>1.23</b>
<b>B. Computation of Book Profits u/s 115 JB of IT Act</b>					
Net profit as per profit and loss account	6.46	8.21	9.10	6.33	0.86
Net Income After Adjustment (For Mat Working)	6.46	8.21	9.10	6.33	0.86
MAT Rate	18.50%	18.50%	18.50%	18.50%	18.50%
Tax due u/s 115JB	1.20	1.52	1.68	1.17	0.16
<b>Add</b> surcharges	-	-	-	-	-
Total Tax and surcharge	1.20	1.52	1.68	1.17	0.16
<b>Add</b> Education Cess	0.04	0.05	0.05	0.04	0.00
Tax Payable	2.80	3.65	4.15	2.83	0.42
Provision for Current Taxes	2.80	3.65	4.15	2.83	0.42



**Emerald Leasing Finance & Investment Company Limited**

**Unaudited financial results for the period ended September 30, 2017**  
*(as submitted to the Stock Exchange)*

To  
The Board of Directors  
Emerald Leasing Finance & Investment Company Limited

Dear Sirs,

We have reviewed the accompanying statement of unaudited financial results of Emerald Leasing Finance & Investment Company Limited (the Company) for the period ended September 30, 2017. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Dated: 14.11.2017  
Place: Chandigarh

**For K. Singh & Associates**  
**Chartered Accountants**

Sd/-  
**(Kultar Singh)**  
**Partner**  
**M.No. 091673**  
**FRN012458N**





**Emerald Leasing Finance & Investment Company Limited**

**Statement of Profit and Loss Account**

(₹ in thousands)

S. NO.	PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
1	Revenue from operations	949.26	1,617.44	840.85	2,566.71	1,804.65	5,133.76
	<b>Total Revenue from operations (inclusive of excise duty)</b>	949.26	1,617.44	840.85	2,566.71	1,804.65	5,133.76
2	Other Income	-	-	-	-	-	-
	<b>Total Income(1+2)</b>	949.26	1,617.44	840.85	2,566.71	1,804.65	5,133.76
3	<b>Expenses</b>						
	(a) Employee benefits expenses	719.31	302.65	291.00	1,021.96	594.00	1,488.00
	(b) Depreciation and amortisation	-	-	-	-	-	17.50
	(c) other expenditures	147.62	889.67	223.03	1,037.29	632.45	2,707.66
	<b>Total Expenses</b>	<b>866.93</b>	<b>1,192.32</b>	<b>514.03</b>	<b>2,059.25</b>	<b>1,226.45</b>	<b>4,213.16</b>
4	<b>Profit before Exceptional items and Tax</b>	<b>82.33</b>	<b>425.12</b>	<b>326.82</b>	<b>507.46</b>	<b>578.20</b>	<b>920.60</b>
	Exceptional Items						
5	Profit before Tax	82.33	425.12	326.82	507.46	578.20	920.60
	Tax expenses- Current	12.14	118.53	100.30	130.67	178.06	274.98
6	<b>Profit for the Period</b>	<b>70.19</b>	<b>306.59</b>	<b>226.52</b>	<b>376.79</b>	<b>400.14</b>	<b>645.62</b>
7	Other Comprehensive Income	-	-	-	-	-	-
	A) (i) Items that will not be reclassified to Profit & Loss	-	-	-	-	-	-
	(ii) Income Tax relating to items that will not be reclassified to profit & loss	-	-	-	-	-	-
	B) (i) Items that will be reclassified to Profit & Loss	-	-	-	-	-	-
	(ii) Income Tax relating to items that will be reclassified to profit & loss	-	-	-	-	-	-
	Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-
8	Total Comprehensive Income for the Period	-	-	-	-	-	-
9	Paid-up Equity Share Capital (Face Value Rs.10/-)	3,045,000.00	3,045,000.00	3,045,000.00	3,045,000.00	3,045,000.00	3,045,000.00
10	Other Equity			-			
11	Earning per Share (not annualized)						
	- Basic	0.02	0.10	0.07	0.12	0.13	0.21
	- Diluted	0.02	0.10	0.07	0.12	0.13	0.21



1. The above results were reviewed by the Audited Committee and taken on record and approved by the Board of Directors at their meetings held on 14/11/2017. The financial results for the Quarter Ended September 30, 2017 has been subjected to limited review by the company's Statutory Auditors.
2. The company has adopted Indian Accounting Standards (Ind AS) prescribed under section 33 of the Companies Act, 2013 read with the relevant rules issued there under. The date of Transaction to Ind AS is April 01, 2017 and accordingly these unaudited financial results have been prepared in accordance with the recognition and measurements principles laid down in Ind AS 34 "Interim Financial Reporting" and the other according principles generally accepted in India.

**Reconciliation between financial results as previously reported under Previous GAAP and Ind AS for the quarter 30 September 2017**

<b>Particulars</b>	<b>Quarter Ended</b>
	30.09.2016
	(unaudited)
Net profit under previous GAAP	3,045,000.00
Impact on account of impairment of trade receivables	-
Impact on account of Current and deferred taxes	-
Total comprehensive Income under Ind AS	3,045,000.00

3. The financial results and other financial information for the Quarter ended 30 September, 2016 has been compiled by the management as per Ind As, after exercising necessary due diligence, to ensure that the financial results provided true and fair view of the results in accordance with Ind AS. This Information has been subject to any limited review or audit.
4. There is possibility that these Quarterly financial results may require adjustment before constituting the final Ind AS financial statements as of and for the year ending March 31st , 2018 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by MCA or changes in the use of 1 or more optional exemptions from full retrospective applications as permitted under Ind AS 101.
5. The Company operates in a single segment and the results pertain to single segment.



**Notes:**

1. Statement of Assets and Liabilities

Particulars	As At	As At
	30.09.2017	31.03.2017
	(unaudited)	(audited)
<b>I. ASSETS</b>		
<b>Non- Current Assets</b>		
(a) Fixed Assets :	79.01	26.61
Tangible Assets		
(b) Non-Current Investments		
(c) Deferred tax assets (net)		
(d) Long term loans and advances		
(e) Other Non Current Assets	8,999.90	8,999.90
<b>Total-Non-Current Assets</b>	<b>9,078.91</b>	<b>9,026.51</b>
<b>Current Assets</b>		
(a) <b>Current investments</b>		
(b) Inventories		
(c) Trade Receivables	501.05	1,286.35
(d) Cash and Cash Equivalents	173.99	276.22
(e) Short Term loans and Advances	29,100.44	24,508.78
(f) Misc. Expenditure	840.90	165.90
<b>Total- Current Assets</b>	<b>30,616.38</b>	<b>26,237.25</b>
<b>TOTAL ASSETS</b>	<b>39,695.29</b>	<b>35,263.76</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>ShareHolders' Fund</b>		
(a) Share Capital	30,450.00	30,450.00
(b) Reserves & Surplus	2,795.33	2,418.54
<b>Total: Shareholder's funds</b>	<b>33,245.33</b>	<b>32,868.54</b>
<b>Liabilities</b>		
<b>Non- Current Liabilities</b>		
(a) Long Term Borrowings	3,972.80	-
(b) Deferred tax liabilities (Net)	-	-
(c) Other long-term liabilities	-	-
(d) Long Term Provisions	-	-
<b>Total Non- Current Liabilities</b>	<b>3,972.80</b>	<b>-</b>

**Emerald Leasing Finance & Investment Company Limited**

<b>Current Liabilities</b>		
a) Financial Liabilities		
i) Trade Payables		
ii) Other Financial Liabilities		
b) Provisions	130.67	274.98
c) Other Current Liabilities	2,346.49	2,120.24
<b>Total Current Liabilities</b>	<b>2,477.16</b>	<b>2,395.22</b>
<b>TOTAL- EQUITY AND LIABILITIES</b>	<b>39,695.29</b>	<b>35,263.76</b>

- The above results were reviewed by the Audited Committee and thereafter approved by the Board of Directors 14th November, 2017. The Statutory Auditors of the Company has conducted a Limited Review of the above financial results
- These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act,2013 read with the relevant rules and issued thereunder and other accounting principles relevant thereto.
- Previous year/period figures have been regrouped/recast, wherever necessary, to make them comparable.

For and on behalf of  
the Board of Directors

Sd/-  
Sanjay Aggarwal  
Managing Director



**CERTAIN OTHER FINANCIAL INFORMATION**

In accordance with circular no. F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and the date preceding one month from the date of Draft Letter of Offer is provided below:

**1. Working Results of our Company for the period from April 1, 2017 to December 31, 2017**

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	Gross Sales / turnover	39.04
2.	Other income	-
3.	Total income	39.04
4.	PBIDT	10.88
5.	Finance Charges	1.52
6.	Provision for Depreciation	-
7.	Provision for Tax	2.41
8.	Profit /(Loss) after Tax	6.95

**2. Material changes and commitments, if any, affecting the financial position of our Company**

Except for changes in the Financial Indebtedness as disclosed in the Draft Letter of Offer which is post August 31, 2017 financials, there are no material changes and commitments which shall affect the financials position of the Company.

**3. Weekend Prices for last four weeks, current market price and highest & lowest prices of equity shares during the period with relative dates**

- a. The week end closing prices of the equity shares for last four weeks on BSE are provided in the table below

Week ended on	Closing Price on BSE
9 <sup>th</sup> February 2018*	37.90
2 <sup>nd</sup> February 2018*	37.90
26 <sup>th</sup> January 2018*	37.90
19 <sup>th</sup> January 2018*	37.90

\*Since there were no trading, previous trading day's closing price is taken into consideration.

- b. The closing current market price as on December 20, 2017 on BSE was ₹ 37.90 per share. Since then there were no trading till the date of filing of the Draft Letter of Offer.
- c. The highest and lowest price of the equity shares for last four weeks on BSE is provided in the table below

Highest (in ₹)	Date	Lowest (in ₹)	Date
NIL	NIL	NIL	NIL

The Issue Price of ₹ [●] has been arrived at by our Company in consultation with the Lead Manager.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

*You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial information for FY 2017 and FY 2016, including the notes thereto and the reports thereon, which are included in this Draft Letter of Offer. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" on page 10 and page 9, respectively, of this Draft Letter of Offer which discuss a number of factors and contingencies that could impact our financial condition and results of operations.*

**Overview of the Business**

Our company's business model is centered around two main activities in the financial market i.e. Loan activities (granting of loans & advances) and acting as a Direct Selling Agent (for various Banks and NBFC's). As an NBFC, we operate in the business of providing small and medium enterprises ("SMEs") loans. We provide finance to our clients after satisfying ourselves about the credit worthiness and repayment capacity of our borrowers after evaluating major risks associated with the business/project/proposal for which loan has been sought. We along with our Subsidiary Company are also engaged in the business of acting as a Direct Selling Agent for various Banks and NBFC's. This business activity was undertaken by strengthening our employee base with adequate training sessions to understand the service support to be provided to the banks and financial institutions for selling their products.

