



SMC GLOBAL SECURITIES LIMITED

Our Company was incorporated in New Delhi on December 19, 1994 under the Companies Act, 1956, as amended (the “Companies Act”), as ‘SMC Global Securities Limited’, a public limited company.
Registered and Corporate Office: 11/6B, Shanti Chamber, Pusa Road, New Delhi 110 005, India **Tel:** +91 (11) 3011 1000 **Fax:** +91 (11) 2575 4365
For information on change in the registered office of our Company, see the section titled “History and Other Corporate Matters” on page 142.
Company Secretary and Compliance Officer: Mr. Suman Kumar **Tel:** +91 (11) 3011 1000 **Fax:** +91 (11) 2575 4365 **E-mail:** smc.fpo@smcindiaonline.com
Website: www.smcindiaonline.com

PROMOTERS: MR. SUBHASH CHAND AGGARWAL, MR. MAHESH CHAND GUPTA, MS. SUSHMA GUPTA AND MR. DAMODAR KRISHAN AGGARWAL

FURTHER PUBLIC ISSUE OF 1,58,67,380 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (“EQUITY SHARES”) OF SMC GLOBAL SECURITIES LIMITED (“SMC GLOBAL” OR “OUR COMPANY”) AGGREGATING ₹ [●] CRORE (HEREINAFTER REFERRED TO AS THE “ISSUE”). THE ISSUE COMPRISES A FRESH ISSUE OF 79,33,690 EQUITY SHARES BY OUR COMPANY (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF 79,33,690 EQUITY SHARES (THE “OFFER FOR SALE”) BY MILLENNIUM INDIA ACQUISITION COMPANY INC. (THE “SELLING SHAREHOLDER”). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF UP TO 1,45,98,000 EQUITY SHARES (“THE NET ISSUE”) AND A RESERVATION OF 6,34,690 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) (THE “EMPLOYEE RESERVATION PORTION”) AND 6,34,690 EQUITY SHARES FOR SUBSCRIPTION BY EXISTING RETAIL SHAREHOLDERS OF OUR COMPANY (AS DEFINED HEREIN) (“SMC RETAIL SHAREHOLDER RESERVATION PORTION”). THE ISSUE WOULD CONSTITUTE 13.11% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY AND THE NET ISSUE WOULD CONSTITUTE 92.00% OF THE ISSUE AND 12.06% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 2 EACH AND THE ISSUE PRICE IS [●] TIMES THE FACE VALUE.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND PUBLISHED ATLEAST ONE WORKING DAY PRIOR TO THE BID OPENING DATE, IN ONE HINDI NATIONAL DAILY NEWSPAPER AND ONE ENGLISH NATIONAL DAILY NEWSPAPER, EACH WITH WIDE CIRCULATION (HINDI ALSO BEING THE REGIONAL LANGUAGE IN THE STATE WHERE THE REGISTERED OFFICE IS LOCATED), WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND AT THE CAP PRICE. THE RELEVANT FINANCIAL RATIOS WILL ALSO BE DISCLOSED ON THE WEBSITES OF THE STOCK EXCHANGES (AS DEFINED BELOW) AND SHALL ALSO BE PRE-FILLED IN THE APPLICATION FORMS AVAILABLE ON THE WEBSITES (WHERE AVAILABLE) OF THE STOCK EXCHANGES.

In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after the revision of the Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers (“BRLMs”) and the Self Certified Syndicate Banks (“SCSBs”) and at the terminals of the members of the Syndicate.

This Issue is being made through the Book Building Process where up to 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (“QIB Portion”). Further, 5% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion will be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders. Further, not less than 35% of the Net Issue will be available for allocation to Retail Bidders, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, a Retail Bidder is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis. Any Bidder may participate in this Issue through the ASBA process by providing the details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For more information, specific attention is invited to the section titled “Issue Procedure” on page 397.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Bidders are advised to read the Risk Factors carefully before making an investment decision in this Issue. For making an investment decision, Bidders must rely on their own examination of our Company and this Issue, including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the Bidders is invited to the section titled “Risk Factors” on page 13.

COMPANY’S AND THE SELLING SHAREHOLDER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus 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 Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
The Selling Shareholder having made all reasonable inquiries, accepts responsibility for and confirms the information relating to such Selling Shareholder contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect.

LISTING

The Equity Shares of our Company are listed on the DSE, the LSE, the CSE, the ASE and the GSE and we propose to list our Equity Shares on the BSE and the NSE. We have received in-principle approval from the DSE, the LSE, the CSE, the ASE, the GSE, the BSE and the NSE for the listing of the Equity Shares issued and transferred, as applicable, in the Issue pursuant to letters dated [●], [●], [●], [●], [●], [●] and [●] respectively. [●] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE ISSUE

TATA CAPITAL

IL&FS Capital Advisors

LINK INTIME
INDIA PVT LTD
(Formerly INTIME SPECTRUM REGISTRY LTD)

Tata Securities Limited
One Forbes, Dr. V.B. Gandhi Marg,
Fort, Mumbai – 400 001
Tel: +91 (22) 6745 9000
Fax: +91 (22) 2261 8215
Email: smc.fpo@tatacapital.com
Investor Grievance Email:
tatasecurities.investorgrievance@tatacapital.com
Website: www.tatacapital.com
Contact Person: Mr. Abhishek Jain
SEBI Registration No.: INM000011302

IL&FS Capital Advisors Limited
The IL&FS Financial Centre, 3rd Floor, Plot C-22, G
Block, Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Tel: +91 (22) 2659 3560
Fax: +91 (22) 2659 2966
Email: smc.fpo@ilfsindia.com
Investor Grievance Email:
investorgrievances.icap@ilfsindia.com
Website: www.ilfscapital.com
Contact Person: Mr. Bhavin Ranawat / Mr. Ritesh Sapre
SEBI Registration No.: INM000011955

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West)
Mumbai 400 078, India
Tel: +91 (22) 2596 7878, 1-800-22-0878 (Toll Free)
Fax: +91 (22) 2596 0329
Email: smc.fpo@linkintime.co.in
Investor Grievance Email:
smc.fpo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sanjog Sud
SEBI Registration No: INR000004058

BID/ISSUE PROGRAM

BID OPENS ON [●]

[●]

BID CLOSES ON (FOR QIB BIDDERS)*

[●]

BID CLOSES ON (FOR ALL OTHER BIDDERS)

[●]

*Our Company and the Selling Shareholder in consultation with the BRLMs may consider closing the QIB Bidding Period a day before the Bid Closing Date for other Bidders.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Red Herring Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time.

Company Related Terms

Term	Description
“SMC Global”, “the Company” and “Our Company”	SMC Global Securities Limited, a public limited company incorporated under the Companies Act with its registered office at 11/6B, Shanti Chamber, Pusa Road, New Delhi 110 005, India
AoA/Articles of Association or Articles	The articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of the Board of Directors described in the section titled “Our Management” on page 170
Auditors	The statutory auditors of our Company, being M/s. Atul & Rajinder, Chartered Accountants
Board or Board of Directors	The board of Directors of our Company
Director(s)	The directors of our Company
MoA/Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Promoter	Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Ms. Sushma Gupta and Mr. Damodar Krishan Aggarwal
Promoter Group	Unless the context otherwise requires, refers to such persons and entities constituting the promoter group of our Company, in terms of regulation 2(1)(zb) of the SEBI Regulations and mentioned in the section titled “Promoter and Group Companies” on page 170
Registered Office	The registered office of our Company situated at 11/6B, Shanti Chamber, Pusa Road, New Delhi 110 005, India
Selling Shareholder	Millennium India Acquisition Company Inc.
Subsidiaries	SMC Capitals Limited, SMC Comtrade Limited, SMC Insurance Brokers Private Limited, SMC Comex International DMCC, Moneywise Financial Services Private Limited, SMC ARC Limited, SMC Investments and Advisors Limited, SMC Finvest Limited, Moneywise Finvest Limited
“We” or “us” or “our”	Our Company and where the context requires, the Subsidiaries on a consolidated basis

Issue Related Terms

Term	Description
Allotted/Allotment/Allot	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Fresh Issue and the transfer of the Equity Shares pursuant to Offer for Sale to successful Bidders pursuant to this Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders after the Basis of Allotment has been approved by the Designated Stock Exchange
Application Supported by Blocked Amount/ASBA	Application (whether physical or electronic) used by a Bidder to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with the SCSB. ASBA is mandatory for QIBs and Non Institutional Bidders participating in the Issue
ASBA Account	An Account maintained with an SCSB and specified in the Bid cum Application Form submitted by ASBA Bidders for blocking the amount mentioned in the Bid cum Application Form
ASBA Bid	A Bid made by an ASBA Bidder

Term	Description
ASBA Bidder	Any Bidder who Bids through ASBA
Bankers to the Issue/Escrow Collection Banks	The banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to the successful Bidders under the Issue, as described in the section titled “Issue Procedure – Basis of Allotment” on page 410
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid.
Bid/Issue Closing Date	The date after which the members of the Syndicate and SCSBs will not accept any Bids. Such date shall be notified in an English national daily newspaper, a Hindi national daily newspaper, each with wide circulation (Hindi also being the regional language in the state where the Registered Office is located) and in case of any revision, the extended Bid Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs. Our Company and the Selling Shareholder in consultation with the BRLMs may consider closing QIB Bidding Period a day before the Bid Closing Date.
Bidding Centre / Bidding Location	A centre for acceptance of the Bid cum Application Form.
Bid cum Application Form	The form used by a Bidder, including an ASBA Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder
Bid Lot	[●]
Bid/Issue Period	The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Bid Opening Date	The date on which the members of the Syndicate and SCSBs shall start accepting Bids. Such date shall be notified in an English national daily newspaper, a Hindi national daily newspaper, each with wide circulation (Hindi also being the regional language in the state where the Registered Office is located).
Book Building Process	The method of book building as described in Part A of Schedule XI of the SEBI Regulations, in terms of which the Issue is being made
Book Running Lead Managers / BRLMs	The book running lead managers to the Issue, in this case being Tata Securities Limited and IL&FS Capital Advisors Limited
Cap Price	Higher end of the Price Band, including revisions thereof, above which the Issue Price will not be determined and above which no Bids will be accepted
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids under the Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges, a list of which is available on the SEBI website
Cut-off Price	The Issue Price which will be any price within the Price Band. Only Retail Bidders, Eligible Employees and SMC Retail Shareholders, whose Bid Amount does not exceed ₹ 200,000 are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which will collect the Bid cum Application Form used by ASBA Bidders, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website which may be prescribed by SEBI from time to time
Designated Date	The date on which funds are transferred from the Escrow Accounts to the Public Issue Account and the Registrar to Issue issues instructions to SCSBs for transfer of funds from ASBA Accounts to the Public Issue Account in terms of the Red Herring Prospectus

Term		Description
Designated Exchange	Stock [●]	
“Draft Red Herring Prospectus” or “DRHP”		This draft red herring prospectus dated November 01, 2012, filed with SEBI, prepared and issued in accordance with the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue
Eligible Employee		A permanent and full-time employee of our Company and/or its Subsidiaries (excluding the Directors and such other persons not eligible under applicable laws, rules, regulations and guidelines), who are Indian nationals based, working and present in India as on the date of submission of the Bid cum application Form and does not include Promoters and immediate relatives of Promoters (i.e. any spouse of that person, or any parent, brother, sister or child of that person or of the spouse)
Eligible NRI		A NRI resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to Equity Shares
Eligible QFIs		QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants
Employee Reservation Portion		The portion of the Issue, being 6,34,690 Equity Shares, available for allocation to Eligible Employees.
Equity Listing Agreement(s)		Equity listing agreement(s) entered into by our Company with the Stock Exchanges, including all amendments made thereto from time to time.
Equity Share(s)		Equity shares of our Company with a face value of ₹ 2 each.
Escrow Account(s)		Accounts opened with the Escrow Collection Banks for the Issue and in whose favour the Bidders (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement		The agreement to be entered into amongst our Company, the Selling Shareholder, the Registrar, the members of the Syndicate and the Escrow Collection Banks for collection of the Bid Amounts and remitting refunds, if any, of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First Bidder		The Bidder whose name appears first in the Bid cum Application Form or the Revision Form as the case may be
Floor Price		Lower end of the Price Band and any revisions thereof, below which the Issue Price will not be finalized and no Bids will be accepted
Fresh Issue		The fresh issue of 79,33,690 Equity Shares aggregating up to ₹ [●] crore by our Company
IL&FS Capital Issue		IL&FS Capital Advisors Limited
		Further public issue by our Company of 1,58,67,380 Equity Shares for cash at a price of ₹ [●] aggregating to ₹ [●] Crore comprising of the Fresh Issue and the Offer for Sale
Issue Agreement		The agreement dated October 19, 2012 entered into amongst our Company, the Selling Shareholder and the BRLMs pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price		The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company and the Selling Shareholder in consultation with the BRLMs on the Pricing Date
Issue Proceeds		The proceeds of the Issue that is available to our Company and the Selling Shareholder
Mutual Funds		Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Funds Portion		5% of the QIB Portion equal to a minimum of 3,64,950 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion on a proportionate basis
Net Issue		Issue less the Employees Reservation Portion, and SMC Retail Shareholder Reservation Portion consisting of 1,45,98,000 Equity Shares to be Allotted
Net Proceeds		The Proceeds from Fresh Issue after deducting the proportionate underwriting and Issue management fee, selling commissions and other Issue expenses associated

Term	Description
	with the Fresh Issue
Non-Institutional Bidders	All Bidders, that are not QIBs, Retail Bidders, Eligible Employees and SMC Retail Shareholders and who have Bid for Equity Shares for an amount more than ₹ 2,00,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue, being not less than 15% of the Net Issue or 21,89,700 Equity Shares, available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non-Resident Indian and FIIs registered with SEBI
Non-Resident Indian or NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and will have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
Offer for Sale	Offer for sale of 79,33,690 Equity Shares by the Selling Shareholder
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and a maximum price (Cap Price) of ₹ [●], including revisions thereof. The Price Band for the Issue will be decided by the Company and the Selling Shareholder, in consultation with the BRLMs and advertised in an English national daily newspaper, a Hindi national daily newspaper, each with wide circulation (Hindi also being the regional language in the state where the Registered Office is located) at least one Working Day prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price
Pricing Date	The date on which our Company and the Selling Shareholder, in consultation with the BRLMs will finalize the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act and SEBI Regulations, containing, among other things, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information and including any addenda or corrigenda thereof
Public Issue Account	The bank account to be opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date
Qualified Foreign Investors or QFIs	Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in a country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; and (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
Qualified Institutional Buyers or QIBs	Shall mean a mutual fund, venture capital fund and foreign venture capital investor registered with the Board, a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board, a public financial institution as defined in section 4A of the Companies Act, 1956, a scheduled commercial bank, a multilateral and bilateral development financial institution, a state industrial development corporation, an insurance company registered with the Insurance Regulatory and Development Authority, a provident fund with minimum corpus of ₹ 25 crore rupees, a pension fund with minimum corpus of ₹ 25 crore, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India
QIB Portion	The portion of the Issue being up to 50% of the Net Issue or 72,99,000 Equity Shares to be Allotted to QIBs, on a proportionate basis
Red Herring Prospectus	The red herring prospectus to be issued in accordance with Section 60B of the

Term	Description
or RHP	Companies Act and the SEBI ICDR Regulations
Refund Accounts	Account(s) opened with Refund Bank(s) from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, will be made
Refund Bank(s)	Escrow Collection Bank(s) with which Refund Account(s) are opened in this case being, [●]
Registrar to the Issue/Registrar	Link Intime India Private Limited
Registrar's Agreement	The agreement dated October 16, 2012 entered into amongst our Company, the Selling Shareholder and the Registrar to the Issue pursuant to which certain arrangements are agreed to in relation to the Issue
Retail Bidders	Bidders (including HUFs and Eligible NRIs), other than Eligible Employees submitting Bids under the Employee Reservation Portion and SMC Retail Shareholders submitting Bids under the SMC Retail Shareholder Portion, who have Bid for Equity Shares for an amount less than or equal to ₹ 200,000 in any of the bidding options in the Net Issue
Retail Portion	The portion of the Net Issue, being not less than 35% of the Net Issue, or 51,09,300 Equity Shares at the Issue Price, available for allocation to Retail Bidders
SMC Retail Shareholders	Individuals and HUFs who are equity shareholders of our Company (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) as at the date of the Red Herring Prospectus
SMC Retail Shareholder Reservation Portion	The portion of the Issue, being 6,34,690 Equity Shares, available for allocation to SMC Retail Shareholders.
Revision Form	The form used by the Bidders, including the ASBA Bidders, to modify the quantity of Equity Shares or the price options, as applicable, in any of their Bid cum Application Forms or any previous Revision Form(s).
Self-Certified Syndicate Bank or SCSB	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994, as amended and offer services of ASBA, including blocking of ASBA Accounts, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
Specified Cities	Cities specified in the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Baroda and Surat
Stock Exchanges	Refers collectively to the Delhi Stock Exchange Limited (DSE), Ludhiana Stock Exchange Limited (LSE), Calcutta Stock Exchange Limited (CSE), Ahmedabad Stock Exchange Limited (ASE), the Guwahati Stock Exchange Limited (GSE), the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE)
Syndicate	Collectively, the BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into amongst the Syndicate, the Selling Shareholder and our Company in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue
Syndicate Members	[●]
Tata Securities / TSL	Tata Securities Limited
Transaction Registration Slip or TRS	The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters, the Registrar, our Company and the Selling Shareholder to be entered into, on or after the Pricing Date
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Bid/Issue Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding Sundays and bank holidays in Delhi or Mumbai in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms/ Abbreviations and References to Other Business Entities

Term	Description

Term	Description
Act or Companies Act	Companies Act, 1956, as amended
BAN	Beneficiary account number
BSE	The BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CLB	Company Law Board
Competition Act	The Competition Act, 2002, as amended
Competition Commission	Competition Commission of India
CSR	Corporate social responsibility
Depositories	NSDL and CDSL
Depositories Act	SEBI Depositories Act, 1996, as amended
Depository Participant or DP	A depository participant as defined under the Depositories Act
DGCX	Dubai Gold and Commodities Exchange DMCC
DP ID	Depository participant's identity
DTC Bill	The Direct Tax Code Bill, 2010
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECS	Electronic clearing service
EGM	Extraordinary general meeting of the shareholders of a company
EPF Act	Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, as amended
EPS	Earnings per share
FCNR Account	Foreign currency non-resident account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, as amended, together with rules and regulations thereunder
FIIs	Foreign institutional investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI
FIPB	Foreign investment promotion board
Fiscal or fiscal or Financial Year or FY	A period of twelve months ended March 31 of that particular year, unless otherwise stated.
FPO	Further public offering
GIR No	General index register number
GoI or Government	Government of India
HR	Human resources
HUF	Hindu undivided family
ID Act	Industrial Disputes Act, 1947, as amended
IFRS	International financial reporting standards
Income Tax Act or I.T. Act	Income Tax Act, 1961, as amended
Indian GAAP	Generally accepted accounting principles in India
Industrial Policy	The policy and guidelines relating to industrial activity in India, issued by the GoI from time to time
Insurance Regulatory and Development Authority or IRDA	Statutory body constituted under the Insurance Regulatory and Development Authority Act, 1999, as amended
MCA	Ministry of Corporate Affairs, GoI
MCX	Multi Commodity Exchange of India Limited
MCX-SX	MCX Stock Exchange Limited
Minimum Wages Act	Minimum Wages Act, 1948, as amended
MoU	Memorandum of understanding
N/A	Not applicable
NBFC	Non-banking financial company
NEFT	National electronic fund transfer
Non-Resident or NR	A person resident outside India, as defined under the FEMA and includes a non-resident Indian

Term	Description
NRE Account	Non-Resident external account established in accordance with the FEMA
NRO Account	Non-Resident ordinary account established in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Issue.
PAN	Permanent account number allotted under the I.T. Act
Preference Shares	Preference Shares of our Company of ₹ 10 each
RBI	Reserve Bank of India
Re.	One Indian rupee
Regulation S	Regulation S of the U.S. Securities Act, 1933
RoC	Registrar of Companies, National Capital Territory Delhi and Haryana
₹ / INR / Rupees/ Rs.	Indian rupees
RTGS	Real time gross settlement
RTI	Right to information
SCRA	Securities Contract (Regulations) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
STT	Securities transaction tax
Supreme Court	Supreme Court of India
US GAAP or U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended
wef.	With effect from

Industry/ Business Related Terms

Term	Description
AMC	Asset Management Company
AMFI	Association of Mutual Funds of India
Commodities Segment	An exchange for buying and selling of commodities for future delivery
Currency Segment	Market where currency futures are traded
Derivatives	Derivative is a financial product which derives its value from an underlying asset (either financial or physical) on which it is based. The underlying asset can be equity, currency, commodity or any other derivative
Equities (Cash) Segment	Market where equities are traded and settlements are done in cash
Equities (Derivatives) Segment	Markets where derivatives based on equities are traded; such derivatives are typically futures contracts and options
Extreme Loss Margin	Margins collected to cover losses than could occur outside the coverage of VaR margins; fixed at the beginning of the month
F&O	Futures and Options
Fixed Income Securities	Debt instruments issued typically by corporate, Central and State governments, public bodies, statutory corporations, banks, financial institutions, and other corporate bodies. Typically such instruments pay a constant coupon and thus are called fixed-income instruments
FPO	Further (Follow-On) Public Offer
Futures Contract	A standardised contract to buy or sell a specified security (also, commodity with

Term	Description
	specific characteristics) in the future on a certain date at a market-determined price (futures price). These contracts are traded on the futures exchange
FX / Foreign Exchange Segment	Markets where foreign exchange (or currency or forex) is traded
FMC	Forward Market Commission
HNI	High Net worth Individual
IP	Intellectual Property
IPR	Intellectual Property Rights
IRDA	Insurance Regulatory and Development Authority
IS	Information System
Mark-to-Market Margin	Margin requirement that triggers when the transaction price of a security differs from its closing price on a particular day
M-Cap / Market Capitalisation	Number of securities outstanding multiplied by the price of one unit of the security
Options Contract	A financial product which provides a right, but not an obligation, to buy or sell an asset or a derivative on an asset at a specified price during a specified period of time
OTC Market	An over-the-counter contract is a bilateral contract in which two parties agree on how a particular trade or agreement is to be settled in the future
OTCEI	OTC Exchange of India
PE	Private Equity; Investment made by a fund through equity or convertible instruments in a company
PMS	Portfolio Management Services
Portfolio Manager	A portfolio manager as defined under the SEBI (portfolio Managers) Regulations, 1993, as amended
SENSEX	BSE Sensitive Index
SPAN	Standard Portfolio Analysis of Risk; a method of calculating initial margins
Strike Price	The fixed price at which an option contract owner can purchase/sell the underlying asset
STT	Securities Transaction Tax
TWS	Trading Working Station
VaR Margin	Value at Risk Margin; margin collected upfront and intended to cover largest loss scenario
VSAT	Very Small Aperture Terminal
Wholesale Debt Market	A market for the issuance, trading and settlement in fixed income securities of various types

The words and expressions used but not defined in this Draft Red Herring Prospectus will have the meaning assigned to such terms under the Companies Act, SEBI Act, the SCRA, the Depositories Act and the rules and regulations thereunder.

Notwithstanding the foregoing, terms in the sections titled “Main Provisions of Articles of Association”, “Statement of Tax Benefits”, “Key Industry Regulations”, “Financial Statements” and “Outstanding Litigation and Material Developments” on pages 431, 98, 131, 182 and 318 in this Draft Red Herring Prospectus respectively, will have the same meaning given to such terms in these respective sections.

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

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in this DRHP are to the Republic of India, together with its territories and possessions, and all references to the “US”, the “USA”, the “United States” or the “U.S.” are to the United States of America, together with its territories and possessions. Unless the context otherwise requires, a reference to the “Company” is a reference to SMC Global Securities Limited and unless the context otherwise requires, a reference to “we”, “us” and “our” refers to SMC Global Securities Limited and its subsidiaries, as applicable in the relevant fiscal period, on a consolidated basis.

Financial Information

In this Draft Red Herring Prospectus, we have included (i) the audited restated unconsolidated financial statements for fiscal 2008, 2009, 2010, 2011, 2012 and for the four months ended July 31, 2012; (ii) the audited restated consolidated financial statements for fiscal 2008, 2009, 2010, 2011, 2012 and for the four months ended July 31, 2012; and (iii) the unaudited unconsolidated/consolidated limited review financial statements for the quarter ended September 30, 2012 and the six month-period ended September 30, 2012. These financial statements except listed at (iii) above, are based on the audited standalone and consolidated financial statements for such respective periods, which have been prepared in accordance with the Companies Act and Indian GAAP and have been restated in accordance with the SEBI Regulations.

The fiscal year commences on April 1 and ends on March 31, and unless otherwise specified or the context otherwise requires, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of the financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting standards and accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. See the section titled “Risk Factors – The proposed adoption of IFRS could result in the financial condition and results of operations appearing materially different than under Indian GAAP.” on page 28. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Currency and Units of Presentation

All references to “Rupees”, or “₹” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “USD” or “U.S. Dollar” are to United States Dollars, the official currency of the United States of America. All references to “AED” are to United Arab Emirates Dirham, the official currency of the United Arab Emirates. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off. All figures mentioned in this Draft Red Herring Prospectus are denominated in crore, unless otherwise specified.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus have been derived 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 the industry and market data used in this Draft Red Herring Prospectus is reliable, neither we nor the Selling Shareholder nor the BRLMs nor any of their respective affiliates nor advisors have prepared or verified it independently. The extent to which the

market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" on page 13. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI Regulations, we have included in the section titled "Basis for the Issue Price" on page 95, information pertaining to the peer group companies of our Company. Such information has been derived from publicly available annual reports of the peer group companies.

Exchange Rates

This Draft Red Herring Prospectus contains translations of U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of item (VIII) sub-item (G) of Part A of Schedule VIII of the SEBI Regulations. It should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The exchange rates of the USD and AED into Indian Rupees for the last five Financial Years i.e. 2008, 2009, 2010, 2011 and 2012 and on monthly basis commencing from September, 2011 up till September 2012 are provided below.

USD - INR

Fiscal Year	Year/ Month End	Average	Low	High
2008	49.75	43.48	39.22	53.76
2009	46.95	48.78	46.08	52.91
2010	45.45	45.87	44.05	47.62
2011	54.64	47.17	44.25	55.25
2012	54.05	53.48	49.26	57.47
Month				
Sep-11	49.75	48.08	45.87	50.51
Oct-11	49.50	50.00	49.26	51.02
Nov-11	52.36	51.02	49.26	52.91
Dec-11	54.64	53.48	51.55	55.25
Jan-12	50.25	52.36	50.25	54.64
Feb-12	49.50	49.75	49.26	50.51
Mar-12	52.08	51.02	49.26	52.63
Apr-12	53.48	52.63	51.55	53.48
May-12	56.50	54.95	53.19	56.50
Jun-12	56.18	56.18	55.25	57.47
Jul-12	55.25	55.56	54.64	56.18
Aug-12	55.56	55.56	54.95	55.87
Sep-12	52.91	54.35	52.63	55.87

Source: Oanda

AED - INR

Fiscal Year	Year/ Month End	Average	Low	High
2008	13.55	11.83	10.70	14.64
2009	12.77	13.30	12.55	14.41
2010	12.41	12.50	12.00	12.99
2011	14.84	12.82	12.06	15.04
2012	14.71	14.56	13.42	15.67
Month				

Fiscal Year	Year/ Month End	Average	Low	High
Sep-11	13.55	13.07	12.52	13.76
Oct-11	13.46	13.61	13.42	13.87
Nov-11	14.22	13.91	13.40	14.43
Dec-11	14.88	14.53	14.03	15.04
Jan-12	13.70	14.25	13.66	14.93
Feb-12	13.48	13.55	13.44	13.77
Mar-12	14.18	13.91	13.42	14.33
Apr-12	14.60	14.33	14.04	14.60
May-12	15.36	14.93	14.49	15.36
Jun-12	15.31	15.31	15.02	15.67
Jul-12	15.08	15.08	14.84	15.31
Aug-12	15.15	15.13	15.02	15.22
Sep-12	14.37	14.81	14.33	15.20

Source: Oanda

FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Red Herring Prospectus that are not statements of historical facts constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue, profitability, planned initiatives. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry Overview” and “Our Business” on pages 13, 286, 108 and 119 of this Draft Red Herring Prospectus respectively.

The forward-looking statements contained in this Draft Red Herring Prospectus are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of the underlying assumptions prove to be incorrect, the actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Selling Shareholder, the BRLMs, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend 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 requirements, our Company, the Selling Shareholder and the BRLMs will ensure that investors are informed of material developments until the time of the grant of final listing and trading permissions with respect to Equity Shares being offered in this Issue, by the Stock Exchanges. The Company and the Selling Shareholder will ensure that investors are informed of material developments in relation to statements about our Company and the Selling Shareholder in this Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus until the Equity Shares are Allotted to the investors.

SECTION II – RISK FACTORS

RISK FACTORS

An investment in equity securities involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including our financial statements and the related notes and the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 119 and 286, respectively, and the risks and uncertainties described below, before making an investment in our Equity Shares. If anyone or some combination of the following risks were to occur, our business, financial condition and results of operations could suffer, and the price of our Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. The following factors have been considered for determining the materiality:

- 1. Some events may not be material individually but may be found material collectively;*
- 2. Some events may have material impact qualitatively instead of quantitatively;*
- 3. Some events may not be material at present but may have a material impact in the future.*

The Risks described below are not the only risks which may affect our Company. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below. You should also consider the warning regarding forward looking statements in the section titled “Forward-Looking Statements” beginning on page 12.

Unless otherwise stated, financial information included in this section for the four month period ended July 31, 2012 and the Financial Years 2012, 2011, 2010, 2009 and 2008 has been derived from our restated and audited consolidated financial statements as of and for the four month period ended July 31, 2012 and the Financial Years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008. For further information, see the section titled “Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Financial Information” and the section titled “Financial Statements”.

You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

INTERNAL RISK FACTORS

- 1. Restrictive or penal order may be passed against us by SEBI in ongoing and / or future proceedings that could restrict, stop or hamper our operations or services, or a part thereof, or levy penalties in connection therewith, which may in turn adversely affect our operations and profitability.**

SEBI issued a post enquiry show cause notice dated April 16, 2012 under regulation 28(1) of the SEBI (Intermediaries) Regulations, 2008 (“**Post Enquiry Show Cause Notice**”) enclosing copy of designated authority’s report dated December 12, 2011 which report provides that SEBI vide letter dated March 26, 2009 advised NSE to examine the matter and submit a report. NSE vide letter dated April 01, 2009 had submitted to SEBI that an inspection of the clearing operations of our Company pertaining to F&O segment was conducted during December 2008 and major violations relating to wrong reporting of margin and non-collection of dues from trading members on time were observed. Subsequently, the Disciplinary Action Committee of NSE, after taking into account the nature of the observations and submission by our Company inter-alia levied certain penalty. Thereafter, SEBI conducted an inspection of the books of accounts, documents and various other records maintained and furnished by our Company. On conclusion of the inspection process a designated authority was appointed vide order dated August 31, 2010 to enquire into the possible violations of the provisions of law by our Company as observed during the inspection.

The Post Enquiry Show Cause Notice provides that the allegations of violations committed by our Company are grave and serious in nature and therefore the penalty recommended by the designated authority is not commensurate with the violations committed. Further, the Post Enquiry Show Cause Notice states that our Company failed to collect the requisite margin from its trading members and it allowed them to take additional

positions and risk in F&O segment. There can be no assurance that SEBI will not pass an order that could restrict, stop or hamper our operations or services, or a part thereof, or levy penalties under Regulation 27(i) to 27(v) of SEBI (Intermediaries) Regulations, 2008, which may in turn adversely affect part of our operations and profitability. For details of the SEBI's show cause notice, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 318 of this Draft Red Herring Prospectus.

2. There are certain criminal cases pending against us and some of our Directors.

There are certain criminal cases pending against our Company and some of our Directors. These include sixteen criminal cases against us and some of our Directors under various sections of Indian Penal Code including 406, 409, 420, 467, 468, 120(B) which have been pending before various adjudicatory authorities. Any adverse outcome from these proceedings may have an adverse effect on our reputation and business or cause the price of our Equity Shares to decline. For details of the above criminal cases, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 318 of this Draft Red Herring Prospectus.

3. Our Company and our Subsidiaries are involved in a number of legal and regulatory proceedings that, if determined against us or our Subsidiaries, could have a material adverse impact on our business, financial conditions and results of operations.

There are certain outstanding legal proceedings against us pending at various levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. Should any new development arise, such as change in applicable laws or rulings against us by the appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We cannot give you any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business and financial condition, the implementation of our current or future projects and our results of operations. Details of the proceedings that have been initiated against us and the amounts claimed against us in these proceedings, to the extent ascertainable, are set forth below:

Litigation against our Company

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (₹) in crore
1.	Civil Cases	14	Non Quantifiable
2.	Cases under Negotiable Instrument Act	Nil	Nil
3.	Consumer Complaints	26	0.71
4.	Arbitration Proceedings	10	0.68
5.	Labour Matters	3	Non Quantifiable
6.	Tax Cases	3	Non Quantifiable
Total		56	1.39

Litigation against our Subsidiaries

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (₹) in crore
1.	Civil Cases	6	0.25
2.	Cases under Negotiable Instrument Act	Nil	Nil
3.	Consumer Complaints	12	0.33
4.	Arbitration Proceedings	9	0.44
5.	Labour Matters	6	0.03
6.	Tax Cases	8	0.07
Total		41	1.12

For further details of the legal proceedings, please see the section titled “Outstanding Litigation and Material Developments” on page 318 of this Draft Red Herring Prospectus.

4. *We have previously been penalized in past for not complying with the stock exchanges and regulator(s) directions and circulars and may face further penalties from any exchange and/or other regulatory bodies that govern us in cases of non-compliance in future.*

We have been penalized by various exchanges and regulators in the past with a total penalty of ₹ 0.37 crore for certain deficiencies noticed by exchanges and regulators on account of lapses such as discrepancies pertaining settlement of funds and wrong reporting of margin collections, the PAN number not being available on contract note, shortfall in collection of daily margins, receipts from clients through own bank accounts in some instances/ payments to clients through own bank account in some instances, non-issue of statement of accounts to some constituents and error in format of contract notes. There can be no assurance that we will not be subjected to such penalties in the future, which may in turn adversely affect our operations and profitability. For details of the past penalties, please refer to the section titled “Outstanding Litigation and Material Developments” beginning on page 318 of this Draft Red Herring Prospectus.

5. *Certain of our Subsidiaries and our Group Companies have incurred losses during the last three fiscal years and the four month period ending July 31, 2012, which may adversely affect our results of operations.*

Certain of our Subsidiaries have incurred losses in the last three fiscal years and the four month period ending July 31, 2012, as set forth in the table below:

		(₹ in crore)			
Subsidiary		Four month period ending July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010
SMC Investments and Advisors Limited		1.41	9.43	21.45	6.85
SMC Capital Limited		1.20	1.28	1.34	1.69
Moneywise Financial Services Private Limited		-	-	-	0.16
SMC Insurance Brokers Private Limited		-	-	5.20	15.03
SMC Comex International DMCC		-	-	0.37	0.47
SMC ARC Limited		-	-	0.19	-

In the event that these Subsidiaries continue to incur losses or any of our other Subsidiaries incur losses, our Company’s consolidated results of operations and financial condition will be adversely affected. Further, our Group Companies are also loss making companies as per their audited financial statements for past three fiscals and which may affect our reputation. For further details, see the section titled “History and Other Corporate Matters” and “Our Promoter and Group Companies” beginning on page 142 and page 170, respectively.

6. *We had negative net cash flows in recent fiscal years.*

We had negative net cash flows in the past three fiscals (on consolidated basis), the details of which is summarized below:

(₹ in crore)

Particulars	Four month period ending July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010
Net cash from operating activities	7.49	(46.84)	(47.83)	(76.64)
Net cash from / (used in) investing activities	7.67	31.15	25.79	(58.21)
Net cash generated from / (used in) financing activities	(40.09)	30.79	27.50	112.96
Adjustment on account of change in minority interest	-	22.84	-	24.23
Net increase (decrease) in Cash & Cash Equivalents	(24.93)	37.94	5.46	2.34

For further details please see the sections titled “Financial Statements” beginning on page 182.