Further, Shubhbank, a financial start-up being a unit of our Subsidiary Company was launched in 2015 with a long term vision of setting up a Virtual Bank offering one stop shop solution to meet the financial needs of the Indian customers. Subsequently Shubhbank platform was also set up which helps to connect the borrowers and lenders more efficiently by providing hassle free online as well as offline services. Our Company along with our Subsidiary Company is associated with more than 25 Banks and NBFCs

**Factors that may affect results of the Operations**

The following important factors could cause actual results to differ materially from the expectations include among others:

- General economic and business conditions;
- Volatility in financial market
- Increasing competition in the industry;
- Changes in the value of the Indian rupee and other currencies;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates, and tax laws in India.

**Discussion on Results of Operations for last 3 financial years**

The following discussion on the financial operations and performance should be read in conjunction with the audited consolidated and standalone financial results of the company.

**The subsidiary company was incorporated on March 31, 2015. Hence the consolidated balance sheet for the year ending March 31, 2015 has not been prepared. The first consolidation was made for the period of March 31, 2015 to March 31, 2016.**



**Summary of Revenues, Expenses, and Profitability**

**Discussion on Results of Operations for last 3 financial years**

The following discussion on the financial operations and performance should be read in conjunction with the audited financial results of the company for the FY 2017, 2016, 2015 and 2014 respectively.

**Summary of Consolidated Revenues, Expenses, and Profitability**

₹ in Lakhs

PARTICULARS	Audited			
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Revenue from Operations	51.34	67.49	88.50	35.48
<b>Total Revenue</b>	<b>51.34</b>	<b>67.49</b>	<b>88.50</b>	<b>35.48</b>
Employee benefits expenses	14.88	28.86	31.16	11.30
Depreciation & Amortization expenses	0.18	0.27	0.34	0.88
Other Expenses	27.07	26.41	43.83	14.14
<b>Total Expenses</b>	<b>42.13</b>	<b>55.54</b>	<b>75.33</b>	<b>26.32</b>
<b>Profit before exceptional items and tax</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>
Exceptional Items (Depreciation Written Back)	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>
Extraordinary Items	-	-	-	-
<b>Profit before tax</b>	<b>9.21</b>	<b>11.95</b>	<b>13.17</b>	<b>9.16</b>
Tax Expense :				
– Current Tax	2.75	3.69	4.07	2.83
– Deferred Tax	-	0.05	-	-
<b>Profit/(Loss) for the period</b>	<b>6.46</b>	<b>8.21</b>	<b>9.10</b>	<b>6.33</b>

1. **Revenue:** Our income consists of revenue from operations only:
  - Income from Operations: Our revenues are derived from income from NBFC activities, and by acting as a Direct Selling Agent. Revenue is mainly segregated into three segments i.e. Commission received, Interest on unsecured loans and Other Income.
  
2. **Expenses:** Our expenses are divided into Expenditure on Employee Benefit, Depreciation and Other Expenses:
  - Employee Benefit Expenses: The employee costs are towards Salaries, wages and bonus, which forms the bulk of the costs and staff welfare expenses.
  - Depreciation: It consists of depreciation on fixed assets like Computers, UPS machines, etc.
  - Other expenses: This head is for various expenses incurred by our Company and consists of Commission paid, Advertisement, Audit Fees, Office Expenses, Legal fees, Travelling Expenses, Website charges, etc.

**Comparison of performance for FY 2017 with FY 2016**

**Total Income**

**Revenue from Operations** - Our total income decreased by 23.91% i.e decreased to ₹ 51.34 lakhs in fiscal 2017 from ₹ 67.49 lakhs in fiscal 2016. This includes the decline in Interest Income by ₹ 6.23 Lakhs as we have withdrawn funds given as interest bearing short term loans and invested ₹ 89.00 Lakhs in our subsidiary



company. Moreover there was decline in commission from ₹32.75 Lakhs to ₹22.93 Lakhs mainly on account of decrease in fee income for mortgage business.

#### **Expenditure**

*Employee Expenses* – Our employee benefit expenses decreased by 48.44% i.e decreased to ₹ 14.88 lakhs for the Fiscal year 2017 from ₹ 28.86 lakhs for the Fiscal year 2016 primarily due to decrease in staff as there was a slow down in mortgage business.

*Other Expenses* – Our other expenses increased to ₹ 27.07 lakhs for the Fiscal 2017 from ₹ 26.41 lakhs for the Fiscal 2016. The expense under the head of ‘commission paid’ has a major contribution in other expenses which has increased to ₹ 8.12 lakhs for the Fiscal 2017 from ₹ 4.91 lakhs for the Fiscal 2016. This increase was primarily due to more business sourced through sub-agents to whom we have to pay higher commissions as compared to employees. Since there was decrease in fixed employee cost we were more dependent on sub-agents for sourcing business.

Further, during the Fiscal 2017, the Company has written off Bad debts to the tune of ₹ 6.41 lakhs. This was due to non recovery of principal and interest amount of loans, which we have not received despite repeated recovery efforts from various parties, including an amount of ₹ 5.41 Lakhs against M//s Ananta Chem. & Plastic Pvt. Ltd which was outstanding since 2009 (since the time of takeover).

**Net Profit, as Restated:** As the result of above, our net profit, as restated, decreased to ₹ 6.46 lakhs for the Fiscal year 2017 from ₹ 8.21 lakhs for the Fiscal year 2016.

#### **Comparison of performance for FY 2016 with FY 2015**

##### **Total Income**

*Revenue from Operations*– Our total income decreased by 23.74% i.e decreased to ₹ 67.49 lakhs in fiscal 2016 from ₹ 88.50 lakhs in fiscal 2015. This decline was primarily due to the decrease in commission received from various financial institutions. This was due to less sourcing of business on account of slowdown in market conditions. This was majorly on account of decrease in mortgage business and unsecured loan business. Income from commission decreased from ₹ 54.80 lakhs in fiscal 2015 to ₹ 32.75 lakhs in fiscal 2016. Our Income from interest on unsecured loan increased marginally to ₹ 34.56 lakhs in fiscal 2016 from ₹ 33.70 lakhs in fiscal 2015.

##### **Expenditure**

*Employee Expenses*– Our employee benefit expenses decreased by 7.38% i.e decreased to ₹ 28.86 lakhs for the Fiscal year 2016 from ₹ 31.16 lakhs for the Fiscal year 2015 primarily due to decrease in staff due to slowdown in business.

*Other Expenses* – Our other expenses decreased to ₹ 26.41 lakhs for the Fiscal 2016 from ₹ 43.83 lakhs for the Fiscal 2015. The expense under the head of ‘commission paid’ has a major contribution in other expenses which has decreased to ₹ 4.91 lakhs for the Fiscal 2016 from ₹ 17.13 lakhs for the Fiscal 2015 which was due to a decrease in commission received.

**Net Profit, as Restated:** As the result of above, our net profit, as restated, decreased to ₹ 8.21 lakhs for the Fiscal year 2016 from ₹ 9.21 lakhs for the Fiscal year 2015.

#### **Comparison of performance for FY 2015 with FY 2014**

##### **Total Income**

*Revenue from Operations*– Our total income increased by 149.43% i.e increased to ₹ 88.50 lakhs in fiscal 2015 from ₹ 35.48 lakhs in fiscal 2014. This growth was primarily due to the increase in commission received from various financial institutions. This was due to increase in business because of increase in staff,





## Emerald Leasing Finance & Investment Company Limited

new tie-ups with financial institutions and general market conditions. As we have infused fresh equity there was sharp increase in our interest bearing short term loans thus our interest income increased from ₹ 7 Lakhs to 33.70 Lakhs. Out of the above mentioned revenue, Income from commission increased from ₹ 27.63 lakhs in fiscal 2014 to ₹ 54.80 lakhs in fiscal 2015. During the Fiscal 2015, the Company disbursed ₹ 224.50 lakhs on unsecured loans to various clients. This has led to an increased in interest on unsecured loan from ₹ 7.04 lakhs in fiscal 2014 to ₹ 33.70 lakhs in fiscal 2015.

### Expenditure

**Employee Expenses** - Our employee benefit expenses increased by 175.75% i.e increased to ₹ 31.16 lakhs for the Fiscal year 2015 from ₹ 11.30 lakhs for the Fiscal year 2014 primarily due to increase in salaries. Further there was an increase in the number of employee to handle fresh business.

**Other Expenses** - Our other expenses increased to ₹ 43.83 lakhs for the Fiscal 2015 from ₹ 14.14 lakhs for the Fiscal 2014. The expense under the head of 'commission paid' has a major contribution in other expenses which has increased to ₹ 17.13 lakhs for the Fiscal 2015 from ₹ 5.69 lakhs for the Fiscal 2014. This was due to an increase in the DSA business. Further, our professional and legal fees expense increased to ₹ 4.93 lakhs for the Fiscal 2015 from ₹ 1.11 lakhs for the Fiscal 2014. This was due to payments made during the year to Keynote Corporate Service Limited and Mr. Kanwaljit Singh (Practising Company Secretary) for Direct Listing on BSE. The company paid a listing fee of ₹ 7.13 lakhs in Fiscal 2015, which also gave a major contribution to the increase in the expense. This was due to listing fees paid to BSE being initial fees to be paid to exchange.

**Net Profit, as Restated:** As the result of above, our net profit, as restated, increased to ₹ 9.10 lakhs for the Fiscal year 2015 from ₹ 6.33 lakhs for the Fiscal year 2014 with a year on year increase of 43.76%.

### Summary of Consolidated Revenues, Expenses, and Profitability

₹ in Lakhs

	PARTICULARS	Year Ended 31st March 2017	Year Ended 31st March 2016
I	Revenue from operations (Gross)	172.99	77.26
	<b>Total revenue ( I )</b>	<b>172.99</b>	<b>77.26</b>
II	Expenses		
	Employee benefits expense	43.92	32.86
	Depreciation and amortization expense	1.46	0.47
	Other expenses	100.23	28.79
	<b>Total Expenses (II)</b>	<b>145.61</b>	<b>62.12</b>
III	Profit/(Loss) before exceptional and extraordinary Items and tax ( I-II)	<b>27.38</b>	<b>15.14</b>
IV	Exceptional items	-	-
V	Profit/(Loss) before extraordinary Items and tax ( III-IV)	<b>27.38</b>	<b>15.14</b>
VI	Extraordinary Items	-	-
VII	<b>Profit/(Loss) before tax ( V-VI)</b>	<b>27.38</b>	<b>15.14</b>
VIII	Tax expenses		
	1.Current tax	8.18	4.68
	2.Income tax		0.05
	Total	8.18	4.73
IX	<b>Profit for the year (VII-VIII)</b>	<b>19.20</b>	<b>10.41</b>

1. **Revenue:** Our income consists of revenue from operations only:



## **Emerald Leasing Finance & Investment Company Limited**

- Income from Operations: Our revenues are derived from income from NBFC activities, and by acting as a Direct Selling Agent. Revenue is mainly segregated into three segments i.e. Commission received, Interest on unsecured loans and Other Income.
2. **Expenses:** Our expenses are divided into Expenditure on Employee Benefit, Depreciation and Other Expenses:
- Employee Benefit Expenses: The employee costs are towards Salaries, wages and bonus, which forms the bulk of the costs and staff welfare expenses.
  - Depreciation: It consists of depreciation on fixed assets like Computers, UPS machines, etc.
  - Other expenses: This head is for various expenses incurred by our Company and consists of Commission paid, Advertisement, Audit Fees, Office Expenses, Legal fees, Travelling Expenses, Website charges, etc.