7. *Net Proceeds would not result in creation of fixed assets and our Objects of the Issue have not been appraised.*

We intend to use a portion of the Net Proceeds towards enhancing margin requirements at stock exchange(s), part repayment of the term loan, investment in our subsidiary, SMC Comtrade and other General Corporate Purpose. The Net Issue proceeds shall not result in the creation of any fixed assets.

None of the Objects have been appraised by any bank or financial institution or any other independent third party organisation. The funding requirements of our Company and the deployment of the Net Proceeds of the Issue are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. For further details on the use of the Issue Proceeds, please see the section titled "Objects of the Issue" beginning on page 88.

8. *Our Company has entered into several agreements including shareholders’ and share subscription agreements and our inability to comply with such covenants may result in violation of certain provisions of these agreements leading to breach of our contractual obligations.*

Our Company has entered into several agreements with its investors including various shareholders’ agreements and share subscription agreements. These covenants include:

- i. Our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, other promoter group individuals and Bennett, Coleman & Co. Limited (“BCCL”) have entered into a shareholders’ agreement dated March 10, 2008 and an amendment agreement dated December 18, 2010. Our shareholders agreement with Bennett, Coleman & Co. Limited requires us to have the Company’s shares listed on the BSE and/or NSE by March 31, 2013, failing which BCCL and our Company shall appoint a reputed consultant to value the shares of our Company and the Promoters shall either buy-back the shares or find a third party buyer to buy the BCCL shares at the price arrived at by the third part consultant or at a price not less than the price which ensures a 12% annualized return, whichever is higher.
- ii. Our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, other promoter group individuals and the Selling Shareholder have entered into a share subscription agreement dated May 12, 2007 pursuant to which our Company and the promoters shall ensure that the equity shares of our Company are listed on the BSE and/or the NSE by June 30, 2013.
- iii. Our share subscription agreement with the Selling Shareholder can be terminated at the option of the Selling Shareholder, if by June 30, 2013, conditions exist to list the Equity Shares on the BSE and/or NSE and the promoters decide not to seek such listing for their own reasons or unless such listing is postponed at the request of the Selling Shareholder.
- iv. In accordance with our shareholders agreement with the Selling Shareholder, we are required to file our red herring prospectus within 30 days of obtaining SEBI clearance.

In case we fail to comply with our obligations under these agreements we may be in breach of our contractual obligations. For further details of such agreements, please see the section titled “History and Other Corporate Matters” beginning on page 142.

9. *Investment out of the Net Proceeds in certain of our Subsidiaries may be in the form of equity or unsecured loan. Should the Company decide to make an investment through unsecured loan, in the event of default on repayment of such loan or inability of our Subsidiaries to repay such loan, our Company will not be in a position to enforce any security in order to recover such loan amounts*

Our Company proposes to infuse funds out of the Net Proceeds from the Fresh Issue in certain of our operating Subsidiaries, in order to achieve the Objects. For further details, please see the section titled “Objects of the Issue” beginning on page 88. Investment out of the Net Proceeds from the Fresh Issue in certain of our Subsidiaries may be in the form of equity or unsecured loan, including for instance, the investment by our Company in SMC Comtrade, towards margin maintenance at the various commodity exchanges that it is registered with in India. In the event of default on repayment of such loan or inability of our Subsidiaries to repay such loan, our Company will not be in a position to enforce any security in order to recover such loan amounts

10. *We face intense competition in our businesses, which may limit our growth and prospects.*

Our Company faces significant competition in all our lines of business. We compete with other Indian and foreign brokerage houses, investment banks, insurance brokers, wealth managers and distributors of financial products, operating in the market segments in which we are present. For further details, please refer to the section titled “Our Business - Competition” beginning on page 119 of this Draft Red Herring Prospectus.

We compete on the basis of a number of factors and our competitors may have advantages over us, including, but not limited to substantially greater financial resources, longer operating history than us in certain of our businesses, greater brand recognition among consumers or a larger customer base than us. Also, certain Indian and foreign commercial banks have begun offering services that we currently provide, such as broking, depository participant services, merchant banking which has increased competition. These competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures.

11. *Our growth will depend on our ability to develop our brand and failure to do so will negatively impact our ability to effectively compete in this industry.*

We believe that we need to continue to build our brand, particularly in our new businesses, like investment banking and wealth management which will be critical to achieving widespread recognition of our services. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. The brand promotion activities that we may undertake may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand. If we are unable to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

12. *We have not complied with certain corporate governance requirements mentioned under Clause 49 of the Equity Listing Agreement relating to the composition of our Board.*

Although we are currently in compliance under clause 49 of the Equity Listing Agreement, we have not complied with certain corporate governance requirements envisaged under Clause 49 of the Equity Listing Agreement, relating to the composition of our Board. The Securities Contracts (Regulation) Act, 1956 prescribes certain penalties for non-compliance with the conditions of the Equity Listing Agreement. While no penalties or suspension of trading has been imposed on us by the Stock Exchanges, we cannot assure you that such action will not be taken in the future or that we will remain in compliance with the Equity Listing Agreement. In case the Stock Exchange(s) impose any penalty or take any action against us, it may have an adverse effect on our operations and financial condition.

13. *Some of our records relating to the forms and reports to be filed with the Stock Exchange(s), including those required pursuant to various SEBI Regulations and guidelines are not traceable and we cannot assure you if these forms were duly filed on a timely basis or at all .*

We have been unable to locate copies of certain regulatory records that we are required to file under various guidelines and regulations prescribed by SEBI and/or the Stock Exchange(s), including prescribed forms and filings under Regulation 7 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Since copies of these are unavailable with us, we cannot assure you that these forms or reports were duly filed on a timely basis, or at all. We cannot assure you that records of these forms will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect. If either the Stock Exchange(s) or SEBI impose any penalty or take any action against us, it may have an adverse effect on our operations and financial condition.

14. *We have not obtained certain licenses under certain state legislations and there can be no assurance that relevant authorities will issue such licenses or approvals to us in a timely manner or at all which may adversely affect our results of operations.*

We have not obtained licenses under the relevant state legislations governing the registration of shops and establishments for our branches. There can be no assurance that the relevant authorities will issue such licenses or approvals to us or that they will be issued on time.

Further, the competent authority under the relevant state legislations governing the registration of shops and establishments, may find us in violation of the such legislation and impose statutory penalty for not obtaining the registration, which may adversely affect our results of operations.

15. *Our auditors had certain qualifications in their Audit Report for Fiscal 2010 and Fiscal 2011.*

Our auditors, for such relevant specific periods, had qualified their audit reports on our consolidated financial statements for the audited fiscal year March 31, 2010 and fiscal year March 31, 2011 and for the unconsolidated financial statements for the audited fiscal year March 31, 2011. For further details see “Financial Statements – Restated Consolidated Financial Statement – Auditor’s Report – 6 (e)” on page 286 and “Financial Statements – Restated Unconsolidated Financial Statement – Auditor’s Report – 6 (f)” of this Draft Red Herring Prospectus.

Our Auditors in their restated consolidated financial statements and restated unconsolidated financial statements, which been included in this Draft Red Herring Prospectus, have indicated that necessary adjustments pertaining to such qualifications, wherever required, have been incorporated.

16. *We operate in businesses which are subject to extensive regulatory requirements and any failure to comply with any of such regulations could subject us to penalties or sanctions.*

Our businesses are subject to extensive regulation by the SEBI, the FMC, the RBI and the IRDA and other governmental regulatory authorities. We are also regulated by industry self-regulatory organisations, stock and commodities exchanges. The regulatory environment in which we operate is also subject to change and we may be adversely affected as a result of new or revised legislation or regulations imposed by the SEBI, other governmental regulatory authorities or self-regulatory organizations. We are also subjected to periodic reviews, requests for submission of information, audit and inspections from various regulatory agencies. Non-compliance with any of these regulations and/or adverse findings may expose us to various actions by the respective authorities which may adversely affect our business operations and financial condition.

We are also subject to changes in Indian law, as well as to changes in regulations and accounting principles. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes would not adversely affect our business and future financial performance. We face the risk of significant intervention by regulatory authorities in all jurisdictions in which we conduct our business. Among other things, we could be fined, prohibited from engaging in some of our business activities or subject to limitations or conditions on our business activities.

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

17. *We engage employees on a contractual basis for carrying out certain of our operations and we are responsible for paying the wages of such employees, if the independent contractors, through whom such workers are hired, default on their obligations, which could have an adverse effect on our results of operations and financial condition.*

In order to retain operational efficiencies, we engage independent contractors who in turn engage on-site employees on a contract basis for performance of certain of our ancillary operations. As of September 30, 2012, we have engaged 846 employees on contractual basis at our office(s). Although we do not engage these employees directly, we are responsible for any wage payments to be made to such employees in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such employees on contractual basis as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, financial condition and results of operations.

18. *Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risk which could adversely affect our business and results of operations.*

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires among other things, policies and procedures properly to record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and emerging finance sector standards and practices on a cost-effective and timely manner. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will be able to successfully implement new technologies or adapt its transaction processing systems to customer requirements or emerging market standards.

Additionally, our risk management strategies and techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. We are also exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, breach of contract and other reasons. As a clearing and trading member, we settle our constituents' positions and could be held responsible for the defaults or misconduct of our constituents. Although we regularly review credit exposures to specific clients and counterparties that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect or foresee. In addition, concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect us. Also, risk management policies and procedures that we utilize with respect to investing our own funds or committing our capital with respect to investment banking, trading activities and investment advisory services activities may not protect us or mitigate our risks from those activities. If any of the variety of instruments, processes and strategies we utilize to manage our exposure to various types of risk are not effective, our business and results of operations could be adversely affected.

19. *A part of our Registered Office is not owned by us and we enjoy only a leasehold right over it. Further, most of our branches and offices are housed in leased premises. In the event we are unable to renew such lease agreements, our business, financial condition and results of operations could be adversely affected.*

A part of the premises where our Registered Office is situated have been leased to us. The term of these leases ends in October 2016. In the event we are unable to renew the lease agreements or the same are terminated by the lessors, we may suffer a disruption in our operations.

Further, except for three (3) branch offices located at Delhi, our other branch offices are housed in lease premises and can be terminated by the lessors at the end of the lease period. In case of such termination, we may encounter delay in finding suitable alternative properties in required timeframe or may not find alternatives at all. Because of the nature of our business, continuity of operations and access to facilities and systems is of critical importance. As a result, the termination, or threat of termination, of any of our leases would have a substantial disruptive effect on our business, distract our management and employees and may increase our expenses. The termination of any of our leases could have a material adverse effect on our business and our financial condition.

20. *Our business requires us to obtain and renew certain licenses and permits from government and regulatory authorities and the failure to obtain or renew them in a timely manner may adversely affect our business operations.*

Our business require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which have expired and for which we have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as the SEBI, the RBI, the Stock Exchanges and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain a certificate of registration for carrying on certain of our business activities from SEBI and other such regulatory authorities that are subject to numerous conditions. If we fail to maintain such registrations and licenses or comply with applicable conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. This could materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For more information about the licenses required by us, see the section titled “Government and Other Approvals” beginning on page 353.

21. *Some of our business is dependent on the relationships formed by our relationship managers. Any events jeopardizing these relationships including the loss of our relationship managers will lead to a decline in our sales and profits.*

Certain of our businesses is dependent on our team of relationship managers who directly manage client relationships. We encourage dedicated relationship managers to service specific clients since we believe that this leads to long-term client relationships and better cross-selling opportunities. Our business and profits would suffer materially if a substantial number of relationship managers either became ineffective or leave the organization.

22. *We face reputational risks in respect of the third party products and any non-performance by these products could adversely affect our reputation and our business.*

We distribute financial products and services of third parties including mutual fund schemes and primary market equities. Whilst we are not contractually liable for the performance of such third parties and their products, in the event of any deficiency in service by such third party and/or non-performance of some of their products, our customers who avail of such products may incur losses. We may be subject to reputational risks in such cases which could adversely affect our business and results of operations.

23. *We face risks associated with potential acquisitions, investments, strategic partnerships or other ventures that could adversely affect our results of operations.*

We may acquire or make investments in complementary businesses, technology, services or products or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. The general trend towards consolidation in the financial services industry increases the importance of our ability to successfully complete such acquisitions and investments. We may not identify suitable acquisition, investment or strategic partnerships, or if we do identify such opportunities, we may not complete those transactions on commercially acceptable terms, or at all. If we acquire another company, we could have difficulty in assimilating that company’s personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These

difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

24. Credit risk exposes us to losses caused by financial or other problems experienced by third parties.

We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. Such third parties include constituents, exchanges, clearing houses, and other financial intermediaries. These parties may default on their obligations owed to us due to insolvency, lack of liquidity, operational failure, government or other regulatory intervention or other reasons. In these circumstances, we are exposed to risks arising, for example, from holding securities of third parties; executing securities trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by constituents, exchanges, clearing houses or other financial intermediaries. Significant failures by third parties to timely perform their obligations owed to us could materially and adversely affect our financial position, our ability to borrow in the credit markets and our ability to operate our business.

25. Downturns or disruptions in the financial markets could reduce transaction volumes which may adversely affect our results of operations.

Our businesses are materially affected by conditions in the domestic and global financial markets and economic conditions in India and throughout the world. For instance, revenue generated by our broking, investment banking and advisory business is directly related to the volume and value of the transactions in which we are involved. During periods of unfavourable market or economic conditions, the volume and value of primary and secondary market transactions may decrease, thereby reducing the demand for our broking, investment banking and advisory services and increasing price competition among financial services companies seeking such engagements. A market downturn would likely lead to a decline in the volume of transactions that we execute for our customers. Any such decline in transaction volumes would lead to a decline in our revenues received from brokerage and commissions. Our results of operations would be adversely affected by any reduction in the volume or value of broking and investment banking transactions.

Many factors or events could lead to a downturn in the financial markets including war, acts of terrorism, natural catastrophes and sudden changes in economic and financial policies. These types of events could affect confidence in the financial markets and impair our ability to function effectively. Substantial portion of our revenues in recent years have been derived from capital markets activities, and although we continue to diversify our revenue sources, we expect this business to continue to account for a significant portion of our revenues in the foreseeable future. Any downturn or disruption in the securities markets and the capital markets specifically would have a material adverse effect on our results of operations. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility. Any such future volatility may have an adverse effect on market-sentiment, and hence could adversely impact our business, prospects, financial condition and results of operations.

26. We face risks attributable to derivatives trading by clients and possible inadequacy of risk management systems and policies which may affect our financial condition.

We offer our clients the facility to trade in derivative instruments in the securities, currency and commodities market as is currently permitted in India. Since by their very nature, these derivative instruments involve leveraged positions on the underlying assets, these are riskier to deal with, as compared to the other financial instruments and as such, investors and the market intermediaries are exposed to a greater risk in dealing with such instruments. We are exposed to a greater risk since we deal in such instruments on behalf of our clients and may face financial losses if we fail to manage prudently the risk of our clients' dealing in derivative instruments.

27. We are exposed to employee misconduct, fraud or errors that are difficult to detect and any such incidences adversely affect our financial condition, results of operations and reputation.

Employee misconduct, fraud or errors expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. Such employee misconduct include binding us to transactions that exceed authorized limits that present unacceptable risks to us, hiding unauthorised or unsuccessful activities and improper use of confidential information. It is not always possible to detect or deter misconduct, and the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents also commit errors that subject us to claims and proceedings for alleged negligence, as well as regulatory actions. For further details, please refer to Financial Statements – Restated Unconsolidated Financial Statement

– Auditor’s Report – 6 (f) at page 182 of this Draft Red Herring Prospectus. In such cases of employee misconduct, fraud or errors, our business, financial condition, results of operations and reputation could be adversely affected.

28. *We may not be able to sustain effective implementation of our business and growth strategies and any such failure could adversely affect our business and results of operations.*

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute our strategies in the future. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long-term business outlook.

29. *We are highly dependent on our management team and key personnel and loss of any key team member may adversely affect our business performance.*

Our business is dependent upon our core management team which oversees the day-to-day operations, strategy and growth of our business. Our success is largely dependent on the management team which ensures the implementation of our strategy. If one or more members of our key management team are unable or unwilling to continue in their present positions, such persons may be difficult to replace and our business, prospects, financial condition and results of operations could be adversely affected. In addition, our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate appropriately qualified personnel. Our failure to successfully manage our personnel needs could materially adversely affect our business, prospects, financial condition and results of operations. If we are unable to address these risks, our business, financial condition and results of operations could be adversely affected.

30. *A major part of our branch network is concentrated in northern India and any disruption or downturn in the economy of the region would adversely affect our operations.*

As of September 30, 2012, we service our broking clients through a network of 43 branches, majority of which are located in the north India. Any disruption, disturbance or breakdown in the economy of northern India could adversely affect the result of our business and operations. Our concentration in northern India exposes us to adverse economic or political circumstances that may arise in that region as compared to our peers that have diversified national presence. If there is a sustained downturn in the economy of northern India, our financial position may be adversely affected.

31. *Our operations and infrastructure may malfunction or fail which may result in financial loss, disruption of our businesses, liability to clients, regulatory intervention or damage to our reputation.*

Our businesses are highly dependent on our ability to process, on a daily basis, a large number of increasingly complex transactions across diverse markets. Our broking terminals, financial, accounting or other data processing systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. If any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes, people or systems, it could affect our liquidity or result in financial loss, disruption of our businesses, liability to clients, regulatory intervention or damage to our reputation.

We also face the risk of operational failure of any of our infrastructure and support service providers, including exchanges, clearing houses or other financial intermediaries, or our telecom linkage providers, that we use to facilitate our securities transactions. Any such failure or termination could adversely affect our ability to effect transactions and to manage our exposure to risk.

In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which we are located. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with which we conduct business, whether due to fire, other natural disaster, power or communications failure, act of terrorism or war or otherwise. Insurance policies to mitigate these risks may not be available or may be more expensive than the

perceived benefit. Further, any insurance that we may purchase to mitigate certain of these risks may not cover our loss.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a data security impact. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

32. We rely extensively on our information technology systems and we do not have a disaster recovery set-up in place, which could harm our operations and adversely impact our business.

We use information systems and the Internet to deliver services to and perform transactions on behalf of our customers. Although we believe this approach is highly time-saving and cost-effective, we depend extensively on the capacity and reliability of the electronic systems supporting our operations. To date we have not experienced widespread disruptions of service to customers, but there can be no assurance that we will not encounter disruptions in the future due to substantially increased numbers of customers and transactions or for other reasons. Although we have a business continuity plan in place, we may experience system interruptions, errors or downtime or may be unable to develop necessary technology because of which our business, prospects, financial condition and results of operations could be materially adversely affected. Our hardware and software are also subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events or the loss of support services from third parties such as Internet backbone providers. As we use third party technology solutions for facilitating our customers to trade online platforms, through their terminals, mobile and tablet devices, we rely on such technology providers for maintenance of their respective products. Any exceptions on their part may result in our operations being adversely affected.

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

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

We depend to a large extent on our relationships with our clients and if a client is not satisfied with our services, it may be more damaging in our business than in other businesses. Moreover, our role as advisor to our clients on wealth management services, and advisory transactions, such as private equity syndication, mergers and acquisitions and public offerings, involves complex analysis and the exercise of professional judgment. Our activities may subject us to the risk of significant legal liabilities to our clients and aggrieved third parties, including shareholders of our clients who could bring securities class actions against us. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Our engagements typically include broad indemnities from our clients and provisions to limit our exposure to legal claims relating to our services, but these provisions may not protect us or may not be enforceable in all cases. As a result, we may incur significant legal expenses in defending against litigation.

34. Our results of operations could be adversely affected by any disputes with employees.

As of September 30, 2012, we employed 2,594 people across our Company and its subsidiaries. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

35. *We have entered into a number of related party transactions.*

We have entered into a number of related party transactions. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For further details, see the section titled “Financial Statements” beginning on page 182.

36. *Our Promoters and Promoter Group will continue to hold a majority of our Equity Shares after the Issue and can significantly influence our corporate actions.*

Following the completion of the Issue, our Promoters and Promoter Group entities will own an aggregate of 54.78% of our issued and paid-up Equity Share capital. They have, and will continue to have, considerable influence over our business and may take actions that do not reflect the will or best interests of the other shareholders. The Promoter Group has the ability to control our business including matters relating to any sale of all or substantially all of its assets, the timing and distribution of dividends and the election or termination or appointment of its officers and directors. By virtue of its shareholding, the Promoter Group can exercise substantial influence over the Board and over matters that are put to a shareholder vote. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if it is in the best interest of our shareholders.

37. *We may require further funding which may be financed through debt instruments or equity issuance, which may lead to leverage, dilution of equity and may affect the market price of our Equity Shares.*

We may need other sources of financing to meet our business needs which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. We may need to raise additional capital from time to time, depending on our business requirements. Any fresh issue of shares or convertible securities would dilute existing holders, and such issuance may not be done at terms and conditions, which are favourable to the then existing shareholders of our Company.

If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants, which could further limit our ability to access cash flows from our operations. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our expansion plans. Our business and future results of operations may be adversely affected if we are unable to implement our expansion strategy and may affect the market price of our Equity Shares.

38. *We are exposed to many risks in our operations and we may not have sufficient insurance coverage to cover our economic losses.*

We are exposed to many risks in our operations including, but not limited to the breakdown, failure or substandard performance of network equipment, third party liability claims, labour disturbances, employee frauds, infrastructure failure and terrorist activities. Further, our insurance coverage may not be sufficient in certain circumstances including, those involving claims by third parties and litigation. We are also exposed to potential liability risks that are inherent in our various businesses. We cannot assure you that our operations will not be affected by any of the abovementioned incidents and hazards. In the event that our insurance policies and indemnity agreements are insufficient to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments which could have an adverse effect on our financial condition and results of operations.

There have been instances in the past where we have been unable to recover claims from insurance companies towards our monetary claims on grounds such as gross negligence of our terminal operators and delay in reporting the trade cancellations. We cannot be certain that such rejections of our insurance claims, in full or in part, will not be repeated in the future.

39. *Our Company has limited ability to protect our intellectual property and may be subject to third party claims and if we are unable to protect such intellectual property, our business could be adversely affected.*

We were assigned various intellectual properties vide a deed for partial assignment of trademarks and copyrights wherein our Company obtained ownership rights to the extent 60% and post-merger with Sam Global our Company's ownership on intellectual properties has increased to 80%, the balance being owned by our Promoters, Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta. Our Company has applied under a recordial application on TM 24 of registered trademarks dated June 08, 2011 pursuant to the merger between SAM Global Securities Limited to transfer 30 trademarks and two (2) copyrights its name. Further, we have applied for a trademark for the SMC logo under class 9 on June 2, 2006 vide an application number 1460394. Our efforts to protect our intellectual property rights may not be adequate and any third party claim on any of our unprotected intellectual property may lead to erosion of our business value and our operations could be adversely affected.

We are in a business where customer trust is critical and if the customers no longer identify us, it may affect our financial condition and result of operation. We also operate in a competitive environment where retention and recognition will be a significant element of our business strategy.

Our Company may need to litigate in order to protect our intellectual property or to prevent unauthorized use of the same. Any such litigation could be time consuming and costly and a favourable outcome cannot be guaranteed. In addition, our Company may not be able to detect any unauthorized use or take appropriate and timely steps to protect our intellectual property rights. Our inability to protect the same could adversely affect our business. We cannot provide any assurance that third parties will not infringe upon our trademark, trade names logos or brand names, copyrights and thereby cause damage to our business prospects, reputation or goodwill. For more details on the trademarks and copyrights registered in the name of our Company, please refer to the section titled "Government and Other Approvals" on page 353 of the Draft Red Herring Prospectus.

40. Our strategic alliances and non-exclusive arrangements in relation to our operations may not result in the desired benefits and may affect our financial condition adversely.

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

41. Our operations involve many risks and we may not have sufficient insurance coverage to cover our economic losses as well as certain other risks including those pertaining to claims by third parties and litigation.

Operating financial services involves many risks and hazards which may adversely affect our profitability, including breakdown, failure or substandard performance of network equipment, third party liability claims, labour disturbances, employee frauds, infrastructure failure and terrorist activities.

Further, our insurance may not provide adequate coverage in certain circumstances including those involving claims by third parties and litigation and is subject to certain deductibles, exclusions and limits on coverage. We are also exposed to potential liability risks that are inherent in the business of financial services. We cannot assure you that the operation of our business will not be affected by any of the incidents and hazards listed above. If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our financial condition and results of operations may be adversely affected.

In addition, our Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims. There have been instances in the past where we have not been able to recover claims from insurance companies towards our monetary claims on the ground of gross negligence of terminal operator, delay in reporting the trade cancellations etc. We cannot be certain that such rejections of our insurance claims in full or in part, will not be repeated in future and which may have a material adverse affect to our business.

42. Our Contingent Liabilities could adversely affect our financial condition.

We have not provided for certain contingent liabilities as on July 31, 2012 and March 31, 2012, which if materialise could adversely affect our financial position. Our contingent liabilities where quantifiable on consolidated basis as on July 31, 2012 and March 31, 2012 is as follows:

<i>(Amount in ₹ crore)</i>		
Particulars	For the four months ended July 31, 2012	As of March 31, 2012
ESI Demand in dispute	0.31	0.31
On account of sales tax demand	0.61	0.53
Total	0.92	0.84

If a significant portion of these liabilities materialise, it could have an adverse effect on our business, financial condition and results of operations. For further information on our contingent liabilities, see the section titled “Financial Statements” beginning on page 182.

43. We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing the business.

The agreements governing our existing indebtedness contain restrictions and limitations, such as restriction on, utilization of facility solely for the purpose sanctioned, incurring further indebtedness, creating further encumbrances on our assets, effecting any scheme of amalgamation or restructuring and undertaking guarantee obligations. In addition, some of these borrowings may contain financial covenants, which require us to maintain, among other matters, positive net worth. We cannot assure you that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. Further, under one of our loan agreements, in the event of a default the lender has the right to appoint a nominee director. In any event, an event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

44. We have not entered into any definitive agreements to monitor the utilization of the Issue Proceeds.

As per the SEBI Regulation, appointment of monitoring agency is required only for Issue size above ₹ 500 crore. Hence we have not appointed any monitoring agency and the deployment of Net Proceeds as stated in the section titled “Objects of the Issue” beginning on page 88 of the Draft Red Herring Prospectus is not subject to monitoring by any independent agency.

The management of our Company, in accordance with policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes towards Objects, our Company intends to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, or deposits with banks for the necessary duration, as may be approved by the Board of Directors or a committee thereof. For further details please refer the section titled “Objects of the Issue” beginning on page 88.

45. Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified the data in this Draft Red Herring Prospectus derived from industry publications and other third party sources and therefore we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other countries. Therefore, in discussions of matters relating to India, its economy and our industry in this Draft Red Herring Prospectus, the statistical and other data upon which such discussions are based may be incomplete or unreliable. In addition, internal company reports have not been verified by independent sources and may be incomplete or unreliable.

46. Conflicts of interest may arise out of common business objects shared by our Company and certain of our Group Companies. There can be no assurance that such Group Entities will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours.

Some of our Group Companies are involved in businesses that are similar to our business or could offer products that are related to our business, which could lead to potential conflicts of interest. Two of our group

companies, Jai Ambey Share Broking Limited and SMC Share Brokers Limited, are registered as stock brokers and having a membership on the Delhi Stock Exchange Limited. The memorandum of association of each of these entities entitles each of them to undertake and carry out businesses that are similar or related to our business. There can be no assurance that these companies forming part of the Group Companies will not provide comparable services, expand their presence or acquire interests in competing ventures in the locations in which we operate. As a result, a conflict of interest may occur between our business and the business of our Group Companies which could have an adverse effect on our operations.

Further, there may be conflicts of interest in addressing business opportunities and strategies where other companies in which our Promoters, our Promoter Group and Group Companies have equity interests are also involved. In addition, new business opportunities may be directed to these affiliated companies instead of us leading to loss of our business and revenues.

47. We routinely engage in arbitrage and trading opportunities using our own capital.

Our business operations include trading and arbitrage which requires a commitment of our own capital. We allocate capital towards such proprietary trading activities based on an internal assessment of our risk appetite. Adverse market conditions, error in judgement or assessment of risk, or any other malafide representation of trade positions by our proprietary traders, or any other human or mechanical errors may result in an erosion of our capital and affect our financial conditions.

48. The interests of our Directors may cause conflicts of interest in the ordinary course of our business.

Conflicts may arise in the ordinary course of decision-making by our Board. Some of our non-Executive Directors may also be on the board of directors of certain companies engaged in businesses similar to our business. In accordance with the procedure laid down in the Companies Act, our Directors are required to disclose any conflict of interest to our Board, following which they are allowed to participate in any discussions concerning the matters tabled before our Board. Further, certain of our Directors also hold Equity Shares and are interested to the extent of any dividend payable to them in respect of the same. For details, see the section titled “Our Management – Shareholding of the Directors” on page 155. There is no assurance that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in the future

49. Our Company has applied for the MCX-SX registration as a trading member for the equity (cash and derivatives) segment for which we intend to deploy part of proceeds from Objects of the Issue. Any delay or non-receipt of the required approval may adversely affect our future strategy and business prospects of our Company.

Our Company has made an application to the MCX-SX on September 6, 2012, to register us as a trading member in the equity (cash and derivatives) segment. We intend to deploy part of our funds raised from the Fresh Issue towards margin maintenance in MCX-SX, as soon as we receive the trading member registration. However, till the date of this Draft Red Herring Prospectus, we have not received the necessary approval to commence trading on the equity (cash and derivatives) segment of MCX-SX. Any delay or non-receipt of the said approval from MCX-SX could adversely affect our plans and deployment of the Net Proceeds from the Fresh Issue. Additionally, as we do not have a long operating history in the equity (cash and derivatives) segment on MCX-SX, which is relevant to an evaluation of our business plans, we cannot assure you that we will be able to generate adequate business from trading on MCX-SX or that such trading will yield the benefits that we anticipate.

50. We have taken certain loans including unsecured loans, which may be recalled by our lenders at any time.

Certain of our indebtedness can be recalled at any time. These loans can be recalled at any time. In addition, certain of our secured loans can also be recalled by our lenders at any time. If our lenders exercise their right to recall a loan, it could have a material adverse affect on our financial position. For further details of our unsecured loans, please refer to the section titled “Financial Indebtedness” beginning on page 314.

51. We have made a bonus issue in the last one year

During the last one year, we have allotted bonus shares in the ratio of 1:1 by capitalizing securities premium reserve on August 11, 2012. Consequently subscribed share capital was increased from ₹ 11.31 crore (5,65,67,225 Equity Shares of ₹ 2 each) to subscribed equity share capital of ₹ 22.63 crore (1,31,34,450 Equity Shares of ₹ 2 each). For further details, please see the section titled “Capital Structure” on page 68.

EXTERNAL RISK FACTORS

Risks relating to India

52. *Political instability or changes in the Government could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.*

We are incorporated in India, derive the substantial majority of our revenues from operations in India and almost all of our assets are located in India. Consequently, our performance and the market price of Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the GoI’s policies, including taxation.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. However, there can be no assurance that such policies will be continued and any significant change in the GoI’s policies in the future could affect our business and economic conditions in India in general. In addition, as economic liberalisation policies have been a major force in encouraging private funding in the Indian economy, any change in these policies could have a significant impact on business and economic conditions in India, which could adversely affect our business and our future financial condition and the price of our Equity Shares. In addition, any political instability in India or geo-political stability affecting India may adversely affect the Indian economy and the Indian securities markets in general, which could affect the price of our Equity Shares.

53. *The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.*

We may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI in January 2010. The convergence of certain Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2011. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved.

Our financial condition, results of operations, cash flows or changes in shareholders’ equity may appear materially different under IFRS than under Indian GAAP. This may have an impact on the amount of income recognised during that period and in the corresponding period in the comparative period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

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

The Competition Act is designed to prevent business practices that have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market or number of customers in the market is presumed to have an appreciable adverse effect on competition. Further, if it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person will be guilty of the contravention and liable to be punished.

The provisions of the Competition Act relating to combinations were notified on March 4, 2011 and came into effect on June 1, 2011. The Competition Commission of India (the “CCI”) may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under the Competition Act. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the CCI and any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may have a material adverse effect on our business, financial condition and results of operations.

55. *A slowdown in economic growth in India could adversely impact our business. Our performance and the growth of our business are necessarily dependent on the performance of the overall Indian economy.*

Any slowdown in the Indian or global economy could adversely affect our customers and the growth of our business, which in turn could adversely affect our business, financial condition and results of operations.

India’s economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors’ reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The recent global financial turmoil, which grew out of the sub-prime mortgage crisis in the United States and the subsequent sovereign debt crisis in Europe, as well as the recent downgrade of the United States’ credit rating and Italy’s sovereign rating by Standard & Poor’s and the threat of further downgrades of other countries, led to a loss of investor confidence in worldwide financial markets. Indian financial markets also experienced the effect of the global financial turmoil, evident from the sharp decline in benchmark indices. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby having a material adverse effect on our business, financial condition and results of operations.

56. *Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.*

Investors are subject to currency fluctuation risk and convertibility risk since the Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian rupees. In addition, foreign investors that seek to sell Equity Shares will have to obtain approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. The volatility of the Indian rupee against the U.S. dollar and other currencies subjects investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks.

57. *Unfavourable changes in legislation, including tax legislation, or policies applicable to us could adversely affect our results of operations.*

The Finance Minister has presented the Direct Tax Code Bill, 2010 (“DTC Bill”) on August 30, 2010, which is proposed to be effective from April 1, 2013. On the finalisation of the DTC Bill and on obtaining the approval of the Indian Cabinet, the DTC Bill will be placed before the Indian Parliament for its approval and notification as an Act of Parliament. Accordingly, it is currently unclear what effect the Direct Tax Code would have on our financial statements. If the DTC Bill is passed in its entirety and we are affected, directly or indirectly, by any provision of the Direct Taxes Code, or its application or interpretation, including any enforcement proceedings initiated under it and any adverse publicity that may be generated due to scrutiny or prosecution under the Direct Taxes Code, it may have a material adverse effect on our business, financial condition and results of operations.

In addition, upon the passing of the Companies Bill 2009 by the Indian legislature the regulatory framework may undergo a change which may affect our operations.

58. *Investors may not be able to enforce a judgment of a foreign court against us or our management.*

The enforcement by investors in our Equity Shares of civil liabilities, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that we are incorporated under the laws of the Republic of India and almost all of our executive officers and Directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are also located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons outside of India or to enforce outside of India, judgments obtained against us and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code respectively. The GoI has under Section 44A of the Civil Procedure Code notified certain countries as reciprocating countries, as discussed below. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, between the same parties or between the parties whom they or any of them claim are litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a court in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. The United Kingdom and some other countries have been declared by the Government to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the Government to be a reciprocating territory for the purposes of Section 44A. A judgment of a court in the United States may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Procedure Code and not by proceedings in execution.

The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

59. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect investors' ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.*

Subsequent to listing, the Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker

and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of investors to sell Equity Shares or the price at which investors may be able to sell their Equity Shares.

60. *Our ability to raise foreign currency borrowings may be constrained by Indian law.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition and results of operations. Also see the section titled “Risk Factors-Internal Risk Factors” on page 13 for additional details.

61. *Economic developments and volatility in securities markets in other countries may also cause the price of our Equity Shares to decline.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors’ reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of fiscal 2008 and 2009, and the recent sovereign debt crisis in Europe and the United States, adversely affected market prices in the world’s securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

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

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. 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 jurisdiction on a gain upon the sale of the Equity Shares.

63. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on our business, financial condition and results of operations and the price of our Equity Shares.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our Equity Shares would trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the attacks in Mumbai in November 2008 and July 2011, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

64. *India is vulnerable to natural disasters that could severely disrupt the normal operation of our business.*

India has experienced natural calamities, such as tsunamis, floods, droughts and earthquakes in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, the erratic progress of the monsoon in 2004 and 2009 affected sowing operations for certain crops. Such unforeseen circumstances of below normal rainfall and other natural calamities, could have a negative impact on the Indian economy. Because our operations are located in India, our business and operations could be interrupted as a result of a natural disaster in India, which could affect our business, financial condition, results of operations and the price of our Equity Shares.