### **Comparison of performance for FY 2017 with FY 2016**

#### **Total Income**

**Revenue from Operations** - Our total income increased by 123.91% i.e increased to ₹ 172.99 lakhs in fiscal 2017 from ₹ 77.26 lakhs in fiscal 2016. This growth was primarily due to the increase in commission received from various financial institutions. Out of the above mentioned revenue, Income from commission increased from ₹ 42.52 lakhs in fiscal 2016 to ₹ 128.34 lakhs in fiscal 2017, which was a result of successful loan syndications for various corporate and SME clients. Our Income from interest on unsecured loan increased from ₹ 34.56 lakhs in fiscal 2016 to ₹ 44.59 lakhs in fiscal 2017. Our other income decreased by 66.67% i.e decreased to ₹ 0.18 lakhs in fiscal year 2017 from ₹ 0.06 lakhs in fiscal year 2016. This was because the amount of refund due during the year was reduced.

#### **Expenditure**

**Employee Expenses** – Our employee benefit expenses increased by 33.66% i.e increased to ₹ 43.92 lakhs for the Fiscal year 2017 from ₹ 32.86 lakhs for the Fiscal year 2016 primarily due to increase in salaries, bonus and consequent increase in contribution to provident funds and related heads.

**Depreciation** – The Depreciation expense for the Fiscal year 2017 has increased to ₹ 1.46 lakhs from ₹ 0.47 lakhs for the Fiscal 2016.

**Other Expenses** – Our other expenses increased to ₹ 100.23 lakhs for the Fiscal 2017 from ₹ 28.79 lakhs for the Fiscal 2016. The expense under the head of 'commission paid' has a major contribution in other expenses which has increased to ₹ 60.70 lakhs for the Fiscal 2017 from ₹ 6.16 lakhs for the Fiscal 2016. This was due to increase in revenue from operations.

**Net Profit, as Restated:** As the result of above, our net profit, as restated, increased to ₹ 19.20 lakhs for the Fiscal year 2017 from ₹ 10.41 lakhs for the Fiscal year 2016 with a year on year increase of 84.43%.

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**



**1. *Seasonality of Business***

Our business is not seasonal. Our business of giving loans & advances and DSA are largely dependent on the state of capital and debt markets.

**2. *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”.

**3. *Significant economic/regulatory changes that materially affected or are likely to affect income from continuous operations***

Our business of giving loans & advances and DSA are dependent on the conditions in the Capital Market as well as Debt Market, the regulatory environment & on general economic conditions in the market we operate.

**4. *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.

**5. *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.

**6. *Dependence on a single or few customers***

Our revenue is not dependent on a single or a few customers.

**7. *Competitive Conditions***

Please refer to the sections “*Our Business*” and “*Risk Factors*” on pages 66 and 10 respectively, of this Draft Letter of Offer, for discussions regarding competition.

***Significant Developments after March 31, 2017 and Five months period ended August 31, 2017***

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.

**MARKET PRICE INFORMATION**

The equity shares of our Company are listed on BSE. Currently the shares of the Company are under Graded Surveillance Measures (GSM) – Stage I category.

The stock price information on BSE is as under:

For the purpose of this section:

- Year is a fiscal year;
  - Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, as the case may be;
  - High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
  - In case of two days with the same high/low/closing price, the date with higher volume has been considered
- **The high, low and average market prices of the Equity Shares recorded on BSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:**

**BSE**

Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2017	08/02/2017	50.00	11	19/05/2016	28.95	1	40.45
2016	22/02/2016	28.00	95	13/04/2015	13.78	5,025	21.00
2015	13/02/2015	17.94	100	13/02/2015	12.11	100	13.93

Source: [www.bseindia.com](http://www.bseindia.com)

- **The high and low prices and volume of Equity Shares traded on the respective dates on the BSE during the last six months is as follows:**

**BSE**

Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
January, 2018	-	-	-	-	-	-	-
December, 2017	01/12/2017	37.90	50	06/12/2017	37.90	2	37.90
November, 2017	06/11/2017	36.10	6	06/11/2017	36.10	6	36.10
October, 2017	06/10/2017	40.80	2,000	18/10/2017	36.10	10	38.73
September, 2017	14/09/2017	42.95	55	12/09/2017	38.00	5,050	39.58
August, 2017	14/08/2017	37.20	1	14/08/2017	37.20	1	37.20

Source: [www.bseindia.com](http://www.bseindia.com)

- **Week end closing prices of the Equity Shares for the last four weeks on BSE are as below:**

Week ended on	Closing Price (₹)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
February 16, 2018	Nil	Nil	Nil	Nil	Nil
February 09, 2018	Nil	Nil	Nil	Nil	Nil
February 02, 2018	Nil	Nil	Nil	Nil	Nil
January 26, 2018	Nil	Nil	Nil	Nil	Nil

Source: [www.bseindia.com](http://www.bseindia.com)



**Closing market price on the date of the Board resolution of approving the Issue**

There were no trading on March 29, 2017 and March 30, 2017, being the date of Board resolution approving the Rights Issue and the day immediately following the day on which the Board resolution was passed.

**The Issue Price of ₹ [●] has been arrived at by our Company in consultation with the Lead Manager.**



### FINANCIAL INDEBTEDNESS

The details of loan details as certified by our statutory auditor S. Lal Bansal & Co., Chartered Accountants vide certificate dated September 25, 2017 is as under:

Particulars	Bajaj Finserv	DHFL	Capital Limited	First
Nature of Loan	PSBL	SME BL		BL
Object of the Loan	To augment the working capital and to give further loans	To augment the working capital and to give further loans	To augment the working capital and to give further loans	
Date of sanction	31/08/2017	15/09/2017		27/07/2017
Sanction & Disbursed Amount (₹ in lakhs)	15.00	15.00		10.10
Outstanding as at December 31, 2017 (₹ in lakhs)	13.36	14.47		9.43
Rate of Interest on the Loan as per sanction letter	15%	16%		8.85%
Rate of Interest on the Loan	15%	16%		8.85%
Security	-	-		-
Repayment Schedule	Yes	Yes		Yes



**SECTION VII – LEGAL AND OTHER INFORMATION**

**OUTSTANDING LITIGATIONS AND DEFAULTS**

*There are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiary, our Directors, our Promoters and Group Entities that would have a material adverse effect on our business. Further, there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions. No proceedings have been initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company and our Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Subsidiary, our Promoters, our Directors and Group Entities.*

*Our Company, our Directors, our Promoters and/or our Group Companies have not been declared as willful defaulters by the RBI, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters, our Group Companies or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.*

*Furthermore, in the last five years preceding the date of this Draft Letter of Offer there have been (a) no instances of material frauds committed against our Company and its Subsidiary; (b) no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the case of our Company and its Subsidiary and, no prosecutions have been filed (whether pending or not), fines imposed or compounding of offences for our Company and its Subsidiary; (c) no litigation or legal action pending or taken by any ministry or department of the government or any statutory body against the Promoter.*

*Further, there are no proceedings initiated or penalties imposed by any authorities against our Company, the Subsidiary and Directors and no adverse findings in respect of our Company, the Promoter, the Group Entities and the persons/entities connected therewith or Subsidiary, as regards compliance with securities laws. Further, there are no instances where our Company, the Subsidiary or Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic or civil offences or any disciplinary action by SEBI or any stock exchange, or tax liabilities.*

*Further, there are no (i) litigation against the Directors or the Promoter involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on our Company, the Subsidiary, the Promoter, the Group Entities and the Directors; and (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of our Company and the Subsidiary, including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013.*

*No inspection/ investigation against the company has been carried out under Companies Act 2013.*

**Material Developments**

Except as stated in chapter entitled 'Management Discussion and Analysis of Financial Conditions and Results of Operations' beginning on page 134 of this Draft Letter of Offer, there have not arisen, since the date of the last financial information disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.



**GOVERNMENT AND OTHER APPROVALS**

*Our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.*

*Keynote Comment:*

**Material licenses and approvals obtained by our Company**

- a) Incorporation Details
- b) Regulatory Approvals
- c) Approvals under tax laws
- d) Intellectual Property
- e) Other Approvals

**A. Approvals for the Issue**

*Approvals of the Company*

The Board of our Company has, pursuant to resolutions passed at its meeting held on March 29, 2017 authorised the Right Issue, subject to approval by the shareholders of our Company under section 62(1)(a) of the Companies Act, 2013.

The shareholders of our Company have, pursuant to a special resolution passed in EGM held on April 24, 2017 under section 62(1)(a) of the Companies Act, 2013, authorised the Issue.

*Approvals from Stock Exchange*

Our Company has received an in-principle approval from BSE dated [\*] for listing of equity shares issued pursuant to the Issue.

**B. Material Approvals in Relation to the Business of our Company**

*General and corporate approvals*

We have received the following significant government and other approvals pertaining to our business for our Company and subsidiaries as on March 31, 2017:

Sr. No.	Approval Granted	Authority	Reference/Registration No.	Date Granted	Validity
<b>1. Emerald Leasing Finance And Investment Company Limited</b>					
1	Certificate of Incorporation	Registrar of Companies, Delhi & Haryana	16993 of 1983-84 (L65993DL1983PLC016993)	22.11.1983	Until cancellation or winding up
2.	Certificate for Commencement of Business	Registrar of Companies, Delhi & Haryana	16993	16.12.1983	Until cancellation or winding up
3	Certificate of Registration as NBFC (Not valid for accepting Public	Reserve Bank of India, New Delhi, Regional Office	N-14.03322	20.11.2015	Until cancelled or surrendered





**Emerald Leasing Finance & Investment Company Limited**

<b>Sr. No.</b>	<b>Approval Granted</b>	<b>Authority</b>	<b>Reference/Registration No.</b>	<b>Date Granted</b>	<b>Validity</b>
	Deposits)				
4	PAN	Income Tax Department	AAACE0646H	N.A.	Until cancelled or surrendered
5	TAN	Income Tax Department	PTLE10945E	N.A.	Until cancelled or surrendered
6	Listing Approval	BSE Ltd.	DCS/DL/JM/TP/829/2014-15	12.01.2015	Until cancelled or surrendered
7	Service Tax Number	Service Tax Department	AAACE0646HSD001	10.04.2013	Until cancelled or surrendered
8	Trademark (Emerald)	The Trademark Registry, Government of India	Applied for vide App. No. 2909170	Filing date 24.02.2015	Status Objected
9	GST Number	Central Board of Excise & Taxation	04AAACE0646H1Z4	27.06.2017	Until cancelled or surrendered
10	Shop & Establishment	Chandigarh Administration Department of Labour	CH/IA2/2017-18/457	31.08.2017	31.03.2018
	NOTE: PF & ESI are not applicable				

**Material Licenses / Approvals which are yet to be applied for**

Nil

**License which have been applied for but yet not been approved / granted**

Nil



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

This Issue of Equity Shares to the Equity Shareholders of our Company as on the Record Date is being made in accordance with the

1. Resolution passed by our Board of Directors under Sections 62(1)(a) and other provision of the Companies Act, at its meeting held on March 29, 2017.
2. In-principle approval from BSE dated [●].