65. *An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.*

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business, financial condition, results of operations and the price of our Equity Shares. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business, financial condition, results of operations and the price of our Equity Shares.

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

The Companies Act and related regulations, the Articles of Association and our Equity Listing Agreements govern our corporate affairs. Legal principles relating to these matters and the validity of 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 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 a shareholder than as a shareholder of a corporation in another jurisdiction.

67. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.*

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect our future financial condition. On the other hand, high levels of foreign funds inflow could add excess liquidity to the system, leading to policy interventions, which would also allow slowdown of economic growth. In either case, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect our business, prospects, financial condition, results of operations, and the price of the Equity Shares.

68. *Companies operating in India are subject to a variety of central and state government taxes and surcharges.*

Tax and other levies imposed by the central and state governments in India that affect our tax liability include: central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For example, a new direct tax code is proposed to be introduced before the Indian Parliament. In addition, there is a proposal to introduce a new goods and services tax, effective April 1, 2013, and the scope of the service tax is proposed to be enlarged. The central or state governments may in the future increase the corporate income tax and other taxes they impose. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

69. *Investors may be adversely affected due to retrospective tax law changes by the Indian government affecting us.*

Certain recent changes to the Income Tax Act provide that income arising directly or indirectly through the sale of a capital asset of an offshore company, including shares, will be subject to tax in India, if such shares derive indirectly or directly their value substantially from assets located in India. The term "substantially" has not been

defined under the Income Tax Act and therefore, the applicability and implications of these changes are largely unclear. Due to these recent changes, investors may be subject to Indian income taxes on the income arising directly or indirectly through the sale of the Equity Shares. In the past, there have been instances where changes in the Income Tax Act have been made retrospectively and to that extent, there cannot be an assurance that such retrospective changes will not happen again.

Risks relating to this Issue

70. *There has been no trading in our Equity Shares since last four years.*

The Equity Shares of our Company have not been traded for past four years in any of the stock exchange(s) where it is currently listed. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold through this issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

71. *After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not be sustained.*

The price of our Equity Shares on the Stock Exchanges may fluctuate after this Issue due to a wide variety of factors, including:

- (i) volatility in the Indian and global securities markets;
- (ii) our operational performance, financial results and capacity expansion;
- (iii) developments in India's economic liberalisation and deregulation policies;
- (iv) changes in India's laws and regulations impacting our business;
- (v) changes in security analysts' recommendations or the failure to meet the expectations of securities analysts; and
- (vi) the entrance of new competitors and their positions in the market.

Further, there can be no assurance that the prices at which our Equity Shares have historically traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

72. *There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.*

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been transferred by the Selling Shareholder pursuant to the Issue. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the final approval for listing and trading from the Stock Exchanges would restrict your ability to transfer the Equity Shares.

73. *There may be press coverages about this Issue. You should read this Draft Red Herring Prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward-looking information.*

There may be press coverages about us and this Issue, primarily in India, that included certain projections, valuations and other forward-looking information. We wish to emphasise to potential investors that we do not accept any responsibility for the accuracy or completeness of such press articles and that such press articles were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information, or of any assumptions underlying such projections, valuations or other forward-looking information, included in or referred to by the media. Any such statements may be inconsistent with, or conflict with, the information contained in this Draft Red Herring Prospectus. Accordingly, you should only make your decision as to whether to purchase our Equity Shares by relying only on the financial, operational and other information contained in this Draft Red Herring Prospectus.

Prominent Notes:

- Public Issue of 1,58,67,380 Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] crore consisting of a Fresh Issue of 79,33,690 Equity Shares aggregating to up to ₹[●] crore and an Offer for Sale of 79,33,690 Equity Shares by the Selling Shareholder aggregating up to ₹ [●] crore.
- As of July 31, 2012, the net worth of our Company was ₹ 532.06 crore in accordance with the restated consolidated financial statements and ₹ 513.36 crore in accordance with the restated unconsolidated financial statements.
- As of July 31, 2012, the net asset value per Equity Share was ₹ 47.03 in accordance with the restated consolidated financial statements and ₹ 45.38 in accordance with the restated unconsolidated financial statements.
- The average cost of acquisition of Equity Shares of our Company by each of its Promoters is as tabulated below:

Promoter	Cost of acquisition (₹ per Equity Share of face value ₹ 2)
Mr. Subhash Chand Aggarwal	1.91
Mr. Mahesh Chand Gupta	1.92
Ms. Sushma Gupta	1.76
Mr. Damodar Krishan Aggarwal	1.00

For details of acquisition of Equity Shares by the Promoter, please see the section titled “Capital Structure” on page 68.

- Except for Pulin Investments Private Limited, Jai Ambey Share Broking Limited and Shivraj Exim Private Limited who hold Equity Shares in our Company, none of our Group Companies have any business or other interests in our Company. For details of transaction with these Group Companies, please see the section titled “Financial Statements - Related Party Transactions” on page 182.
- For details of related party transactions entered into by our Company with our Subsidiaries and Group Companies during the last financial year, the nature of transactions and the cumulative value of transactions, please see the section titled “Financial Statements - Related Party Transactions” on page 182.
- There has been no financing arrangement whereby the Promoter Group, the directors of the Promoter, the Directors, and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period from six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.
- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaint pertaining to the Issue.

SECTION III – INTRODUCTION

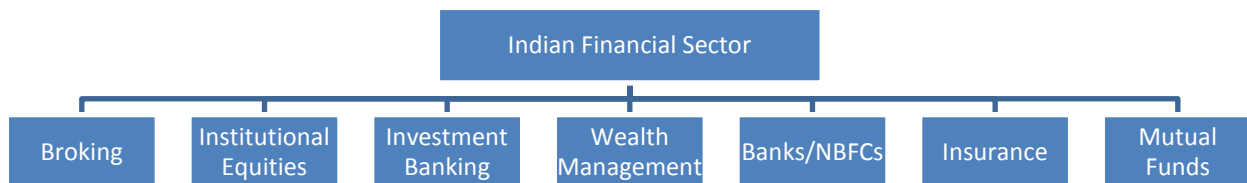
SUMMARY OF INDUSTRY

The information presented in this section has been obtained from publicly available documents from various sources including stock exchange and industry websites and from publications and government and company estimates. This includes the information available on the websites of, in the reports or adapted from the reports of and/or from the databases of, the Central Statistical Organisation, Government of India (“CSO”); the Ministry of Statistics and Programme Implementation (“MOSPI”); “Fact Book” from Department of Economic Affairs, Ministry of Finance, Government of India, June 2012. These reports have not been independently verified by our Company and Book Running Lead Managers or their respective affiliates, their legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Certain financial and other numerical amounts specified in this section have been subject to rounding adjustments; figures shown as totals may not be the arithmetic aggregation of the figures which precede them. 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, underlying assumptions are not guaranteed and their reliability cannot be assured. Certain data has been reclassified for the purpose of presentation and should be treated with appropriate caution.

Indian Financial Services Sector

The Indian financial system has changed considerably over the past fifteen years. Interest rates have been deregulated and competition and efficiency in the banking business has increased with new entrants being allowed. India has made substantial progress on adopting the G20 reforms agenda including Basel III norms, convergence with IFRS, compensation reforms, cross-border supervision and regulation of non-banking intermediaries.

The financial sector can be broadly classified into the following segments as below:



Performance and Outlook of the various sub-segments in the Indian Financial Services space

Capital Markets

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

Capital market can be typically segregated into two major segments:

1. Primary market (new issues, offer for sale)

2. Secondary market (trading of stocks/ bonds)

Primary Markets

Primary markets create a flow of new securities to the securities market. This is achieved through public offerings of debt or equity or a composite structure of debt and equity to the investors. Here the issuer of securities raises the funds to meet its funding requirements. Primary market offerings could either be in the form of public offerings or private placements. The issuers here could include corporate, Government, municipal

Secondary Market

Stock Exchanges provide the platform and the mechanism for effecting transactions between different market participants. The depth of the market is determined by a number of factors such as liquidity of the instruments traded, the number of market participants, types of instruments traded, settlement practices etc. The market

Currency Derivatives at NSE, MCX-SX and USE

During FY 2012, the yearly turnover of currency derivatives at NSE increased by 35.52% to ₹ 46,74,990 crore as compared to ₹ 34,49,788crore in FY2011. Further, at MCX-SX, the yearly turnover of currency derivatives decreased by 11.10% to ₹ 37,32,446crore in FY2012 from ₹ 41,94,017crore in FY 2011. At the end of FY 2012, the turnover of currency derivatives at USE stood at ₹ 14,88,978crore.

Commodity Market

The commodity related financial assets were introduced in India in 2003 with the introduction of exchanges and aimed at supporting small farmers, traders and exporters to minimize their risk in future market and for price discovery of their produce. As on March 2012, the forward trading is being regulated in 113 commodities, including agricultural and non-agricultural commodities, at 21 recognised commodity exchanges, Of which, 5 are the National Commodity Exchanges and 16 Regional Commodity Exchanges. Forward Market Commission has always taken various initiatives regarding regulations of the commodity markets to improve the market

Depository Services and Depository Participants

The Depositories Act was passed in 1996 which allow companies and investors to issue, hold and transact in securities through a depository. There are currently two depositories operational in India, National Securities Depository Limited. (“**NSDL**”) and Central Depository Services (India) Limited (“**CDSL**”). The securities can be dematerialised at the time of issue or subsequently.

The investor’s interface with the depository happens through an entity called the depository participant (“**DP**”). The DPs are appointed by the depository to act as their agents or contact points for the investor. The investor has to open a depository account through the DP to avail of the services offered by the depository. DPs are appointed by the depository with the approval of SEBI.

Debt Market

The debt market is a market where fixed income securities are issued by the Central and state governments, municipal corporations, government bodies, and commercial entities like financial institutions, banks, public sector units, and public limited companies. It includes government securities, public sector undertakings, other government bodies, financial institutions, banks, and companies. Typically, Debt Instruments are categorized as: (i) Government of India dated Securities (G-Secs) and (ii) Corporate debt market. The following debt instruments are available in the corporate debt market: Non-Convertible Debentures; Partly-Convertible Debentures/Fully-Convertible Debentures (convertible into Equity Shares), Secured Premium Notes, Debentures with Warrants, Deep Discount Bonds, PSU Bonds/Tax-Free Bonds.

Wealth Management

The Wealth Management industry in India is a prime example of the success of free competition in the country. Wealth Management is one of the fastest growing disciplines of the banking sector and with a strong GDP growth rate and a strong future outlook, India's growth story is making it an increasingly attractive market for wealth management firms.

Asset Management

Mutual Fund Assets under Management:

The Indian mutual fund industry's average assets under management (AUM) grew for the first time in the past four quarters; average AUM rose by 4% or ₹ 27,400 crore to ₹ 6.92 lakh crore in the April-June 2012 quarter from ₹ 6.65 lakh crore in the previous quarter (excluding domestic fund of funds or FoFs).

Investment Banking

Indian companies have been increasingly raising funds from both domestic and international equity and equity linked and international debt capital markets. In addition, the pace of private equity activity has accelerated over the past few years. There has also been a significant increase in merger and acquisition activity by Indian companies in recent years particularly in the outbound segment. Financial Year 2010 was a remarkable year for India M&A market, as the total deal value was USD 31.4 billion, which is the highest in the time frame 2008-2012* . Amid global uncertainties, both the Deals value and volume dropped in 2011. However, strong bounce back could be noticed in the first quarter of 2012. By end of March 2012, the deal value had already reached USD 10.7 billion with 239 number of deals.

Indian insurance sector

The insurance industry in India consists of 51 insurance companies of which 24 are in life insurance business and 27 are non-life insurance companies.

SUMMARY OF BUSINESS

Overview

We are a well-diversified financial services company in India offering services across brokerage (across the asset classes of equities (cash and derivatives), commodities and currency), investment banking, wealth management, distribution of third party financial products, research, financing, depository services, insurance broking and clearing services to corporate, institutional, high net worth individuals and other retail clients. As of September 30, 2012, we service our broking clients through a network of 43 branches and 2,521 registered sub-brokers and authorized persons spread in more than 500 cities and towns. We have also established an office in Dubai for brokerage and trading activities in that region.

Established in 1994, our Company has a long track record in the financial services industry in India. Our Company's Shares were offered to the public through an initial public offering in 1995, and are currently listed on the Delhi Stock Exchange Limited, Ludhiana Stock Exchange Limited, Calcutta Stock Exchange Limited, Ahmedabad Stock Exchange Limited and the Guwahati Stock Exchange Limited.

Over the years, we have diversified our product and service offerings through a mix of organic growth and strategic transactions. Our products and services can be broadly classified under the following heads:

- Brokerage and commission business, which comprises of equity brokerage, commodity brokerage, currency brokerage, insurance broking, distribution of financial products, depository and clearing services;
- Capital business, which comprises of trading and arbitrage business and treasury and financing operations; and
- Advisory business, which comprises of investment banking, wealth management and research services.

We are structured to operate our current businesses through the following entities:

Business Entity	Primary business focus	Ownership of SMC Global	Memberships / Registration
SMC Global Securities Limited	• Equities - Cash and Derivatives brokerage, • Currency brokerage, • Trading and Arbitrage, • Depository services, • Clearing services, and • Distribution of financial products.	-	Stock Broker (Equities – Cash and Derivatives, Currency) membership of: • NSE, • BSE, • MCX-SX*, • USE, • OTCEI, and • Ludhiana Stock Exchange. Depository Participant registration of: • NSDL and • CDSL. AMFI registered mutual fund distributor.
SMC Comtrade Limited	• Commodities brokerage, • Trading and Arbitrage, and • Clearing services.	100%	Commodity broker membership of: • NCDEX, • MCX, • NMCE, • ICEX, • ACE, • NCDEX-Spot, and • National-Spot Exchange.

Business Entity	Primary business focus	Ownership of SMC Global	Memberships / Registration
SMC Comex International DMCC		100%**	DGCX
SMC Insurance Brokers Private Limited	Insurance broking (life and non-life)	97.58%**	IRDA registered direct insurance broker.
SMC Investment & Advisors Limited	Wealth management	50% + 1 share	SEBI registered portfolio management services; SEBI registered sub-broker; and AMFI registered mutual fund advisor.
SMC Capitals Limited	Investment banking and advisory	100%	SEBI registered Merchant Banker.
Moneywise Financial Services Private Limited	Financing services	100%	RBI registered NBFC (non-accepting deposits).

* Currently valid for the currency segment and we have applied for the equity and derivatives segment on September 6, 2012.

**Through SMC Comtrade Limited

Our total consolidated operating income for the four months ended July 31, 2012, and the fiscal years 2012, 2011 and 2010 was ₹ 96.30 crore, ₹ 280.94 crore ₹ 291.83 crore and ₹ 264.84 crore, respectively. Our revenue mix across the categories for the four month period ending July 31, 2012 and the last three fiscal years is as follows:

	Four months ended July 31, 2012	Fiscal year 2012	Fiscal year 2011	Fiscal year 2010
Brokerage and Commission Business	48.38	148.18	164.96	149.36
Capital Business				
<i>Trading and Arbitrage Income</i>	38.48	101.97	104.90	99.03
<i>Treasury and Financing Income</i>	8.88	25.72	17.38	15.28
Advisory Business	0.56	5.07	4.59	1.17
Total	96.30	280.94	291.83	264.84

For the fiscal year 2012, our overall market share, as a clearing and trading member, in the equity cash segment was approximately 2.69% and 1.39% of the total turnover of NSE and BSE, respectively and our market share in the equity derivatives segment was approximately 5.68% and 21.67% of the total turnover of NSE and BSE, respectively (calculated by estimating derivatives turnover using Strike Price). For the fiscal year 2012, our overall market share, as clearing and trading member, in the commodity segment was approximately 8.28% and 17.80% of the total turnover of MCX and NCDEX, respectively. For the fiscal year 2012, our overall market share as clearing and trading member, in the currency segment was approximately 2.56% and 1.80% of the total turnover of MCX-SX and NSE (currency), respectively.

Over the past few years, we have been awarded:

- Best Equity, Best Derivatives and Broker with largest distribution network by BSE-D&B Equity Awards for the year 2012.
- Our research team has received award of best equity research analyst in IPO segment – 2012 and viewer's choice award of best commodity research analyst – 2012 from Zee Business 'India's Best Market Analyst Awards 2012'.
- India's Best Currency Broker Award for the years 2012 and 2011 by Bloomberg-UTV.
- Selected as top broker under 'Broking house with the largest distribution network' by BSE-D&B Equity Awards for the year 2011.
- Selected as top broker under 'Broking house with the largest distribution network' and 'Best equity broking house' by BSE-D&B Equity Awards for the year 2010.
- 'Best Wealth Management Company in India' by Business Sphere for the year 2011.
- 'Learning and Talent Technology Excellence' by Star News HR and Leadership Awards in February 2012.
- 'India's Fastest Growing Retail Distribution Network in Financial Services by Business Sphere for the year 2010.
- 'Major Volume Driver' award by the BSE Limited for 3 years consecutively (2004-05, 2005-06 and 2006-07).

Competitive Strengths

We believe the following are our core competitive strengths:

Wide range of financial products and services

Through a wide-range of products and services, we cater to corporate, institutional, high net worth individuals and other retail clients. We offer broking and commission generating products and services across various asset classes such as equity, commodities and currency, and other services such as depository services, clearing services, insurance broking, and the distribution of third-party financial products. We also offer advisory services to our clients through investment banking, research and wealth management services.

We believe we are amongst the leading financial institutions in India in the broking and financial products distribution segment. We believe our ability to identify emerging trends in the Indian capital markets sector and creating business lines and service offerings around them, has given us a competitive edge over other participants in the industry. We believe the wide range of products and services that we offer enables us to build stronger relationships with our clients and cross sell our products. In addition, our diverse portfolio reduces our dependence on any particular product, service or customer and allows us to exploit synergies across our businesses.

Large and diverse distribution network

As of September 30, 2012, we service our broking clients through a network of 43 branches and 2,521 registered sub-brokers and authorized persons spread in more than 500 cities and towns. In order to expand our network in India and efficiently monitor our operations, we have established our own branches at all major cities, which then look after the operations of the regional sub-broker and authorized persons network. The reach of our offices allows us to service our existing customers and attract new customers through personal relationships cultivated by proximity and frequent interaction by our employees and business partners. Our widespread office network allows us to apply best practices developed in one region to others. We service multiple products through each office, which reduces operating costs and improves total sales. In addition to our geographical spread, we offer an online trading platform www.smctradeonline.com to service our customers. Additionally to

support our distribution of third party financial products, we have 20,361 registered associates/service providers as of September 30, 2012, who are engaged with us on a non-exclusive basis under our banner.

Strong and well-established brand

We believe that the SMC brand is well established in the broking and financial services sector throughout India. We believe that our clients associate our brand with high quality services, competitiveness as well as our corporate values of integrity and honesty. Our expertise in our field and the individual solutions that we provide to our customers has aided us in increasing customer loyalty, earn repeat business and customer referrals. As a part of our marketing initiative, we have an advertising agreement with Bennett, Coleman & Co Limited, which provides us with advertising and coverage rights in their print and non-print media. For the fiscal year 2012, we spent ₹ 9.46 crore and ₹ 3.95 crore as advertisement and business promotion expenses, respectively. We believe that our brand marketing exercises over the years have helped us retain our existing customers and gain new ones.

Experienced board of directors and management team

As on the date of this Draft Red Herring Prospectus, our Board consists of 15 directors, most of whom have extensive experience in the financial services sector. Our individual Promoters, Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta, are qualified chartered accountants with over two decades of experience each in the financial services industry. We believe that our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise and are supported by a capable and motivated pool of employees. We have also introduced various learning and development programs which include training programs based on a systematic identification and review of existing gaps in the talent base. We believe that our management's entrepreneurial spirit, leadership skills, insight into the market and customer needs provides us with a competitive advantage which will help us implement our business strategies.

Our technology infrastructure

Our technology infrastructure is the foundation of our business and a key factor in our growth. As we continue to expand the scale of our operations, we intend to further develop and integrate our technology to support our growth and improve the quality of our services. We believe we have deployed effective technology to minimize the various risks faced by our businesses and have made significant investments in developing our IT-infrastructure to support our anticipated growth. We operate in an industry which requires constant technology upgrades and we believe that our technical expertise and experience enable us to obtain speedy and efficient technological solutions.

Our Strategies

Pursue strategic partnerships to increase our revenues

We plan to supplement our growth by continuing to pursue strategic alliances and joint ventures. We will continue to look for opportunities that we believe will enhance our operations, growth and profitability. We have entered into an agreement with Punjab National Bank ("**PNB**"), to offer our online brokerage services to PNB's retail banking clients. Additionally, we have an arrangement with Honda SIEL Cars India Limited ("**Honda**") to sell motor insurance policies to their customers which enabled us to sell approximately 98,900 policies from Honda car retail outlets for the fiscal year 2012. SMC Insurance Brokers Private Limited has signed a non-exclusive memorandum of understanding with Fino Fintech Foundation in order to provide insurance products in rural areas and small towns. Our insurance services have also been mandated to provide insurance broking services to Lease Plan India Private Limited and its clients.

Increasing our product portfolio and presence

We have introduced a number of new products in our portfolio in the last few years such as insurance brokerage, wealth management advisory services and distribution of third-party financial products. Thereby, we have managed to move from a pure brokerage business to being a full-service financial advisor for our clients with capabilities to advise across various products such as equities, commodities, currency, insurance, wealth management, etc. We will continue to leverage our product capabilities as opportunities to cross-sell products and deeper relationships with our customers.

We are also focused on increasing our international operations and leveraging our current international presence to expand our product portfolio. In January 2012, the Government of India announced a new category of investors, Qualified Foreign Investors, to directly invest in the Indian equity markets in order to widen the class of investors, attract more foreign funds and to deepen the Indian capital markets. We believe that by increasing our international operations we can harness this opportunity and increase our profitability. We also have a separate corporate hedging desk and we intend to expand our business relationships and provide this service to corporate houses and importers and exporters. Additionally, we intend to expand our online presence for the distribution of third party financial products. In our continuous effort to pursue new business opportunities, we have applied for membership to the capital markets and futures and options segment of the MCX-SX and the Bahrain Financial Exchange and the BFX Clearing and Depository Corporation to become a proprietary authorized remote member.

Continue to derisk our business model by focusing on business growth across three major asset classes

During the recent downturn in the economy we have witnessed significant volatility across the three major asset classes – equities, commodities and currencies. However, it is also known that all these asset classes experience different market cycles at various points in time. Thus, while equities were out of favour after the 2008 global financial meltdown, commodities trading saw a significant jump in trading activity overall. With a view to gradually derisk our business model from an over-dependence on just one of the asset classes such as equities, we have over the past few years focussed on increasing our commodities and currency trading businesses as well. As a conscious strategy going forward, we will continue to focus equally on all three of these asset classes as well as add any other asset classes that may emerge in order to maintain a relatively derisked business model.

Continue to attract and retain talented employees

As part of our business strategy, we recognize that our success depends on our employees and we are focused on attracting and retaining talented individuals. We have successfully recruited and retained talented employees from a variety of backgrounds, including finance, marketing, risk management and information technology. We invest a significant amount of time and resources for training our employees and have developed a specialized recruitment, training and development concept, synchronized with the goals of our organization. Our retention initiatives include job rotation, quarterly reviews and employee recognition programs. We have been awarded the ‘Learning & Talent Technology Excellence’ award by Star TV for best HR practices in the fiscal year 2012.

Continue to implement advanced processes and systems

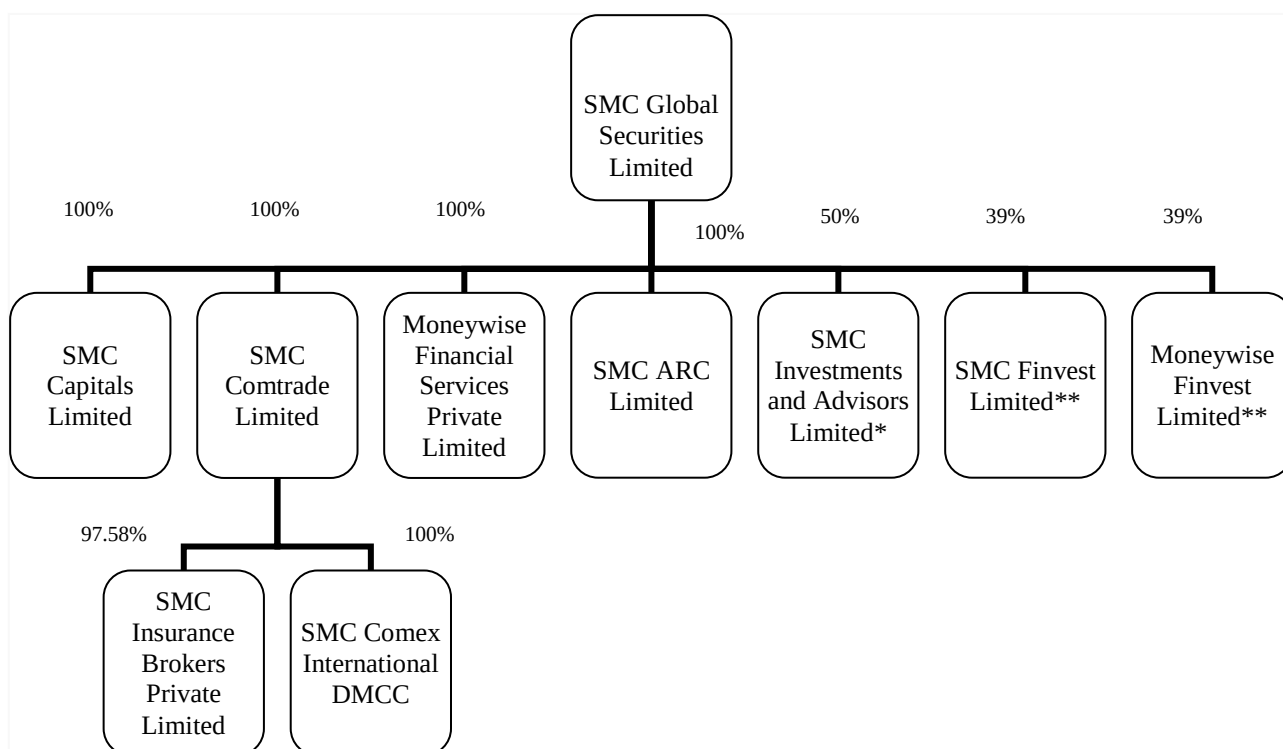
We are focused on increasing the use of technology in all our operations and business pursuits to meet our customer requirements on a real-time basis. We intend to continue implementing technology led processing systems to make our services more efficient and augment the benefits of our relationship based approach. We have deployed and aim to further develop strong technology systems that enable us to respond to market opportunities and challenges swiftly, increase customer satisfaction and improve our risk management capabilities.

Improve our operational efficiency

We have invested in technology to drive our operational efficiency and we consistently review and realign our business plans to ensure optimal performance. Over the last few years, we have rationalized manpower across our businesses and reduced or discontinued our operations at non-performing geographical locations in order to effectively utilize our capital and other resources. We are also focused on luring back our old clients and reactivating certain dormant accounts. We expect that our experienced management team coupled with our execution and operational skills, will drive higher operational efficiencies in all our businesses.

Our Corporate structure and subsidiaries:

As of October 26, 2012, our Promoter and Promoter Group entities own 58.62% of our equity share capital. The following chart outlines our current corporate shareholding structure:



* We have entered into an agreement dated May 30, 2011 to purchase the remaining 50% equity shares of the company and Sanlam International Investment Partners Limited is in the process of completing the necessary regulatory requirements to effect the transfer.

** We have entered into an agreement dated May 30, 2011 to purchase the remaining 61% equity shares of the company. Sanlam International Investment Partners Limited is in the process of completing the necessary regulatory requirements to effect the transfer.

For further details, please refer to the section titled 'History and Other Corporate Matters' beginning on page 142 of this Draft Red Herring Prospectus.

SUMMARY FINANCIAL INFORMATION

Annexure-I RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS & LIABILITIES

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A Non- Current Assets						
Fixed assets						
Tangible assets	34.88	36.29	40.21	42.44	30.74	15.55
Intangible assets	3.46	3.82	4.83	5.27	4.46	1.79
	38.34	40.11	45.04	47.71	35.20	17.34
Goodwill on consolidation	1.78	1.78	-	-	-	-
Non-current investments	25.39	25.31	35.96	24.39	5.92	3.85
Deferred tax Asset (Net)	14.44	13.86	12.13	8.74	1.16	-
Long-term loans and advances	69.03	85.10	98.56	79.89	83.39	5.03
Other non-current assets	-	-	0.02	1.02	2.01	2.95
Trade Receivables	36.28	37.36	33.21	32.20	14.16	13.43
	185.26	203.52	224.92	193.95	141.84	42.60
B Current assets						
Current investments	2.29	2.65	7.16	37.13	6.15	-
Inventories	199.41	137.03	129.72	220.39	101.88	89.52
Trade receivables	178.73	216.57	195.40	132.56	194.59	541.69
Cash and Bank balances	269.93	333.91	222.27	139.68	165.30	214.58
Short-term loans and advances	116.00	92.71	58.58	75.68	60.42	26.51
Other current assets	3.70	3.54	3.12	2.38	3.22	3.68
	770.06	786.41	616.25	607.82	531.56	875.98
C Total assets (C = A + B)	955.32	989.93	841.17	801.77	673.40	918.58
D Non-current liabilities						
Long-term borrowings	52.69	52.72	52.72	0.16	0.05	0.12
Deferred Tax Liability	-	-	-	-	-	1.79
Long-term provisions	3.00	3.24	2.49	1.92	0.96	0.28
Other Long Term Liabilities	0.03	0.03	0.05	0.02	0.02	0.01
	55.72	55.99	55.26	2.10	1.03	2.20
E Current liabilities						
Short-term borrowings	20.15	95.89	93.33	102.12	34.27	39.39
Other current liabilities	339.58	344.86	265.18	247.66	245.14	556.08
Short-term provisions	7.81	7.71	8.60	7.76	4.84	4.47
	367.54	448.46	367.11	357.54	284.25	599.94
F Total liabilities (F = D + E)	423.26	504.45	422.37	359.64	285.28	602.14
Net Worth (C – F)	532.06	485.48	418.80	442.13	388.12	316.44
Net Worth represented by						
G Shareholders' funds						
Share capital						
Equity share capital	11.31	10.95	10.48	10.48	8.99	8.80
Equity Share Suspense	-	-	-	-	1.38	1.33
Money Received against Convertible Equity Share Warrant	-	-	-	12.40	-	-
Total Share capital	11.31	10.95	10.48	22.88	10.37	10.13

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Particulars	31 July, 2012	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009	31 March, 2008
H Reserves and surplus						
Securities Premium Reserve	355.83	315.19	268.79	268.79	237.90	163.34
Capital Reserves (On Amalgamation)	10.41	10.41	10.41	10.41	10.41	9.82
Capital Reserves (On Consolidation)	24.95	24.95	24.95	24.95	21.55	17.00
Capital Reserves (On Forfeiture)	12.40	12.40	12.40	-	-	-
Foreign Currency Fluctuation Reserve	1.66	1.31	0.94	0.95	1.32	(0.01)
Statutory Reserves (Reserve Fund u/s 45- IC of RBI Act 1934)	0.20	0.13	0.08	0.01	0.01	-
General Reserve	62.63	62.63	62.63	62.63	62.63	62.63
Net Surplus in the statement of profit and loss	17.51	12.12	12.59	24.80	38.99	53.53
Total Reserves and surplus	485.59	439.14	392.79	392.54	372.81	306.31
I Share Application Money	1.00	1.00	0.60	1.05	0.78	-
J Non-controlling interest	34.16	34.39	14.93	25.66	4.16	-
Net Worth (G + H + I + J)	532.06	485.48	418.80	442.13	388.12	316.44

Note:

- The above statement should be read with the notes to the restated Consolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flows as appearing in Annexure IV A, IV B , IV C & IV D.

Annexure-II RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT & LOSS

₹ crore

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Incomes:						
Revenue from operations	96.30	280.94	291.83	264.84	170.65	202.04
Other income	2.13	11.30	7.47	3.41	0.68	2.41
Total Revenue	98.43	292.24	299.30	268.25	171.33	204.45
Expenses:						
Stock Exchange & Other Regulatory Expenses	31.27	101.39	109.18	121.85	77.73	72.67
Employee benefits expense	28.19	93.48	111.68	90.54	49.15	23.84
Other expenses	21.80	67.91	71.64	56.60	43.23	19.06
	81.26	262.78	292.50	268.99	170.11	115.57
Earnings before interest, tax,	17.17	29.46	6.80	(0.74)	1.22	88.88

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
depreciation and amortization (EBITDA)						
Depreciation and amortization expense	2.72	9.52	10.35	9.71	6.74	3.12
Finance costs	6.45	22.51	18.79	9.91	10.47	9.42
	9.17	32.03	29.14	19.62	17.21	12.54
Restated Profit/(Loss) Before Tax	8.00	(2.57)	(22.34)	(20.36)	(15.99)	76.34
Tax expense/(income)						
(1) Current tax	3.36	2.95	3.90	4.12	0.75	22.83
(2) Deferred tax	(0.57)	(1.73)	(3.39)	(7.55)	(2.96)	0.92
(3) Wealth tax	-	0.01	-	-	0.01	0.01
(4) Fringe benefit tax	-	-	-	-	0.40	0.18
(5) MAT Credit Entitlement	(0.02)	-	-	-	-	-
(6) Unconsumed STT written off	-	-	-	-	-	15.85
Total tax expense	2.77	1.23	0.51	(3.43)	(1.80)	39.79
Restated Profit/(Loss) After Tax before minority interests	5.23	(3.80)	(22.85)	(16.93)	(14.19)	36.55
Share in loss of minority interest	(0.23)	(3.38)	(10.72)	(2.74)	0.31	-
Restated Profit/(Loss) After Tax	5.46	(0.42)	(12.13)	(14.19)	(14.50)	36.55

Note: The above statement should be read with the Notes to the Restated Consolidated Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flows as appearing in Annexure IV A, IV B , IV C & IV D.