The Board of Directors or Committee thereof in their meeting held on [●] have determined the Issue Price as ₹ [●] per Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

### **Prohibition by SEBI and various agencies/ other regulatory bodies**

Our Company, our associates, our Promoters, our Promoter Group companies, or the companies with which the Directors are associated as directors or promoters, have not been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

None of our Company, our associates, our Promoter or the members of the Promoter Group have been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchange or ROC, etc on our Company/Promoters/Directors/Group Companies.

### ***Eligibility for the Issue***

Our Company is an existing listed company registered under the Companies Act whose equity shares are listed on BSE. It is eligible to make this Rights Issue in terms of Chapter IV of the SEBI Regulations.

### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / 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 THIS OFFER DOCUMENT. THE LEAD MANAGER, 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 INVESTMENT**



**IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 26, 2018 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;**
- 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 ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - a) THE OFFER DOCUMENT FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - b) ALL THE LEGAL REQUIREMENTS TO THE ISSUE 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 OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT 2013, 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 OFFER DOCUMENT 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 – NOT APPLICABLE AS THE ISSUE IS NOT UNDERWRITTEN.**
- 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 THE OFFER DOCUMENT WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE**



OFFER DOCUMENT. – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES 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 OFFER DOCUMENT – NOT APPLICABLE.
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 ISSUE. WE UNDERTAKE THAT AUDITORS' 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 ISSUE. - NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE 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 MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI ICDR REGULATIONS, AS AMENDED.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE OFFER DOCUMENT THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – COMPLIED WITH
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN THE ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION. COMPLIED WITH
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE



**OFFER DOCUMENT:**

- a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE 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 THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – 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. - COMPLIED WITH
  15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF 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 OFFER DOCUMENT WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. - COMPLIED WITH
  16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY KEYNOTE CORPORATE SERVICES LIMITED’ AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE.
  17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTION REPORTED, IN ACCORDANCE WITH AS-18 IN THE FINANCIAL STATEMENTS AND DISCLOSURES INCLUDING DRAFT LETTER OF OFFER
  18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE) – NOT APPLICABLE.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

THE PROMOTER/ DIRECTORS OF OUR COMPANY CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THE OFFER DOCUMENT HAS BEEN SUPPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPILING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUND AS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN UPPEPRESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE



**TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 34 OF THE COMPANIES ACT, 2013.**

**Caution**

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

**Disclaimer clauses from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

Investors who invest in this Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

**Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

**Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue will be BSE.

**Disclaimer Clause of BSE**

BSE has given vide its letter no. [●] dated [●] permission to our Company to use BSE's name in this Draft Letter of Offer as one of the Stock Exchange on which the Equity Shares are proposed to be listed. BSE has scrutinized the Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; or (iii) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.



### **Filing**

The Draft Letter of Offer is being filed with the Corporation Finance Department of the SEBI, located at 5th Floor, Bank of Baroda Building, 16, Sansad Marg New Delhi - 110001, India for its observations. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act

### **Selling Restrictions**

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue to the shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to shareholders who have provided an Indian address. The Abridged Letter of Offer, along with CAF, shall be dispatched through registered post or speed post to all the existing shareholders at least three days before the date of opening of the issue; Provided that, the Letter of Offer shall be given by our Company or Lead Manager to any existing shareholder who has made a specific request in this regard. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date. For further details, please see "Notice to Overseas Shareholders" on page 7 of this Draft Letter of Offer.

### **IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS**

As described more fully under the caption "Notice to Overseas Investors", there are certain restrictions regarding the Rights Entitlements and Rights Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Equity Shares by such persons following the offer.

**The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the U.S. and, unless so registered, may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

**The Rights Entitlements and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlement or Rights Equity Shares within the U.S. by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

### **Eligible Investors**





The Rights Entitlements and the Rights Equity Shares are being offered and sold only to persons who are outside the U.S. and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the Rights Entitlement or Rights Equity Shares are deemed to have made the representations set forth immediately below.

**Rights Equity Shares and Rights Entitlement Offered and Sold in this Issue**

Each purchaser acquiring the Rights Entitlement or Rights Equity Shares, by its acceptance of this Letter of Offer and of the Rights Entitlement or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of this Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Rights Entitlement or Rights Equity Shares in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the U.S. and, accordingly, may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
3. the purchaser is purchasing the Rights Entitlements and Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S;
4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Rights Entitlement or Rights Equity Shares, is a non-U.S. Person and was located outside the U.S. at each time (i) the offer was made to it and (ii) when the buy order for such Rights Entitlement or Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the U.S. and has not purchased such Rights Entitlement or Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such Rights Entitlement or Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the U.S.;
5. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
6. the purchaser is not subscribing for the Rights Entitlements or Rights Equity Shares with a view to the offer, sale, allotment, exercise, resale, renouncement, pledge, transfer, delivery, directly or indirectly, of any such Rights Entitlements or Rights Equity Shares into the United States (as defined in Regulation S). If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Rights Entitlement or Rights Equity Shares, or any economic interest therein, such Rights Entitlement or Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the U.S. in an offshore transaction complying with Rule 903 or Rights Entitlement or Rights Equity Shares Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the U.S. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Rights Entitlement or Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;
7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the U.S. with respect to the rights or the Rights Equity Shares;
8. the purchaser understands that such Rights Entitlement or Rights Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear





a legend substantially to the following effect:

**THE RIGHTS EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.**

9. the purchaser agrees, upon a proposed transfer of the rights or the Rights Equity Shares, to notify any purchaser of such Rights Entitlement or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Entitlement or Rights Equity Shares being sold;
10. our Company will not recognize any offer, sale, pledge or other transfer of such Rights Entitlements or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
11. the purchaser acknowledges that our Company, the Lead Manager, its respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Rights Entitlements or Rights Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Rights Entitlements or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State) who receives any communication in respect of, or who acquires any Rights Entitlement or Rights Equity Shares under, the offers contemplated in this Letter of Offer will be deemed to have represented, warranted and agreed to and with the Lead Manager and our Company that in the case of any Rights Entitlement or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

- i. the Rights Entitlements or Rights Equity Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
- ii. where Rights Entitlements or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Rights Entitlement or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the Rights Entitlement or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Entitlement or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

#### **Listing**

The existing equity shares of our Company are listed on BSE Ltd. (“BSE”). We shall apply for in-principle approval for listing of equity shares being issued in terms of this letter of offer from the Stock Exchange where equity shares of our company are listed. For the purposes of the Issue, the Designated Stock Exchange is BSE. We will apply to BSE for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. If the listing and trading approvals for the Equity Shares to be issued pursuant to



## Emerald Leasing Finance & Investment Company Limited

this Issue is not granted by any of the Stock Exchange, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If such allotment is not made or money is not repaid within eight days from the day we become liable to repay it, we and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under the applicable laws.

### Consents

Consents in writing of the Directors, the Auditor, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Draft Letter of Offer. S Lal Bansal & Co., Chartered Accountants, the Auditors of our Company, have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

### Expert Opinion

Other than reports of our Auditor in respect of the information in the section "Auditor's Report" and "Statement of Tax Benefits" on page 101 and page 57, no expert opinion has been obtained by our Company in relation to the Issue.

### Issue Expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Approximate Amount (₹ in lakhs)	As percentage of total expenses (%)	As a percentage of Issue size (%)
Fees of the Intermediaries	[●]	[●]	[●]
Advertising, Printing and stationery expenses (including courier and distribution charges)	[●]	[●]	[●]
Statutory and others miscellaneous expenses (fees to regulators, listing fees, depositories' fees, auditor fees, out of pocket expenses, etc.)	[●]	[●]	[●]
<b>Total</b>	<b>35.00</b>	<b>100.00</b>	[●]

### Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the engagement letter issued by our Company to the Lead Manager entered into by our Company with the Lead Manager, copies of which are available for inspection at the registered office of our Company.

### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue are set out in the engagement letter issued by our Company to the Registrar.

### Previous Issues by our Company

Our Company has not undertaken any public or rights issue during the last five years.



**Commission and Brokerage on Previous Issues**

The Company has not made any Public / Rights Issue during last five years, hence no commission or brokerage has been paid

**Outstanding Debentures/Bonds and Preference Shares**

There are no outstanding debentures/ Bonds and preference shares as on the date of the Draft Letter of Offer.

**Previous Public Issues by group companies**

None of our group companies have made any public or rights issue in the past three years.

**Previous issue of Equity Shares for consideration other than cash**

The Company has not made any issue of shares for consideration other than cash.

**Investor Grievances and Redressal System**

We have adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, MAS Services Limited. The Redressal norm for response time for all correspondence including shareholders complaints is within 7 (seven) to 10 (ten) days.

The Stakeholders' Relationship Committee consists of Mrs. Anubha Aggarwal as Chairman and Mr Raman Aggarwal and Mr. Sanjay Aggarwal as members of the said committee. All investor grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

The contact details of the Registrar and Share Transfer agent to the company are as follows:

**MAS Services Limited**

T-34, IInd Floor Okhla Industrial Area, Phase-II,  
New Delhi 110020,

**Tel:** +91 11 2638 7281-83;

**Fax:** +91 11 2638 7384;

**Email:** [info@masserv.com](mailto:info@masserv.com);

**Website:** [www.masserv.com](http://www.masserv.com)

**Contact Person:** Mr. Sharwan Mangla;

**SEBI Registration No:** INR 000000049

**Investor grievances arising out of this Issue**

Our Company's investor grievances arising out of the Issue will be handled by MAS Services Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.



The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the compliance officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc.

Additionally, we have been registered with the SEBI Complaints Redress System (“SCORES”) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in)

**Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as nonreceipt of Allotment advice/ Share Certificates/ demat credit/ refund orders etc. The contact details of the Compliance Officer are as follows:**

**Mrs. Anju Sharma**

SCO 7, Industrial Area, Phase II,  
Chandigarh 160 002, India  
**Tel:** +91 172-4005659  
**Fax:** +91 172-4603859  
**Website:** [www.emeraldfin.com](http://www.emeraldfin.com)  
**Email:** [cs@emeraldfin.com](mailto:cs@emeraldfin.com)

**Status of Complaints (copy required)**

- a. Total number of complaints received during Fiscal 2017: NIL
- b. Total number of complaints received during Fiscal 2016: NIL
- c. Total number of complaints received during Fiscal 2015: NIL
- d. Average Time normally taken for disposal of various types of investor complaints: 7-10 days from the date of receipt of complaints.

**Status of outstanding investor complaints**

As on date, there were no outstanding investor complaints.

**Changes in the Auditors during the last three years**

Name	Address	Date/year of Appointment/ Resignation	Auditor of the Company since (in case of resignation)	Remarks
M/s S. Lal Bansal & Co., Chartered Accountants	SCF 23, 1 <sup>st</sup> Floor, Sector 16D, Chandigarh - 160015	Resignation- September 27, 2017	Since Incorporation	-
K. Singh & Associates, Chartered Accountants	H. No. 6, Sector 19-A, Chandigarh - 160019.	Appointment - September 28, 2017	N.A.	Current Statutory Auditors of the Company.

**Capitalization of Reserves or Profits / Issuance of Equity Shares for consideration other than cash**



## **Emerald Leasing Finance & Investment Company Limited**

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Our Company has not capitalized any of its reserves or profits / issued shares for consideration other than cash.

### **Revaluation of Fixed Assets**

There has been no revaluation of our Company's fixed assets in the last five years.

### **Performance vis-à-vis Objects**

Our Company has not undertaken any public/ rights issue since incorporation. None of our group companies, or subsidiaries companies are listed.

### **Stock market data for Equity Shares**

For stock market data please see section titled "Market Price Information" on page 140 of this Letter of Offer.

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.



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**SECTION VIII - OFFERING INFORMATION**

**TERMS OF THE ISSUE**

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer the CAF, the SAF, the MoA and AoA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, as amended, applicable guidelines and regulations issued by SEBI, or other statutory authorities and bodies from time to time, the Listing Agreements entered into by our Company, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

**All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.**

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non Institutional Investors and other Applicants whose application amount exceeds ` 2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than ` 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process irrespective of the application value. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see "Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process" on page 170. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Please note that in terms of the SEBI (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**"), foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995.

All rights / obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

**Authority for the Issue**

The Issue has been authorized by a resolution of our Board passed at its meetings held on March 29, 2017 pursuant to Section 62(1) (a) of the Companies Act, 2013.

**Basis for the Issue**

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the equity shares held in the electronic form and on the register of members of our Company in respect of the equity shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.



**Principal Terms of this Issue**

***Face Value***

Each Equity Share will have the face value of ₹ 10.

***Issue Price***

Each Equity Share shall be offered at an Issue Price of ₹ [●] per Equity Share at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at, by us and in consultation with the Lead Manager.

***Rights Entitlement***

As your name appears as a beneficial owner in respect of the equity shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company as on the Record Date, i.e. [●], you are entitled to the number of Equity Shares as set out in Part A of the enclosed CAFs.

**The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.**

***Entitlement Ratio***

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Equity Shares for every [●] equity shares held on the Record Date i.e., [●].

***Terms of Payment***

The full amount of ₹ [●] per Equity Share is payable on application.

Where an applicant has applied for Additional Rights Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within fifteen days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

***Fractional Entitlements***

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from promoter's entitlement in the rights issue.

***Ranking***

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing equity shares.

***Mode of payment of dividend***

In the event of declaration of dividends, we shall pay dividends to equity shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

***Listing and trading of Equity Shares proposed to be issued***



## **Emerald Leasing Finance & Investment Company Limited**

Our Company's existing equity shares are currently listed and traded on BSE (Scrip Code: 53882) under the ISIN - INE030Q01015. The Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading.

We have made an application for "in-principle" approval for listing of the Equity Shares to BSE and have received the said approval from the BSE pursuant to their letter no. [●], dated [●]. We will apply to BSE for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as per the regulatory requirement.

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange on the expiry of 15 days from the issue closing date, our Company will forthwith repay, without interest, all application moneys received from the Applicants in pursuance of this Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchange in the demat segment only.

### ***Rights of the Equity Shareholder***

Subject to applicable laws, 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 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;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

### **Arrangements for Disposal of Odd Lots**

Our Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

### **Restrictions on transfer and transmission of shares and on their consolidation/ splitting**

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

### **General Terms of the Issue for ASBA and Non ASBA applicants**

#### ***Market Lot***

The equity shares of our Company are tradable only in dematerialized form. The market lot for the Equity





## Emerald Leasing Finance & Investment Company Limited

Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds equity shares in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to each folio (“**Consolidated Certificate**”) and in case an Equity Shareholder seeks allotment in demat form (whether existing equity shares being held in demat or physical form) and provides all relevant and correct details we would allot him in demat form. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week’s time from the receipt of the request in respect thereof, subject to a maximum of five denominations. We shall not charge a fee for splitting any of the Consolidated Certificates.

### **Joint Holders**

Where two or more persons are registered as the holders of any equity shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. CAF would be required to be signed by all the joint holders. In case of renunciation joint holders will sign Part B of the CAF.

### **Nomination**

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

If the person being a nominee, so becoming entitled, elects to be registered as holder of the Equity Share himself, he shall deliver to our 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 holder.

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 ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

**In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the investor would prevail. Any investor desirous of changing the**



**existing nomination is requested to inform its respective DP.**

Where the Rights Equity Shares are held by more than one person jointly, the nominee shall become entitled to all the rights in the Rights Equity Shares only in the event of death of all the joint holders.

**Offer to Non Resident Eligible Equity Shareholders/ Investors**

Applications received from NRs for Equity Shares under the Issue shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. Our Board of Directors may, at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Issue. The Equity Shares purchased on a rights basis by NR's shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

**Notices**

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state where our registered office is located and/or, will be sent by ordinary post/registered post/speed post to the registered holders of the equity shares from time to time. However, the distribution of the Draft Letter of Offer and the issue of Rights Equity Shares to persons in certain jurisdiction outside India may be restricted by legal requirements prevailing in those jurisdictions.

**Additional Subscription by the Promoters**

Our Promoter, vide letter dated November 13, 2017, has confirmed that they intend to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations and may subscribe to additional Rights Equity Shares (including any unsubscribed portion of the Issue). Such subscriptions of Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of Additional Rights Shares (including any unsubscribed portion of the Issue) shall not result in change of control of the management of the Company in accordance with provisions of the SEBI Takeover Regulations and shall be exempt subject to fulfillment of the conditions of Regulation 10(4)(a) and (b) of the SEBI Takeover Regulations.

The Promoter and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue does not fall below the permissible minimum level as specified in Regulation 38 of SEBI Listing Regulations read with SCRR.

In case the rights issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.

For further details, please refer to "Terms of the Issue - Basis of Allotment" on page 169.

**Procedure for Application**

The CAF along with the Abridged Letter of Offer for the Equity Shares offered as part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither the Company nor the Lead Manager nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are



misplaced in the transit.

Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

**Please also note that by virtue of Circular No. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.**

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date. Those Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select the relevant mechanism in Part A of the CAF and provide necessary details.

Application in electronic mode will only be available with SCSBs. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

**The CAF consists of four parts:**

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation;
- Part C: Form for application by renouncee(s);
- Part D: Form for request for Split Application Forms.

***Acceptance of the Issue***

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/ demand draft payable at Mumbai to the Registrar to the Issue by registered post/ speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the heading “Mode of Payment for Resident Equity Shareholders/Investors” and “Mode of Payment for Non-Resident Equity Shareholders/Investors” on page 189 of this Draft Letter of Offer.

***Option available to the Equity Shareholders***

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:



- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

#### ***Additional Equity Shares***

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 169 of this Draft Letter of Offer.

Further, under the Foreign Exchange Regulations currently in force in India, transfers of shares between non-residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, FVCIs, multilateral and bilateral institutes intending to apply for additional Rights Equity Shares or intending to apply for Rights Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares by indicating the details of Additional Rights Shares applied in place provided for Additional Rights Shares in Part C of CAF. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

#### ***Renunciation***

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

The RBI pursuant to letter dated January 5, 2017 conveyed its approval of Rights Entitlement renounced by and to, person/entities outside India/resident in India subject to adherence of Regulation 6 of FEMA20/2000 dated May 3, 2000, as amended from time to time (“FEMA 20”). In terms of Regulation 6 of FEMA 20, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

Any renunciation (i) from a resident shareholder to a non-resident, or (ii) from a nonresident shareholder to a resident, or (iii) from a non-resident Eligible Equity Shareholder to a non-resident is subject to the renouncer



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/ renounee obtaining the necessary approvals, including from the RBI, and such approvals should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

**The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not 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. Shareholders renouncing their rights in favour of OCBs may do so provided such renounee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.**

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF, without which the CAF shall be rejected on technical grounds. For further details please refer to “Grounds for Technical Rejection under ASBA Investors” and “Grounds for Technical Rejection for non- ASBA Investors” on page 178 and on page 186 respectively.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Equity Shares in Part ‘C’ of the CAF to receive Allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part ‘A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Equity Shares in favour of any other person.

### ***Procedure for renunciation***

#### ***To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renounee***

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renounees, all joint Renounees must sign this part of the CAF.

#### ***To renounce in part/or renounce the whole to more than one person(s)***

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with



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the specimen registered with our Company, the application is liable to be rejected.

### ***Renouncee(s)***

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or any other collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

### ***Change and/or introduction of additional holders***

If you wish to apply for Equity Shares jointly with any other person(s), not more than three (including the Applicant), who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

### **Instructions for Options**

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

<b>Option Available</b>	<b>Action Required</b>
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A ( <i>All joint holders must sign in the same sequence</i> )
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares ( <i>All joint holders must sign in the same sequence</i> )
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)  OR  Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D ( <i>all joint holders must sign in the same sequence</i> ) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person ( <i>Joint Renouncees are considered as one</i> ).	Fill in and sign Part B ( <i>all joint holders must sign in the same sequence</i> ) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>All joint Renouncees must sign</i> )
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

**Please note that the options 3, 4 and 5 mentioned in the above table will not be available to the shareholders applying through ASBA process.**





**In case of equity shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of equity shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.**

**Please note that:**

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms/SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before [●].
- Only the Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque / demand draft
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could be rejected.

**Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

Neither the Registrar nor the Lead Managers or us, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

**Application on Plain Paper – non ASBA**



An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at which should be drawn in favour of the “[●]” in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favor of “[●]” in case of the non-resident shareholders applying on repatriable basis and send the same by registered/ speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

Furthermore, Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, , by providing his/ her folio. no. / DP ID/ Client ID in order to enable the Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “[●]” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “[●]” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Emerald Leasing Finance and Investment Company Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Share certificate number and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred-physical or demat form, if held in physical form
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ` [●] per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of equity shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories” records
- In case of Non Resident Equity Shareholders, NRE/ FCNR/ NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO A/c;
- For ASBA Investors, application on plain paper should have details of their ASBA Account; and
- Additionally, all such applicants are deemed to have accepted the following:





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*“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States.*

*I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, these registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S. I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

### ***Last date for Application***

The last date for submission of the duly filled in CAF is [●]. The Board of Directors or any authorized committee may extend the said period as it may determine from time to time, subject to the Issue Period not exceeding thirty days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer/ Abridged Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided in the Basis of Allotment” referred below.

### ***Basis of Allotment***

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the



following order of priority:

- a. Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- b. Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of equity shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- c. Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.
- d. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour and have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.
- e. Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above and the decision of the Board in this regard will be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

1. The number of Equity Shares to be allotted against each successful ASBA Application;
2. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investors;
3. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
4. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

#### **Underwriting**

This Issue is not underwritten and our Company has not entered into any underwriting arrangements.

#### **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS**

**Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. For further details please refer to "Grounds for Technical Rejection for ASBA Investors" on page 178.**

**This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft**



**Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank (“SCSB”) in which the Application Money will be blocked by the SCSB.**

**The Lead Manager, the Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.**

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

#### **Self-Certified Syndicate Banks**

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1365051213899.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html) and/or such other website(s) as may be prescribed by the SEBI or Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

#### **ASBA Investors who are eligible to apply under the ASBA Process**

An ASBA Investor is an investor (either Equity Shareholder or Renouncee) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.

All QIBs and Non-Institutional Investors and investors making an application for an value of more than ₹ 2,00,000 and complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process.