Annexure-III RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOW

₹ crore

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit before Tax	8.00	(2.57)	(22.34)	(20.36)	(15.99)	76.34
Non Cash adjustments to reconcile profit before tax to net cash flows						
Depreciation	2.72	9.52	10.35	9.71	6.74	3.12
Deferred revenue expenses written off	0.01	1.00	1.03	1.09	1.03	0.93
Provision for Doubtful Debts	0.49	4.78	1.88	0.71	3.25	1.25
Bad Debts Written off	-	0.01	0.29	0.01	0.04	0.10
Interest Expenses	5.31	19.05	15.81	2.07	7.58	7.41
Loss on Sale of Fixed Assets	0.22	0.87	0.15	0.17	0.07	0.06
Provision for Leave Encashment	0.13	0.37	0.23	-	-	-
Provision for Gratuity	0.07	0.39	0.43	0.91	0.74	0.30
Provision for Contingencies	-	0.05	0.03	-	-	-
Provision for NPA	-	0.20	-	-	-	-
Cenvat Credit Unavailed	0.02	0.19	0.11	-	-	-
Liability no Longer Required	(0.02)	(0.55)	(0.09)	(0.17)	(0.06)	-
Foreign exchange fluctuations	-	-	-	0.04	-	-
Interest Income	(8.23)	(21.89)	(14.03)	(14.57)	(19.79)	(13.02)
Profit on Sale of Investments/Fixed Assets	0.06	(0.32)	(1.06)	0.64	0.09	-
Dividend on Long Term Investments	(0.04)	(0.65)	(0.15)	(0.05)	-	-
Operating Profit before Working Capital changes (as restated)	8.74	10.45	(7.36)	(19.80)	(16.30)	76.49
Movement in working capital						
Increase/(Decrease) in Long Term Provisions	(0.44)	-	(0.10)	0.05	(0.06)	(0.02)
Increase/(decrease) in Other Long Term Liabilities	-	(0.01)	0.03	-	0.01	0.01
Increase/(Decrease) in Other Current Liabilities	(5.25)	80.17	17.59	2.68	(310.88)	372.00
Increase/(decrease) in Short term Provisions	0.09	(0.89)	0.84	2.92	0.37	3.68
(Increase)/decrease in Other Non Current Assets	-	0.02	1.00	0.99	0.94	(2.95)
(Increase)/decrease in Trade Receivable(Non Current)	0.58	(8.94)	(3.17)	(18.76)	(0.77)	(4.98)
Change in Deferred Tax	-	-	-	(0.02)	(0.01)	0.07
(Increase)/decrease in Long term Loans & Advances	16.06	13.05	(18.77)	3.49	(78.36)	(0.97)
(Increase) /decrease in Stock in Trade	(62.38)	(7.31)	90.67	(118.51)	(12.35)	(31.93)

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
(Increase)/decrease in Short term Loans & Advances	(23.29)	(34.14)	17.09	(15.26)	(33.91)	(20.31)
(Increase)/decrease in Trade Receivable (Current)	37.84	(21.17)	(62.83)	62.03	343.84	(434.98)
(Increase)/decrease in Other Current Assets	(0.17)	(1.42)	(1.78)	(0.25)	0.46	(3.98)
(Increase)/decrease in Other Bank Balances	39.05	(73.69)	(77.14)	27.92	27.81	(99.58)
Cash flow from (used in) Operations	10.83	(43.88)	(43.93)	(72.52)	(79.21)	(147.45)
Direct Taxes Paid including FBT (net of refunds)	3.34	2.96	3.90	4.12	1.16	38.87
Net Cash Generated/ (used in) Operating Activities (A)	7.49	(46.84)	(47.83)	(76.64)	(80.37)	(186.32)
B CASH FLOW FROM (USED IN) INVESTING ACTIVITIES						
Purchase of Fixed Assets (net)	(1.17)	(5.46)	(7.83)	(22.38)	(24.68)	(12.48)
Interest received	8.23	21.89	14.03	14.57	19.79	13.02
Foreign Exchange Fluctuation Reserve	0.35	0.37	(0.02)	(0.37)	1.33	(0.01)
Dividend on Long Term Investments	0.04	0.65	0.15	0.05	-	-
(Increase)/decrease in Investments	0.22	15.48	19.46	(50.08)	(8.31)	(3.41)
Goodwill on Consolidation	-	(1.78)	-	-	-	-
Change in Deferred Revenue Expenditure	-	-	-	-	(1.02)	-
Net Cash flow from (used in) Investing Activities (B)	7.67	31.15	25.79	(58.21)	(12.89)	(2.88)
C CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES						
Proceeds from Issue of Share Capital (including premium)	41.00	46.87	-	43.40	74.79	161.62
Proceed from share application money	-	0.40	(0.45)	0.27	0.78	-
General reserve	-	-	-	-	0.59	42.36
Opening P & L A/c	-	-	-	-	-	(0.29)
Amalgamation Reserve	-	-	-	-	-	9.82
Capital Reserve on Consolidation	-	-	-	3.40	4.55	17.00
Interest Expenses	(5.31)	(19.05)	(15.81)	(2.07)	(7.58)	(7.41)
Proceeds from Long Term Borrowings from Banks (Net)	(0.03)	-	52.55	0.11	(0.07)	0.10
Proceeds from Short Term Borrowings	(75.75)	2.57	(8.79)	67.85	(5.11)	(8.69)
Net cash generated from/(used in) financing activities (C)	(40.09)	30.79	27.50	112.96	67.95	214.51
Increase/ (Decrease) in Cash &	(24.93)	15.10	5.46	(21.89)	(25.31)	25.31

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Cash Equivalent (A+B+C)						
Adjustment on account of Change in Minority Interest	-	22.84	-	24.23	3.85	-
Net Increase/ (Decrease) in Cash & Cash Equivalent	(24.93)	37.94	5.46	2.34	(21.46)	25.31
Cash and Cash Equivalent at the beginning of the year/period	51.48	13.54	8.08	5.78	27.24	1.93
Effect of exchange differences on restatement of foreign currency	-	-	-	(0.04)	-	-
Cash and cash Equivalent at the end of the year/period	26.55	51.48	13.54	8.08	5.78	27.24

₹ crore

Components of cash and bank balances	As at			As at		
	31 July, 2012	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009	31 March, 2008
Cash and cash equivalents						
Cash on hand	0.46	0.53	0.35	0.62	0.52	0.22
Balance with scheduled banks:						
Current account	26.04	20.79	11.56	7.21	5.15	26.88
Foreign Currency in hand	-	0.01	0.02	0.01	0.02	-
Fixed deposit less than three months	0.05	30.15	1.61	0.24	0.09	0.14
	26.55	51.48	13.54	8.08	5.78	27.24
Other bank balances						
Bank deposits with maturity of more than 3 months but less than 12 month	17.00	23.51	16.50	18.57	12.82	0.01
Bank deposits with maturity of more than 12 months	1.80	36.38	1.35	1.35	0.47	1.14
Margins Deposited with Exchanges or against guarantees and other commitments	224.58	222.54	190.88	111.68	146.23	186.19
	243.38	282.43	208.73	131.60	159.52	187.34
Total cash and bank balances	269.93	333.91	222.27	139.68	165.30	214.58

Note:

1. Restated Consolidated Cash Flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard – 3 on Cash Flow Statement as notified by Companies (Accounting Standards) Rules, 2006.
2. The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flows of SMC Global Securities Limited, as restated appearing in Annexure IV A, IV B , IV C & IV D.

**ANNEXURE-I - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND
LIABILITIES**

₹ crore

	Particulars	As at					
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A	Non- Current Assets						
	Fixed assets						
	Tangible assets	23.39	24.45	28.03	31.16	25.37	14.42
	Intangible assets	2.20	2.39	2.74	3.09	1.99	1.77
		25.59	26.84	30.77	34.25	27.36	16.19
	Deferred Tax assets (Net)	0.90	0.80	-	-	-	-
	Non-current investments	166.26	166.19	157.50	125.23	42.43	11.82
	Long-term loans and advances	45.88	59.35	74.27	72.11	72.46	4.13
	Other non-current assets	-	-	0.02	1.00	1.99	2.90
	Trade Receivables	31.99	35.69	30.82	31.16	13.43	12.90
		270.62	288.87	293.38	263.75	157.67	47.94
B	Current assets						
	Inventories	101.85	97.40	101.69	167.29	100.02	87.66
	Trade receivables	152.01	209.98	175.99	112.10	131.43	489.12
	Cash and Bank balances	184.44	171.45	172.03	115.23	144.76	192.51
	Short-term loans and advances	96.56	29.07	36.08	79.40	37.97	23.45
	Other current assets	2.44	1.81	2.26	2.00	2.69	3.40
		537.30	509.71	488.05	476.02	416.87	796.14
C	Total assets (C = A + B)	807.92	798.58	781.43	739.77	574.54	844.08
D	Non-current liabilities						
	Long-term borrowings	52.57	52.59	52.57	-	0.02	0.02
	Deferred tax liabilities (Net)	-	-	0.31	0.91	1.28	1.75
	Long-term provisions	1.71	2.40	1.84	1.64	0.96	0.28
		54.28	54.99	54.72	2.55	2.26	2.05
E	Current liabilities						
	Short-term borrowings	20.15	60.30	92.63	102.12	28.75	39.16
	Other current liabilities	216.89	207.61	207.06	213.60	173.32	506.66
	Short-term provisions	3.24	5.98	5.88	4.30	2.64	3.55
		240.28	273.89	305.57	320.02	204.71	549.37
F	Total liabilities (F = D + E)	294.56	328.88	360.29	322.57	206.97	551.42
	Net Worth (C – F)	513.36	469.70	421.14	417.20	367.57	292.66
	Net Worth represented by						
G	Shareholders’ funds						
	Share capital						
	Equity share capital	11.31	10.95	10.48	10.48	8.99	8.80
	Equity Share Suspense	-	-	-	-	1.38	1.33
	Money received against Convertible Equity Share Warrant	-	-	-	12.40	-	-
	Total Share Capital	11.31	10.95	10.48	22.88	10.37	10.13

	Particulars	As at					
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
H	Reserves and surplus						
	Securities Premium Reserve	355.75	315.12	268.72	268.72	237.83	163.27
	Capital Reserves (On Amalgamation)	10.41	10.41	10.41	10.41	10.41	9.82
	Capital Reserves (On Forfeiture)	12.40	12.40	12.40	-	-	-
	General Reserve	60.90	60.90	60.90	60.90	60.90	60.90
	Net Surplus in the statement of profit and loss	62.59	59.92	58.23	54.29	48.06	48.54
	Total Reserves and Surplus	502.05	458.75	410.66	394.32	357.20	282.53
	Net Worth (G + H)	513.36	469.70	421.14	417.20	367.57	292.66

Note:

1. The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and cash Flows as appearing in Annexure - IV A, IV B , IV C & IV D.

ANNEXURE – II - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

₹ crore

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Incomes:						
Revenue from operations	56.03	171.26	205.59	212.58	143.86	179.74
Other income	0.19	2.28	2.43	1.22	0.62	0.26
	56.22	173.54	208.02	213.80	144.48	180.00
Expenses:						
Stock Exchange & Other Regulatory Expenses	23.21	77.76	93.15	111.87	71.70	67.39
Employee benefits expense	11.79	40.02	53.76	47.88	34.88	20.10
Other expenses	9.68	26.60	30.05	28.04	22.46	15.76
	44.68	144.38	176.96	187.79	129.04	103.25
Earnings before interest, tax, depreciation and amortization (EBITDA)	11.54	29.16	31.06	26.01	15.44	76.75
Depreciation and amortization expense	1.65	6.25	7.31	7.24	5.77	2.72
Finance costs	5.94	20.40	17.73	9.38	9.81	7.84
	7.59	26.65	25.04	16.62	15.58	10.56
Restated Profit Before Tax	3.95	2.51	6.02	9.39	(0.14)	66.19
Tax expense/(income)						
(1) Current tax	1.38	1.93	2.68	3.53	0.52	19.45
(2) Deferred tax	(0.10)	(1.11)	(0.60)	(0.37)	(0.47)	0.95
(3) Fringe Benefit Tax	-	-	-	-	0.28	0.16
(4) Wealth tax	-	-	-	-	0.01	0.01
(5) Unconsumed STT	-	-	-	-	-	15.83

Total tax expense	1.28	0.82	2.08	3.16	0.34	36.40
Restated Profit After Tax	2.67	1.69	3.94	6.23	(0.48)	29.79

Note:

1. The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and cash Flows as appearing in Annexure - IV A, IV B, IV C & IV D.

ANNEXURE – III - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

₹ crore

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit before Tax	3.95	2.51	6.02	9.39	(0.14)	66.19
Non Cash adjustments to reconcile profit before tax to net cash flows						
Depreciation & Amortization expense	1.65	6.25	7.31	7.24	5.77	2.72
Deferred revenue expenses amortized	0.01	0.99	0.99	0.99	0.99	0.91
Provision for Gratuity	(0.51)	0.18	0.14	0.74	0.74	0.30
Provision for Leave encashment	(0.04)	0.43	0.08	-	-	-
Loss on sale of Fixed assets	0.08	0.52	-	-	0.07	0.06
Provision for Doubtful Debts	0.49	4.25	1.43	0.50	2.50	1.25
Interest Expenses on Secured Loans	4.96	17.37	15.09	7.53	7.27	6.19
Profit on sale of Investments	-	-	-	(0.20)	-	(0.01)
Interest Income	(5.80)	(15.73)	(11.88)	(13.03)	(18.25)	(11.23)
Operating Profit before Working Capital changes (as restated)	4.79	16.77	19.18	13.16	(1.05)	66.38
Movements in working capital						
Increase/(Decrease) in Long Term Provisions	(0.14)	(0.05)	(0.02)	(0.06)	(0.06)	(0.02)
Increase/(Decrease) in Short Term Provisions	(2.73)	0.10	1.58	1.66	(0.91)	2.58
Increase/(Decrease) in Other Current Liabilities	9.27	0.56	(6.54)	40.28	(333.34)	322.58
(Increase)/Decrease in Long Term Loans and Advances	13.47	14.92	(2.16)	0.35	(68.33)	(0.06)
(Increase)/Decrease in Trade Receivables (Non-current)	3.70	(4.87)	0.34	(17.74)	(0.53)	(3.10)
(Increase)/Decrease in Other Non-Current Assets	-	0.02	0.99	0.99	0.91	(2.90)

(Increase)/Decrease in Inventory	(4.45)	4.29	65.60	(67.27)	(12.36)	(30.06)
(Increase)/Decrease in Trade Receivables (Current)	57.48	(38.24)	(65.33)	18.83	355.19	(383.66)
(Increase)/Decrease in Short Term Loans and Advances	(67.50)	7.00	43.31	(41.44)	(14.51)	(17.08)
(Increase)/Decrease in Other Current Assets	(0.63)	(0.55)	(1.25)	(0.30)	(0.27)	(3.69)
(Increase)/Decrease in Other Bank Balances	(14.53)	0.82	(56.29)	30.87	25.79	(80.49)
Cash flow from (used in) Operations	(1.27)	0.77	(0.59)	(20.67)	(49.47)	(129.52)
Direct Taxes Paid including FBT (net of refunds)	(1.38)	(1.93)	(2.68)	(3.53)	(0.81)	(35.45)
Net Cash Generated/ (used in) Operating Activities (A)	(2.65)	(1.16)	(3.27)	(24.20)	(50.28)	(164.97)
B CASH FLOW FROM/ (USED) IN INVESTING ACTIVITIES						
Purchase of Fixed Assets (net basis)	(0.48)	(2.83)	(3.82)	(14.12)	(17.01)	(10.93)
Interest received	5.80	15.73	11.88	13.03	18.25	11.22
(Increase)/decrease in non-current Investments	(0.06)	(8.70)	(32.27)	(82.60)	(30.61)	(11.37)
Net Cash generated/ (used in) Investing Activities (B)	5.26	4.20	(24.21)	(83.69)	(29.37)	(11.08)
C CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES						
Proceeds from Issue of Share Capital (including premium)	41.00	46.87	-	43.40	74.79	213.50
Change in General & Capital Reservation on Amalgamation	-	-	-	-	0.59	-
Interest on Secured Loans	(4.96)	(17.37)	(15.09)	(7.53)	(7.27)	(6.19)
Proceeds from short-term borrowings	(40.15)	(32.33)	(9.48)	73.37	(10.41)	(8.92)
Proceeds from Long Term Borrowings from Banks	(0.03)	0.02	52.57	(0.01)	-	-
Net cash generated from/(used in) financing activities (C)	(4.14)	(2.81)	28.00	109.23	57.70	198.39
Net Increase/ (Decrease) in Cash & Cash Equivalent (A+B+C)	(1.53)	0.23	0.52	1.33	(21.95)	22.34
Cash and Cash Equivalent at the beginning of the year/period	4.40	4.17	3.65	2.32	24.27	1.93
Cash and cash Equivalent at the end of the year/period	2.87	4.40	4.17	3.65	2.32	24.27

₹crore

Components of cash and bank balances	As at		As at			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Cash and cash equivalents						
Cash on hand	0.24	0.29	0.14	0.37	0.38	0.14
Balance with scheduled banks:						
Current account	2.57	3.96	3.38	3.05	1.85	24.00
Foreign Currency in hand	-	-	-	-	-	-
Fixed deposit less than three months	0.06	0.15	0.65	0.23	0.09	0.13
	2.87	4.40	4.17	3.65	2.32	24.27
Other bank balances						
Bank deposits with maturity of more than 3 months but less than 12 month	4.50	-	-	5.50	9.95	-
Margins Deposited with Exchanges or against guarantees and other commitments	177.07	167.05	167.86	106.08	132.49	168.24
	181.57	167.05	167.86	111.58	142.44	168.24
Total cash and bank balances	184.44	171.45	172.03	115.23	144.76	192.51

Notes:

1. Restated Unconsolidated Cash Flows statement of SMC Global Securities Limited has been prepared under the 'Indirect method' as set out in Accounting Standard – 3 on Cash Flow Statements as notified by Companies (Accounting Standards) Rules, 2006.
2. The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets & Liabilities, Statement of Profit and Loss and Cash Flows as appearing in Annexure IV A, IV B, IV C & IV D.

THE ISSUE

The following table summarizes the Issue details:

Public Issue aggregating up to ₹ [●] Crore*	1,58,67,380 Equity Shares
<i>Of which:</i>	
Fresh Issue of	79,33,690 Equity Shares aggregating up to ₹ [●] Crore
Offer for Sale by the Selling Shareholder of	79,33,690 Equity Shares aggregating up to ₹ [●] Crore
Reservations on a competitive basis#	12,69,380 Equity Shares for cash at a price of ₹ [●] per share aggregating to ₹ [●] Crore
<i>Of which:</i>	
(i) Reservation for eligible employees (“ Employee Reservation ”)	6,34,690 Equity Shares for cash at a price of [●] per share aggregating to ₹ [●] crore
(ii) Reservation for retail individual shareholder of our Company (“ SMC Retail Shareholder Reservation ”)	6,34,690 Equity Shares for cash at a price of [●] per share aggregating to ₹ [●] crore
Net Issue to the Public	1,45,98,000 Equity Shares
<i>Of which:</i>	
QIB Portion**	Not more than 72,99,000 Equity Shares
<i>Of which:</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion)	3,64,950 Equity Shares
Balance for all QIBs including Mutual Funds	69,34,050 Equity Shares
Non-Institutional Portion**	Not less than 21,89,700 Equity Shares
Retail Portion**	Not less than 51,09,300 Equity Shares
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	11,31,34,450 Equity Shares
Equity Shares outstanding after the Issue	12,10,68,140 Equity Shares
Use of proceeds of this Issue	See section titled “ <i>Objects of the Issue</i> ” on page 88. Our Company will not receive any proceeds from the Offer for Sale.

* Minimum subscription will be to the extent of 90% of the Fresh Issue. In case of an under-subscription to the Issue, subject to achieving the minimum subscription, Equity Shares from the Fresh Issuance will be allotted first and balance Equity Shares shall be transferred from the Offer for Sale portion.

**Under-subscription, if any, in the QIB, Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs. Under-subscription, if any, in the Employee Reservation Portion and SMC Retail Shareholder Reservation portion will be added back to the Net Issue to the public. In case of under-subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation and SMC Retail Shareholder Reservation Portion.

#Any unsubscribed portion in any reserved category may be added to any other reserved category and the unsubscribed portion, if any, after such inter-se adjustments among the reserved categories shall be added to the Net Issue to the Public.