#### **To qualify as ASBA Applicants, Eligible Equity Shareholders:**

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for: (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue

#### **CAF**

The Registrar will despatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism



will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A and Part C of the CAF respectively. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

**Acceptance of the Issue under the ASBA process**

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

**Mode of payment under the ASBA process**

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

**Options available to the ASBA Investors applying under the ASBA Process**

The summary of options available to the ASBA Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

<b>Option Available</b>	<b>Action Required</b>
1. Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares ( <i>All joint holders must sign</i> )

**The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process**



**option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.**

**Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.**

#### **Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 169.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

#### **Renunciation under the ASBA Process**

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

#### **Application on Plain Paper under the ASBA process**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

Furthermore, Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, i.e. by providing his/ her folio. no. / DP ID/ Client ID in order to enable the Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “[●]” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Emerald Leasing Finance and Investment Company Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of equity shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ [●]/- per Equity Share; and



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- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Address and branch of the SCSB with which the account is maintained
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in our record;
- Additionally, all such applicants are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or other restricted jurisdiction.*

*I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon

**Option to receive Equity Shares in Dematerialized Form**

**EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN**





**WHICH THE EQUITY SHARES ARE HELD OR THE DETAILS OF THE DEPOSITORY ACCOUNT AS MENTIONED BY RENOUNCEE(S) IN THE APPLICATION FORM.**

**Issuance of Intimation Letters**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by the Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

**General instructions for Equity Shareholders applying under the ASBA Process**

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected. The CAF must be filled in English. No correction of name, folio/DP client id etc., should be made in printed CAF sent.
- (c) ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- (d) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- (e) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**
- (f) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her



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official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.

- (h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (i) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- (j) Only the person or persons to whom the Rights Equity Shares have been offered and not renounee(s) shall be eligible to participate under the ASBA process.
- (k) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- (l) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.
- (m) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- (n) Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see "Terms of the Issue – Procedure for Application" on page 162.
- (o) Please note that subject to SCSBs complying with the requirements of SEBI circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.
- (p) Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate





account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

- (q) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “Application on Plain Paper under the ASBA process” on page 173.

***Do’s:***

- Ensure compliance with eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009.
- Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the demographic details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Apply under ASBA process only if you comply with the definition of an ASBA Investor.

***Don’ts:***

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.



- Do not pay the amount payable on application in cash, by money order or by postal order.
- Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.

#### **Grounds for Technical Rejection under the ASBA Process**

In addition to the grounds listed under “Grounds for Technical Rejection for non-ASBA Investors” on page 186 of this Draft Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- Application on SAF
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).
- Renounees applying under the ASBA Process.
- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Equity Shareholders applying for Rights Equity Shares in the Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form and is not a renounee or a Renounee, not applying through the ASBA process.
- The application by an Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.



- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

**Depository account and bank details for Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF 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 CAF / PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.



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In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

### Issue Schedule

<b>Issue Opening Date:</b>	[•]
<b>Last date for receiving requests for SAFs:</b>	[•]
<b>Issue Closing Date:</b>	[•]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

### Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India ("RBI"), payment of refund would be done through NACH except where Investors have not provided the details required to send electronic refunds

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/ speed post to the sole/ first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

**This Draft Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such**



**Non-resident Shareholders who have a registered address in India or have provided an Indian address.**

***Payment of Refund***

***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:

- 1) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2) NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3) Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4) RTGS – If the refund amount exceeds ₹ 2 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5) For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- 6) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

***Refund payment to Non- resident***

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company



shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

**Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

***Allotment advice / Share Certificates/ Demat Credit***

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

***Option to receive Equity Shares in Dematerialized Form***

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL on May 11, 2001 and with CDSL on April 28, 2001 which enables the Investors to hold and trade equity shares in a dematerialized form, instead of holding the equity shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialized form.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.



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- For Equity Shareholders already holding equity shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original equity shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/ incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

### General instructions for non-ASBA Investors

Please read the instructions printed on the enclosed CAF carefully.

- a) Applicants that are not QIBs or are not Non – Institutional Investor or those who's Application Money does not exceed ₹200,000 may participate in the Issue either through ASBA or the non-ASBA process. Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head "Application on Plain Paper – non ASBA" on page 480 of this Draft Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- c) Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or





before the Issue Closing Date or such extended time as may be specified by our Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker to the Issue/ Collecting Bank or to the Registrar to the Issue and not to us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post/speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. CAF's received after banking hours on closure day will be liable for rejection.

**Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected**

- d) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- e) Investors, holding equity shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- f) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed





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to the first Investor.

- j) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of equity shares held in physical form and to the respective depository participant, in case of equity shares held in dematerialized form.
- l) SAFs cannot be re-split.
- m) Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
- n) Investors must write their CAF number at the back of the cheque /demand draft.
- o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected.
- q) No receipt will be issued for application money received. The Banker to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- r) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.
- s) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law

***Do's for non-ASBA Investors:***

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;



- Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold equity shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

***Don'ts for non-ASBA Investors:***

- Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

**Grounds for Technical Rejections for non-ASBA Investors**

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or with the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Submission of plain paper Applications to any person other than the Registrar to the Issue;
- Age of Investor(s) not given (in case of Renouncees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;



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- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹200,000, not through ASBA process.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- Non – ASBA applications made by QIBs and Non – Institutional Investors.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

**Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.**

**Investment by FPIs, FIIs and QFIs**



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SEBI, On January 7, 2014, notified the SEBI FPI Regulations pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'. Prior to the notification of the SEBI FPI Regulations, portfolio investments by FIIs and subaccounts were governed by SEBI under the FII Regulations and portfolio investments by QFIs were governed by various circulars issued by SEBI from time to time (**QFI Circulars**). Pursuant to the notification of the SEBI FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

In terms of the SEBI (FPI) Regulations, the issue 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) is not permitted to exceed 10% of the Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of the Company and the total holdings of all FPIs put together shall not exceed 24% of the paid up equity share capital of the Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Equity Shareholders of the Company. However, as on the date of this Draft Letter of Offer, the Company has not increased the FII limit.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An 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 (3) years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. 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.

Further, in terms of the SEBI (FPI) Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI (FPI) Regulations, until January 6, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from FIIs in restricted jurisdictions.

NRI Applicants may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRI Applicants who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

**Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non- Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.**



**Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor

**Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

**Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.**

**Mode of payment for Resident Equity Shareholders/ Investors**

- All cheques / drafts accompanying the CAF should be drawn in favour of “[●]” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue”;
- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed ‘A/c Payee only’ and marked “[●]” payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

**Mode of payment for Non-Resident Equity Shareholders/ Investors**

As regards the application by non-resident Equity Shareholders/Investors, the following conditions shall apply:



- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

**MAS Services Limited**

T-34, IInd Floor Okhla Industrial Area, Phase-II,

New Delhi 110020,

**Tel:** +91 11 2638 7281-83;

**Fax:** +91 11 2638 7384;

**Email:** info@masserv.com;

**Website:** www.masserv.com

**Contact Person:** Mr. Sharwan Mangla;

**SEBI Registration No:** INR 000000049

*Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.*

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident Investors should draw the cheques/ demand drafts in favour of “[●]”, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed “A/c Payee only” and marked “[●]” payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

***Application with repatriation benefits***

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of ‘[●]’ and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges.
- FPIs/FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any,



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will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor's bankers.

- Payments through NRO accounts will not be permitted.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

### *Application without repatriation benefits*

- As far as non-residents holding equity shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of '[●]' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

### **Notes:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

### **Impersonation**

**As a matter of abundant caution, attention of the Investors 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”.*

**Section 447 of the Companies Act provides for punishment for fraud which *inter alia* states punishment of imprisonment for a term which shall not be less than six month but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.**

#### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

#### **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue / Registrar to the Issue / SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date.

If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under applicable laws.

For further instructions, please read the CAF carefully.

#### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 40 of the Companies Act;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- The Company may utilize the funds collected in this Issue only after finalization of Basis of Allotment and the listing and trading approvals are received for the Rights Equity Shares.

#### **Undertakings by our Company**





Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our Company.
4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
8. At any given time there shall be only one denomination of equity shares of our Company.
9. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
10. All information shall be made available by the Lead Manager and the Issuer to the 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 shows, presentations, in research or sales reports etc.
11. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time

**Minimum Subscription**

(A) If our Company does not receive the minimum subscription of ninety per cent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue.

(B) If there is delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under Companies Act.

The Promoter has confirmed that it intends to subscribe to the full extent of their Rights Entitlement in the Issue. Our Promoter presently holds 49.58% of the paid-up equity share capital of our Company. As per the terms of the Rights Issue our promoter would be entitled to 49.58% of the rights issue as well.

Further, the Promoter and Promoter Group may also apply for Additional Rights Shares along with their Rights Entitlement and/or renunciation. Such subscriptions of Equity Shares over and above their Rights



## **Emerald Leasing Finance & Investment Company Limited**

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Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of Additional Rights Shares (including any unsubscribed portion of the Issue) shall not result in change of control of the management of the Company in accordance with provisions of the SEBI Takeover Regulations and shall be exempt subject to fulfillment of the conditions of Regulation 10(4)(a) and (b) of the SEBI Takeover Regulations.

The Promoter and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue does not fall below the permissible minimum level as specified in Regulation 38 of SEBI Listing Regulations read with SCRR.

In case the rights issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.

### **Important**

Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed '[●]' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

**MAS Services Limited**

T-34, IInd Floor Okhla Industrial Area, Phase-II,  
New Delhi 110020,

**Tel:** +91 11 2638 7281-83;

**Fax:** +91 11 2638 7384;

**Email:** info@masserv.com;

**Website:** www.masserv.com

**Contact Person:** Mr. Sharwan Mangla;

**SEBI Registration No:** INR 000000049

The Issue will remain open for minimum 15 days However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.



**SECTION IX – STATUTORY AND OTHER INFORMATION**

**ARTICLES OF ASSOCIATION**

**The main provisions of the Articles of Association of the Issuer are as follows:**

**CAPITAL AND SHARES**

*Authorised Capital*

Article 4 provides that:

- (I) “The Authorised Share Capital of the Company is Rs. 11,00,00,000/- (Rupees Eleven Crores only) divided into 1,10,00,000 (One Crore Ten Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each.
- (II) Any shares of the original or increased capital may from time to time be issued with guarantee or any right of preference whether in respect of dividend or of repayment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or with deferred or qualified rights as compared with any shares previously issued or subject to any provisions or conditions and with any special right or limited right or without any right of voting and generally on such terms as the Company may from time to time determine.
- (III) The right of the holders of any class of shares for the time being forming part of the capital of the Company, may be modified, affected, varied, extended or surrendered whether with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at separate meeting of the holders of the issued shares of that class.”

Article 5 provides that “Subject to the provision of Section 55 of the Act, the Company shall have power to issue preference shares which are or at the option of the Company are liable to be redeemed and the resolution authorizing such issue will prescribe the manner, terms and conditions of redemption”.

Article 6 provides that “Subject to the provisions of this Articles and the Act, the Shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Directors shall think fit and with full power to give any person the option to call for or be allotted share of any class of the Company at the par or premium and for such time and for such consideration as the Directors think fit, provided that option or right to call of shares shall not be given to any person without the sanction of the Company in General Meeting”.

Article 7 provides that “The Directors may with the sanction of any ordinary resolution of the company, increase the share capital by such a sum to be divided into shares of such amount as the resolution shall prescribe”

Article 8 provides that “Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notice from the company of general meetings in proportion as far as possible to the amount of the existing to which they are entitled. The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered the Directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors may likewise so disposed off any new shares which (by reason of the ratio which the new shares bear to shares held by person entitled to an offer of new shares) cannot in the opinion of the Directors be conveniently offered under this article. Further on offer being made for issue of new shares existing share holder will have right to take the shares offered in their name or in the name of family members or in the name of the relatives and friends.”

Article 9 provides that “The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, expropriation and otherwise as the shares in the original share



capital.”

Article 10 provides that “No person shall be whether or not the Company shall have express or other notice thereof recognized by the Company as holding any share upon trust and the Company shall not be bound or be compelled to recognize any equitable, contingent, future or partial interest in any shares or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise expressly provided) any other right in respect of any share except in absolute right to the entirety thereof in the registered holder.”

Article 11 provides that “The Board may issue and allot shares in the Capital of the company as payment or part payment for any property sold or transferred or for any goods or machinery supplied or for service rendered to the Company in or about the conduct of its business and any shares which may be so allotted may be issued as either fully paid up or partly paid up shares.

### ***Share Certificate***

Article 12 provides that “Every person whose name is entered as a member in the register of members shall be entitled to a certificate under the common seal of the Company specifying the share or shares held by him and the amount paid up thereon 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 for a share to one of several joint holder shall be sufficient delivery to all.”

Article 13 provides that “Certificate of title to shares shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (i) two Directors of the Company or persons acting on behalf of the Director under duly registered Power of Attorney and (ii) Secretary or some other person if any appointed by the directors for the purpose. Provided that, if the composition of the Board permits atleast one of the aforesaid tow Directors shall be a person other than a managing Director or Whole time Director.

(A) For the purpose of this Article unless the context otherwise requires:-

“Beneficial owner” means a person whose name is recoded as such with a depository;

“SEBI Board” means the Securities and Exchange Board of India;

“bye-laws” means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

“Depositories Act” means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force;

“depository” means a Company formed and registered under the Companies Act, 1956 or 2013 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

“record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board;

“regulations” means the regulations made by the SEBI Board;

“Security” means such security as maybe specified by the SEBI Board.

(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the company shall enter into an agreement with the depository to enable the investor to dematerialize the securities in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

(C) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of such information the depository shall enter in its record the name of the allottee as the



beneficial owner of that security.

(D) All securities held by the depository shall be dematerialized and shall be in fungible form.

Nothing contained in Section 89 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(E)

(1) Notwithstanding anything to the contrary contained in the Articles a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(2) Save as otherwise provided in (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.

(3) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

(F) Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

(G) If a beneficial owner seeks to opt out of a depository in respect of any security the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or transferee as the case may be.

(H) Notwithstanding anything to the contrary contained in the Articles:

(1) Section 45 of the Act shall not apply to the shares held with a depository

(2) Section 56 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

### ***Lien***

Article 14 provides that “The Company shall have first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 10 hereof will have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company’s lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.”

Article 15 provides that “respect of which the line exists is presently payable nor until the expiration of fourteen days after notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled by reason of his death or insolvency.”

Article 15A provides that “Notwithstanding anything contained in Article of the Company, every holder(s) of shares in or debentures of the Company, holding either singly or jointly may at any time nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the Company or



debentures of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time by notifying the same to the company to that effect. Such nomination shall be governed by the provisions of Section 72 of the Companies Act, 2013 or such other regulations governing the matter from time to time.”

#### ***Calls on shares***

Article 16 provides that “The Director may from time to time by resolution passed at a meeting of the Directors and not by a circular resolution make such calls as they think fit, upon the members in respect of all monies, unpaid on the shares held by them respectively (whether on account of nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every calls so made on him to the person and at the times and places appointed by the Directors a call may be made payable by installment.”

Article 17 provides that “In clause 13 (1 of Table “A”) the words, “Provided that no call shall exceed one fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last proceeding call” shall be contained.”

Article 18 provides that “If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by installments at any fixed times, whether on account of the amount of share or by way premium every such amount of installment shall be payable as if it were a call duly made by the Directors of which due notice had been given and all the provisions thereof with respect to the payment of calls and interest thereon or to the forfeiture of share for non-payment of calls, shall apply to every such amount or installment and the share in respect of which it is payable.”

Article 19 provides that “Neither the receipt by the company of a portion of any money which shall from time to time be due from any member to the company in respect of his shares either by way of principal or interest not any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture such shares.”

Article 20 provides that “On the trial of hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the member should sued is entered in the Register as holder or one of the holders of the shares in respect of which such debt accrued that the resolution making the call duly recorded in the minute book and that notice of such call was duly given to the member sued in pursuance of these Articles and it shall not be necessary to prove the appointment of the Directors who made such call or any other matters whatsoever but the proof of the matters aforesaid shall be conclusive evidence of debt.”

Article 21 provides that “Any money due from the Company to a member may without the consent of such member be applied by the company in or towards payment of any money due from him to the company for calls or otherwise provided that moneys paid in advance of calls may carry interest but shall not in respect thereof be entitled to any voting rights or dividend or carry any right to participate in profits.”

Article 22 provides that “Every member or heirs, executors or administration shall pay to the Company the proportion of the capital represented by his share of shares which may from time being remain unpaid thereon in such accounts at such time or times and in such manner as the Directors shall from time to time in accordance with the Company’s regulations, require or fix for the payment thereof.”

#### ***Transfer of shares***

Article 23 provides that “The Directors may at their absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer of shares and in particular may so decline in respect of shares upon which the Company has a lien or whilst any member executing the transfer is either alone or jointly with any other person or persons indebted to the Company on any account whatsoever or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Director and such refusal shall not be affected by the fact that the proposed transferee is already a member. If the Directors refuse to register the transfer of any share they shall within one month after the date on which the transfer was lodged with the Company send to the



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transferee and to the transferor notice of refusal provided that registration of a transfer of shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company and ground whatsoever except a line on the shares.”

Article 24 provides that “When in the case of partly paid shares an application for registration is made by the transferor the transfer shall not be registered unless the company gives notice of the application to the transferee and the transferee makes on no objection to the transfer within two weeks from the receipt of the notice.”

Article 25 provides that “The instrument of transfer of any share shall be signed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Such signature of such transfer shall be duly attested by the signature of one credible witness who shall add his address.”

Article 26 provides that “No transfer shall made to an insolvent or person of unsound mind.”

Article 27 provides that “No transfer fee shall be charged by the Company for any transfer registered until and unless the Directors decided otherwise.”

### ***Transmission of shares***

Article 28 provides that: “(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.”

Article 29 provides that: “(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.”

Article 30 provides that: “(i) 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.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) 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.”

Article 31 provides that: “A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:



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Provided 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, 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 in respect of the share, until the requirements of the notice have been complied with."

***Forfeiture of shares***

Article 32 provides that: "If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued."

Article 33 provides that: "The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited."

Article 34 provides that: "If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect."

Article 35 provides that: (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit."

Article 36 provides that: "(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares."

Article 37 provides that: "(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited 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 share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share."

Article 38 provides that: "The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified."

***Alteration of capital***





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Article 39 provides that: “The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.”

Article 40 provides that: “Subject to the provisions of section 61, the company may, by ordinary resolution,—

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.”

Article 41 provides that: “Where shares are converted into stock,—

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.”

Article 42 provides that: “The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.”

### ***Capitalisation of profits***

Article 43 provides that: “(i) The company in general meeting may, upon the recommendation of the Board, resolve—

- (a) that it is desirable to capitalise 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
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.



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(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(B) 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;

(C) partly in the way specified in sub-clause (A) and partly in that specified in sub clause (B);

(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.”

Article 44 provides that: “(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on

their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

***Buy-back of shares***

Article 45 provides that: “Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.”

***General meetings***

Article 46 provides that: “All general meetings other than annual general meeting shall be called extraordinary general meeting.”

Article 47 provides that: “(i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.”

Article 48 provides that: “A General Meeting (which annual or extra-ordinary) of the Company may be called by not less than 7 days notice in writing but a General Meeting may be called by giving shorter notice-than that specified above if consent is accorded thereto in writing by majority of the members for the time being of the Company.”



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Article 49 provides that: “The accidental omission to give notice to any member or the non-receipt of such notice by any member shall not invalidate proceedings at any General Meetings.”

Article 50 provides that: “The chairman of the Board of Director shall preside at every General Meeting but at any meeting he shall not be present within 15 minutes after the time appointed for holding the same or shall be unwilling to preside, the members present shall choose some Director or if no Director be present or if all the Directors present decline to take the chair they shall choose some member present to be the Chairman of the meeting.”

### ***Proceedings at general meetings***

Article 51 provides that: “(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.”

Article 52 provides that: “The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.”

Article 53 provides that: “If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.”

Article 54 provides that: “If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.”

### ***Adjournment of meeting***

Article 55 provides that: “(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.”

### ***Voting rights***

Article 56 provides that: “Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.”

Article 57 provides that: “A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.”



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Article 58 provides that: “(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.”

Article 59 provides that: “ A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, 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.”

Article 60 provides that: “Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.”

Article 61 provides that: “No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.”

Article 62 provides that: “ (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.”

***Proxy***

Article 63 provides that: “The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.”

Article 64 provides that: “An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.”

Article 65 provides that: “A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.”

***Board of Directors***

Article 66 provides that: “The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.”

Article 67 provides that: “ (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.”



Article 68 provides that: “The Board may pay all expenses incurred in getting up and registering the company.”

Article 69 provides that: “The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.”

Article 70 provides that: “All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.”

Article 71 provides that: “Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.”

Article 72 provides that: “(i) Subject to the provisions of Section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.”

***Proceedings of the Board***

Article 73 provides that: “(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.”

Article 74 provides that: “(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.”

Article 75 provides that: “The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.”

Article 76 provides that: “(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.”

Article 77 provides that: “(i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.”

Article 78 provides that: “(i) A committee may elect a Chairperson of its meetings.



(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.”

Article 79 provides that: “(i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.”

Article 80 provides that: “All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.”

Article 81 provides that: “Save as otherwise expressly provided in the Act, a resolution in writing, signed by all 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.”

#### ***Powers And Duties Of Directors***

Article 82 provides that: “The management and control of the business of the Company shall be vested in the Directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not by the Act, expressly directly or required to be exercised or done by the Company in General Meeting but subject nevertheless to the provision of the Act and to any regulations from time to time made by the Company in General Meeting provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.”

Article 83 provides that: “The Board of Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office on such terms and conditions as they deem fit and delegate such powers to him or them as they deem proper and may from time to time remove or dismiss him or them or appoint another or other in his or their place or place. The Board of Directors may fix the remuneration of such Managing Director or Managing Directors whether by way of salary or commission or by conferring a right to participate in the profits of the Company or by a combination of both.”

Article 84 provides that: “The Board of Directors may at any time appoint one or more of themselves to be whole time Directors/or Director designed as “Executive Director” of the Company for such period and on such terms and conditions as the Board of Directors may in the interest of the Company deem fit.”

Article 85 provides that: “The Board may subject to the provisions of the Act delegate any of its powers to committee or committees consisting of such member or members of its body as think fit and/or to the Managing Director or the Managing Directors or whole time Director or Executive Director or Manager or Agency. Any committee so formed or the Managing Director or the Managing Director or whole time Director or Executive Director or Manager or Agent shall in the exercise of the power so delegated, confirm to any regulations that may from time to time be imposed upon it him or them by the Board.”

Article 86 provides that: “The Board may appoint any person to act as Alternative Director for Director during latter’s absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an Alternative Director shall be entitled to notice of meeting or meetings of the Board and to attend and vote there at accordingly but he shall not be required to hold any qualification share and shall ipso facto vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held of the absent Director vacate office as a Director.”



Article 87 provides that: “The Director may from time to time raise or borrow any sum of money or on behalf of the Company from the Directors, members, banks, Government (state as well as central) or any financial institutions or from any other person such interest as may think fit by the Directors.”

Article 88 provides that: “The director may from time to time secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of debentures or bonds of the Company or by mortgage or charge of all or any part of the company assets and of its uncalled capital for the time being.”

Article 89 provides that: “Any debentures bonds or other securities may be issued at discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender drawings, allotment of shares and attending at general meeting of the Company or otherwise.”

Article 90 provides that: “Without prejudice to general powers conferred by the last preceding article and the other powers conferred by these Articles and the other powers conferred by these Articles it is hereby expressly declared that Directors shall have the following powers that is to say, powers:

- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To purchase or otherwise acquire for the Company and property (movable or immovable) rights or privileges which the company is authorized to acquire at such price and generally on such terms and conditions as they think fit and in such purchases or acquisition to accept such title as the Directors may believe or may be advised to necessarily satisfactory.
- (3) To their discretion to pay for any property rights or privileges acquired by or services rendered to the company either wholly or partially in cash or in shares, bonds, debentures or other securities of the company and any such shares may be issued either fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds debentures or other securities may be either specifically charged upon all or any part of the property of the company and its uncalled capital or not so charges.
- (4) To secure the fulfillment of any contracts or agreements or engagements entered into by the Company by mortgage or charge of all or any of the property of the company and its uncalled capital for the time being or in such manner as they may think fit.
- (5) To appoint and at either discretion, to remove or suspend such managers secretaries, officers, clerks agents and servants for permanent temporary or special services as they may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amounts as they think fit.
- (6) To support and subscribe to any charitable or public object, any institution, society or club which may be for the benefit of the Company or its employees or may be connected with any town or place where the company carried on business to give pensions, gratuities. Bonuses or charitable aid to any person or persons who have served the Company or its predecessors in business or to the wives, children or debents of such or persons that may appear to the Directors just and proper whether any such person, widow children or dependents have or have not a legal claim upon the Company.
- (7) To give award or allow any bonus, pension, gratuity or compension to any employees or ex-employees of the company or his widow children or dependents that may appear to the Directors just or proper whether such employee his widow children or dependent have or have not a legal claim upon the Company.
- (8) Upon any director manager or other officer or servant of the Company retiring from his office or duties the Directors may grant to him in consideration of his services to the Company such sum of money, pension or annuity as they may think fit but in the case of a Director such grant shall be subject to rectification by a general meeting and shall only become operative upon such rectification being obtained.



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(9) Subject to the provision of the Act to accept from any member on such terms and conditions as shall be agreed surrender of his shares or any part thereof.

(10) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trust and to provide for the remuneration of such trustee or trustees.

(11) To institute maintain conduct defend carry to final appear or execution compound or abandon any actions suits and other legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound or release and allow time for payment of satisfaction of any debts due and of any claims or demands by or against the Company.

(12) To refer any claim or demands by or against the Company to arbitration and observe and perform or enforce or context any awards made thereon.

(13) To act behalf of the Company in all matters relating to bankrupts and insolvents

(14) To make and give receipts release and other discharge for money payable to the Company and for the claims and demands of the Company.

(15) to determine who shall be entitled to sing on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, release, contracts and documents and to give the necessary authority for such purpose.

(16) To invest and deal with any of the money of the company not immediately required for the purpose thereof upon such securities (not being shares in the Company) and in such manner as they may think fit from time to time to vary or realize such investment.

(17) To execute in the name and on behalf of the company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the company such mortgages of the Company property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers covenants and provisions as shall be agreed on.

(18) To given to any person employed by the company a commission on the profits of any particular business or transaction or a share in the general profits of the company and such commission or shares of the profits shall be treated as per of working expenses of the Company.

(19) From time to time to make vary and repeal bye-laws for the regulation of the business of the Company its officers and servants.

(20) Subject to the provisions of the Act and these Articles for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient for in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

(21) From time to time provide for the management of the affairs of the Company abroad or up country in such manner as they think fit and in particular to appoint any person or persons to be the attorneys or agents of the company with powers and upon such terms as may be thought fit.

(22) Before recommending and dividend to set aside such portion of the profits of the Company as the may think fit to form a fund to provide for such pension, gratuities or compensation or to create any provident pension or benefit fund in such manner as to the Directors may deem fit.

(23) Before recommending any dividend, to set aside out of the profits of the company such sum as they may think proper for depreciation or to a Depreciation fund or to an insurance fund or a Reserve Fund or Sinking





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Fund or any special fund to meet contingencies or to repay debentures of debenture-stock or for equalisation dividends or repairing, extending and maintaining any of the property of the Company and for such other purposes as Board of the Directors may in the absolute discretion think conducive to the interest of the Company and subject to Section 393 of the Act to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company such manner and for such purposes as the Board of Director's in their absolute discretion think conducive to the Interests of the Company notwithstanding that the matters to which the Board of Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might directly be applied or expended and to divide the Reserve Fund into such special funds as the Board of Directors may think fit and to employ the assets constituting all or any of the above funds including the depreciation funds, in the business of the Company or in the purchase or repayment of debentures or debenture-stock and that without being to keep same separate from the other assets and without being bound to pay interest on the same with power however to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper."

### ***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

Article 91 provides that: "Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer."

Article 92 provides that: "A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer."

### ***The Seal***

Article 93 provides that: "(i) The Board shall provide for the safe custody of the seal.

(ii) 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 authorised 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 Reserve***

Article 94 provides that: "The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board."

Article 95 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."

Article 96 provides that: "(i) 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.



(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.”

Article 97 provides that: “(i) 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.

(ii) 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.

(iii) 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.”

Article 98 provides that: “The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.”

Article 99 provides that: “(i) 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.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.”

Article 100 provides that: “Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.”

Article 101 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 Act.”

Article 102 provides that: “No dividend shall bear interest against the company.”

#### **Accounts**

Article 103 provides that: “(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.”

#### **Audit**

Article 104 provides that: “Once atleast in every year account of the Company shall be examined and correctness of the Balance Sheet and Profit and Loss Account ascertained by one or more Auditors.”

Article 105 provides that: “The Board may fill any casual vacancy in office of an Auditor except the one caused by the resignation of an Auditor which shall be filled by the Company in general meeting.”

Article 106 provides that: “Every account of company when audited and approved by the General Meeting shall be conclusive.”



***Notices***

Article 107 provides that: “A notice may be given by the Company to any member either personally or by sending it by ordinary post to him at his registered address or if he has no registered address in India to the address if any within India supplied by him to the Company for the giving of notice to him.”

Article 108 provides that: “Any member of the Company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person whether a member or not his proxy to attend and vote instead of himself. A proxy so appointed shall also have a right to speak at such meeting.”

***Secrecy***

Article 109 provides that: “(a) Every Director, Manager, Auditor, 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 pledging himself to observe strict secrecy respecting all transactions of the company with the customers and the state of account with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so 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 present contained.

(b) No member or other person unless he is a Director or other person in management of the affairs of the Company is to inspect or examine the company without the permission of the directors of the Company or officers authorized by the Directors for the time being to require discovery of or the Company’s trading or any matters which is or may be in the nature of a trade secret mystery of trade or secret process or of any matter whatsoever which may relate to conduct of the company and which in the opinion of the Director or Officers authorized by the Directors it will be injudicious in the interest of the members of the Company to communicate.”

***Winding up***

Article 110 provides that: “Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) 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 Act, 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.

(ii) 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.

(iii) 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***

Article 111 provides that: “Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.”



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**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our Company between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the closure of the subscription list.

**(A) MATERIAL CONTRACTS**

1. Issue Agreement dated January 12, 2018 between our Company and Keynote Corporate Services Limited, Lead Manager to the Issue;
2. Agreement dated July 27, 2017 between our Company and M/s. MAS Services Limited, Registrar to the Issue.
3. Tripartite Agreement dated February 3, 2014 between our Company, National Securities Depository Ltd. (NSDL) and M/s. Integrated Enterprises (India) Limited;
4. Tripartite Agreement dated February 13, 2014 between our Company, Central Depository Services (India) Limited (CDSL) and M/s. Integrated Enterprises (India) Limited;

**(B) DOCUMENTS FOR INSPECTION**

1. Memorandum & Articles of Association of our Company;
2. Copy of the resolution of the Board of Directors under Section 62 of the Companies Act passed in its meeting dated April 24, 2017 authorising the Issue;
3. Consents of the Directors, Company Secretary and Compliance Officer, Legal Advisors to the Issue, Statutory Auditor, Lead Manager to the Issue, Banker to our Company and Registrar to the Issue to include their names in the Offer Document to act in their respective capacities;
4. Annual reports of our Company for the financial years ended March 31, 2013, 2014, 2015, 2016 and 2017;
5. The Report of the Statutory Auditors being, M/s. S. Lal Bansal & Co., Chartered Accountants, as set out herein dated September 25, 2017 relating to the audited financial information of our Company.
6. A statement of tax benefits dated September 25, 2017 received from M/s. S. Lal Bansal & Co., Chartered Accountants, Statutory Auditor regarding tax benefits available to our Company and its shareholders;
7. Certificate dated February 24, 2018 from K. Singh & Associates, Chartered Accountants, Statutory Auditors regarding "Sources & deployment of funds";
8. Due Diligence Certificate dated February 26, 2018 by Keynote Corporate Services Ltd., Lead Manager to the Issue;
9. Letter of Offer dated January 16, 2017 made by the Acquirers and the PACs to Shareholders pursuant to, and in accordance with the provisions of Regulations 12 of the SEBI (SAST) Regulations, 1997.
10. In-principle listing approval(s) dated [•] from BSE Limited;
11. Observation letter no. [•] dated [•] received from SEBI;

Any of the contracts or documents mentioned in the Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.



**Emerald Leasing Finance & Investment Company Limited**

**DECLARATION**

We hereby certify that all relevant provisions of the Companies Act and the guidelines/ regulations issued by the Government of India or the guidelines/ regulations issued by 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 made thereunder or guidelines or regulations issued, as the case may be. We further certify that all the disclosures and statements in this Offer Document are true and correct.

<b>Name</b>	<b>Signature</b>
Sanjay Aggarwal <i>Managing Director</i>	Sd/-
Anubha Aggarwal <i>Director</i>	Sd/-
Raman Aggarwal <i>Independent &amp; Non-Executive Director</i>	Sd/-
Tarun Khanna <i>Independent &amp; Non-Executive Director</i>	Sd/-
Deepak Gaur <i>Independent &amp; Non-Executive Director</i>	Sd/-
Sheetal Kapoor <i>Chief Financial Officer</i>	Sd/-
Anju Sharma <i>Company Secretary &amp; Compliance Officer</i>	Sd/-

**Place:** Chandigarh

**Date:** February 26, 2018