GENERAL INFORMATION

Our Company was incorporated in New Delhi on December 19, 1994 under the Companies Act as 'SMC Global Securities Limited', a public limited company.

Registered and corporate office of our Company:

11/6B, Shanti Chamber,
Pusa Road,
New Delhi 110 005
India
Telephone: +91-11-30111000, 40753333
Fax: +91-11-25754365
Email: smc.fpo@smcindiaonline.com
Website: <http://www.smcindiaonline.com>
Corporate Identification Number: L74899DL1994PLC063609

Address of the Registrar of Companies

Registrar of Companies,
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi 110 019,
India
Telephone: +91 (11) 2623 5704
Facsimile: + 91 (11) 2623 5702

Board of Directors

The following table sets out the current composition of the Board as on the date of the filing of this Draft Red Herring Prospectus. The Board currently consists of fifteen Directors, of which eight are independent Directors:

Sr. No.	Name, Designation, Occupation and DIN	Age	Residential Address
1.	Mr. Subhash Chand Aggarwal Chairman & Managing Director Occupation : Business DIN: 00003267	56	C-335, Saraswati Vihar Delhi 110 034
2.	Mr. Mahesh Chand Gupta Vice-Chairman & Managing Director Occupation: Business DIN: 00003082	55	C-39, Anand Vihar I.P. Extension Delhi 110 092
3.	Mr. Pradeep Aggarwal Whole-time Director Occupation: Service DIN: 00203822	43	D-98, Pushpanjli Enclave Pitampura, Delhi 110 034
4.	Mr. Ajay Garg Whole-time Director	38	14 A/47 II Floor, Punjabi Baug West, Delhi 110 026

Sr. No.	Name, Designation, Occupation and DIN	Age	Residential Address
	Occupation: Service DIN: 00003166		
5.	Mr. Anurag Bansal Whole-time Director Occupation Service DIN: 00003294	37	OC – 01/ 1602 Orange County, Indirapuram, Ghaziabad, U.P. 201 014
6.	Mr. Narain Dass Gupta Independent & Non-Executive Director Occupation: Chartered Accountant DIN: 01522375	66	SU-113, Vishakha Enclave Pitampura Delhi 110 088
7.	Mr. Pawan Kumar Bansal Independent & Non-Executive Director Occupation: Industrialist DIN: 00420629	47	A-156, Ist Floor, New Friends Colony, New Delhi 110 065
8.	Mr. Kundan Mal Agarwal Independent & Non-Executive Director Occupation: Chartered Accountant DIN: 00043115	63	Flat No 8614, Sector-C Pkt-8, Vasant Kunj New Delhi 110 070
9.	Mr. Roop Chand Jindal Independent & Non-Executive Director Occupation : Chartered Accountant DIN: 01450916	64	D-26, CC Colony Opposite Rana Pratap Bagh Delhi 110 007
10.	Mr. Satish Chandra Gupta Independent & Non-Executive Director Occupation: Retired Banker DIN: 00025780	65	A-1/135, Inderpuri New Delhi 110 012
11.	Mr. Chandra Wadhwa Independent & Non-Executive Director Occupation: Cost Accountant DIN: 00764576	54	705,II Floor New Rajinder Nagar New Delhi 110 060
12.	Mr. Ram Lakhan Sudhir Independent & Non-Executive Director	72	D-311, Ground Floor Sarvodya Enclave New Delhi 110 017

Sr. No.	Name, Designation, Occupation and DIN	Age	Residential Address
	Occupation: Retired IAS Officer DIN: 02858029		
13.	Mr. Hari Das Khunteta Independent & Non-Executive Director Occupation: Professional DIN: 00061925	60	A-3, Jal Vidyut Apartments Sector 21-C, Part 3 Faridabad Haryana 121 001
14.	Mr. Finney Cherian Nominee and Non Executive Director Occupation: Service DIN: 02011132	48	159 South Drive, Manhasset Hills New York 11040 USA
15.	Mr. Johannes Hendrik Petrus Van Der Merwe Non Executive Director Occupation: Service DIN: 03048724	47	TE 20, Aristeaalan, Bellville South Africa 7536

For further details of the Chairman, Managing Director, Whole time Director and other Directors of our Company, please refer to the section titled “ Our Management” on page 155.

Company Secretary and Compliance Officer

Mr. Suman Kumar

11/6B, Shanti Chamber
Pusa Road,
New Delhi – 110 005, India
Tel: +91 (11) 30155100, 30111000
Fax: +91 (11) 25754365
Website: www.smcindiaonline.com
Email: smc.fpo@smcindiaonline.com

Investors / Bidders can contact our Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment advice, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

All grievances relating to the ASBA process may be 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, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

For all Issue related queries and for redressal of complaints, investors may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to the same.

Selling Shareholder

The Selling Shareholder, Millennium India Acquisition Company Inc., is a company incorporated under the laws of the State of Delaware, U.S.A and has its registered office at 330 East, 38th Street, Suite 40H, New York, NY 10016.

Book Running Lead Managers

Tata Securities Limited

One Forbes, Dr. V.B. Gandhi Marg
Fort, Mumbai 400 001
Tel: +91 (22) 6745 9000
Fax: +91 (22) 2261 8215
Email: smc.fpo@tatacapital.com
Investor Grievance
E-mail:
tatasecurities.investorgrievance@tatacapital.com
Website: www.tatasecurities.com
Contact Person: Mr. Abhishek Jain
SEBI Registration No.: INM000011302

IL&FS Capital Advisors Limited

The IL&FS Financial Centre
3rd Floor, Plot C-22, G-Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400051
Tel: +91 (22) 2659 3560
Fax: +91 (22) 2659 2966
Email: smc.fpo@ilfsindia.com
Investor Grievance E-mail:
investorgrievances.icap@ilfsindia.com
Website: www.ilfscapital.com
Contact Person: Mr. Bhavin Ranawat / Mr. Ritesh Sapre
SEBI Registration No.: INM000011955

Syndicate Members

[●]

Domestic Legal Counsel to the Issue

Khaitan & Co

One Indiabulls Centre, 13th Floor,
841 Senapati Bapat Marg, Elphinstone Road,
Mumbai 400013, Maharashtra, India
Tel: +91 (22) 6636 5000
Fax: +91 (22) 6636 5050

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Tel: (91 22) 2596 7878
Fax: (91 22) 2596 0329
Toll free no.: 1-800-22-0878
Email: smc.fpo@linkintime.co.in
Investor Grievance E-mail: smc.fpo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr.Sanjog Sud
SEBI registration number: INR000004058

Bankers to the Issue/Escrow Collection Banks

[●]

Refund Bank(s)

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSBs collecting the Bid cum Application Form, please refer to the above mentioned link.

Statutory Auditors to our Company

M/s. Atul & Rajinder

Chartered Accountants

201, Sitaram Mansion

718, Joshi Road

Karol Bagh, New Delhi-110005

Tel: +91 (11) 23614475, 23675906

Fax: +91 (11) 23542928

Email: ca_clinic@yahoo.com

Firm Registration No: 005402N

Bankers to our Company

Allahabad Bank

Address: 10174, Gurdwara Road ,

Karol Bagh , New Delhi 110 005

Tel: +91 (011) 2875 1691

Fax: +91 (011) 2875 5689

E-mail: br.del_karolbagh@allahabadbank.in

Website: www.allahabadbank.com

Contact Person: Mr. K C Lohchab

Bank of Baroda

Address: 3830, Pataudi House Road,

Daryaganj New Delhi 110 002

Tel: +91 (011) 2325 1063

Fax: +91 (011) 2326 9565

E-mail: daryag@bankofbaroda.co.in

Website: www.bankofbaroda.com

Contact Person: Mr. Anil Kumar

Axis Bank Limited

Address: C-3/21, Janakpuri,

New Delhi 110 058

Tel: +91 (011) 4157 6508

Fax: +91 (011) 2554 5158

E-mail: janakpuri.operationhead@axisbank.com

Website: www.axisbank.com

Contact Person: Mr. Shailendra Singh Gehlot

Citi bank N.A.

Address: Global Consumer Bank, Jeevan
Bharati Building, 124, Connaught Circus, New
Delhi 110 001.

Tel: +91 (011) 2332 0017

Fax: +91 (011) 2332 5638

E-mail: rizwan.siraj@citigroup.com

Website: www.citibank.co.in

Contact Person: Mr. Rizwan Siraj

Bank of India

Address: 37, 1st Floor, Hotel Connaught, Near
Shivaji Stadium, 37, Shaheed Bhagat Singh Marg,
Connaught Place, New Delhi 110001

Tel: +91 (011) 2336 5621

Fax: +91 (011) 2334 5603

E-mail: mcb.newdelhi@bankofindia.com

Website: www.bankofindia.co.in

Contact Person: Mr. R S Chauhan

HDFC Bank Limited

Address: FIG-OPS Dept- Lodha, I Think
Techno Campus, O-3 level, Kanjurmarg (E),
Mumbai 400 042

Tel: +91 (022) -3075 2928

Fax: +91 (022) 2579 9801

E-mail: uday.dixit@hdfcbank.com

Website: www.hdfcbank.com

Contact Person: Mr. Uday Dixit

Canara Bank

Address: N-1, 3rd Floor, BMC House, Middle Circle, Connaught Place, New Delhi 110001
Tel: +91 (011) 2375 2036
Fax: +91 (011) 2372 2047
E-mail: cb2577@canarabank.com
Website: www.canarabank.com
Contact Person: Mr. T. Raman

ICICI Bank Limited

Address: 9-A, Phelps Building, Connaught Place, New Delhi 110 001
Tel: +91 (011) 4308 4093
Fax: +91 (011) 6631 0410
E-mail: shivendra.s@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Shivendra Singh

IndusInd Bank Limited

Address: 03/103, Accord Nidhi, Link Road, Malad (W), Mumbai 400 101
Tel: +91 (022) 2888 0408
Fax: +91 (022) 2888 0409
E-mail: smita.bhalerao@indusind.com
Website: www.indusind.com
Contact Person: Ms. Smita Bhalerao

Punjab National Bank

Address: Capital Markets Services Branch, 5, Sansad Marg, New Delhi 110 001
Tel: +91 (011) 2373 7533/35
Fax: +91 (011) 2373 7528
E-mail: bo4552@pnb.co.in
Website: www.pnbindia.com
Contact Person: Mr. A K Jain

State Bank of Bikaner and Jaipur

Address: UGF, Devika Towers, 6, Nehru Place, New Delhi 110019
Tel: +91 (011) 2622 3831
Fax: +91 (011) 2646 4971
E-mail: sbbj10666@sbbj.co.in
Website: www.sbbjbank.com
Contact Person: Mr. Jyoti Nath

IDBI Bank Limited

Address: B 3/1 Ashok Vihar Phase - II, New Delhi 110 052
Tel: +91 (011) 4702 6742
Fax: +91 (011) 4702 6743
E-mail: abhishek_suri@idbi.co.in
Website: www.idbi.com
Contact Person: Mr. Abhishek Suri

Kotak Mahindra Bank Limited

Address: Kotak Infinity, 6th Floor, Bldg. No 21, Infinity Park, General A K Vaidya Marg, Malad (E), Mumbai 400 097
Tel: +91 (22) 6605 6959
Fax: +91 (22) 6725 9080
E-mail: prashant.sawant@kotak.com
Website: www.kotak.com
Contact Person: Mr. Prashant Sawant

State Bank of India

Address: 9, New Rajdhani Enclave, Swasthya Vihar, Delhi 110 092
Tel: +91 (011) 2204 5690
Fax: +91 (011) 2204 5587
E-mail: sbi.07085@sbi.co.in
Website: www.sbi.co.in
Contact Person: Chief Manager

Yes Bank Limited

Address: 48, Nyaya Marg, Chanakyapuri, New Delhi 110 021
Tel: +91 (011) 6656 9092
Fax: +91 (011) 4168 0144
E-mail: kanika.sawhney@yesbank.in
Website: www.yesbank.in
Contact Person: Ms. Kanika Sawhney

Vijaya Bank

Address: 10203, Jamna House, Padam Singh Road, Karol Bagh, New Delhi 110 005
Tel: +91 (011) 2875 7232
Fax: +91 (011) 2875 2445
E-mail: del.karolbagh6008@vijayabank.co.in
Website: www.vijayabank.com
Contact Person: Mr. Narendra Singh

Statement of Inter-se responsibilities of the Book Running Lead Managers

The following table sets forth the inter se allocation of responsibilities for various activities in relation to this Issue among the BRLMs:

Sr. No.	Activity	Responsibility	Designated Coordinating BRLM
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	TSL, IL&FS Capital	TSL
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus including the memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements & completion of prescribed formalities with the Stock Exchanges, the RoC & SEBI including finalization of Prospectus & RoC filing of the same.	TSL, IL&FS Capital	TSL
3.	Drafting and approval of all statutory advertisements	TSL, IL&FS Capital	TSL
4.	Drafting and approval of all publicity material (other than statutory advertisement) including corporate advertisement, brochure, corporate films, etc.	TSL, IL&FS Capital	IL&FS Capital
5.	Appointment of other intermediaries connected with the Issue: Registrars, Escrow Collection and Refund Bankers, Printers and Advertising Agency	TSL, IL&FS Capital	TSL
6.	Institutional marketing Strategy, which will cover, inter alia: - Finalizing the list and division of investors for one to one meetings; - Finalizing the road show schedule and investor meeting schedules; and - Preparing road show presentation and frequently asked questions	TSL, IL&FS Capital	TSL
7.	Non-Institutional and Retail Marketing of the Issue, which will cover, inter alia: - Formulating marketing strategies, preparation of publicity budget; - Finalising media and PR strategy; - Finalising centres for holding conferences for brokers etc.; - Finalising collection centres; and Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material; and - Co-ordination with the Stock Exchanges for book building software, bidding terminals and mock trading.	TSL, IL&FS Capital	IL&FS Capital
8.	Managing the book, Finalisation of pricing in consultation with our Company & the Selling Shareholder	TSL, IL&FS Capital	TSL
9.	The post-bidding activities including management of escrow accounts, follow-up with bankers to the Issue, coordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Issue activities will involve essential follow up steps, which include the finalization of basis of allotment, dispatch of refunds and demat delivery of shares, finalisation of listing and trading of instruments, with the various	TSL, IL&FS Capital	IL&FS Capital

Sr. No.	Activity	Responsibility	Designated Coordinating BRLM
	agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company and the Selling Shareholder.		

IPO Grading

As this is not an initial public offering of our Company's Equity Shares, grading of this Issue is not required.

Credit Rating

As this is an Issue comprising only Equity Shares, credit rating is not required.

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

Pursuant to Regulation 16 of the SEBI ICDR Regulations, there is no requirement to appoint a monitoring agency for the Issue.

Appraising Entity

We have not appointed any appraising entity.

Experts

Except for the report of the Auditors on unconsolidated and consolidated financial statements and the statement of tax benefits on page 182 and 240 and page 98, respectively, included in the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Book Building Process

Book Building refers to the process of collection of Bids on the basis of the Red Herring Prospectus and the Bid cum Application Forms. The Issue Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLMs, after the Bid Closing Date. The principal parties involved in the Book Building Process are:

1. our Company;
2. the Selling Shareholder;
3. the BRLMs;
4. the Syndicate Members;
5. the Registrar to the Issue;
6. the Escrow Collection Banks; and
7. the SCSBs.

The Issue is being made through the Book Building Process where up to 50% of the Net Issue will be allocated to QIBs on a proportionate basis. Further, 5% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only. Not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders. Further, not less than 35% of the Net Issue will be available for allocation to Retail Bidders, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, a Retail Bidder is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis.. Further, 6,34,690 Equity Shares will be made

available for allocation to Eligible Employees, and 6,34,690 Equity Shares will be made available for allocation to SMC Retail Shareholders, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, an Eligible Employee or a SMC Retail Shareholder is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis, as the case may be. Any Bidder may participate in the Issue through the ASBA process by providing details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For more information, see the section titled “Issue Procedure” on page 397.

In accordance with the SEBI Regulations, QIBs and NIBs are not allowed to lower or withdraw their Bid(s). For further details, see the section titled “Issue Structure” on page 391.

The Book Building Process under the SEBI Regulations is subject to change from time to time and Bidders are advised to make their own judgment about investments through this process prior to making a Bid in the Issue. Our Company and the Selling Shareholder shall comply with regulations issued by SEBI and any other ancillary directions that SEBI may issue for this Issue. In this regard, our Company has appointed the BRLMs to manage the Issue and to procure subscriptions to the Issue.

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid. For further details, see the section titled “Issue Procedure” on page 397;
2. Ensure that your PAN and demat account details, including DP ID and client ID details are correctly mentioned in the Bid cum Application Form. Based on these three parameters, the Registrar to the Issue will obtain details of the Bidders from the Depositories including Bidders name, bank account, number, etc.;
3. Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
4. Except for bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form (see the section titled “Issue Procedure” on page 397). However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants verifying the veracity of the claim of the Bidders that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address; and
5. Bids by ASBA Bidders will have to be submitted to the Designated Branches or to Syndicate/sub-Syndicate Members (only in the Specified Cities). ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs to ensure that the Bid cum Application Form is not rejected; and
6. Bids by QIBs and Non-Institutional Bidders will only have to be submitted through the ASBA process;

For further details, please see the section titled “Issue Procedure” on page 397.

Illustration of Book Building Process and the Price Discovery Process

(Bidders should note that the following is solely for the purpose of illustration and is not specific to the Issue)

Bidders can bid at any price within the Price Band. For instance, assuming a price band of ₹ 100 to ₹ 120 per equity share, an issue size of 3,000 equity shares and receipt of 5 bids from bidders, details of which are shown in the table below, the illustrative book would be as given below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book shown below indicates the demand for the shares of the company at various prices and is collated from bids from various bidders.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription (%)
500	120	500	16.67
1,000	115	1,500	50.00

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription (%)
1,500	110	3,000	100.00
2,000	105	5,000	166.67
2,500	100	7,500	250.00

The price discovery is a function of demand at various prices. The highest price at which the issue or is able to issue the desired number of shares is the price at which the book cuts off, i.e. ₹ 110 in the above example. The issuer, in consultation with the BRLMs, will finalize the issue price at or below such cut off, i.e., at or below ₹ 110. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories. This table is for illustration only and an investor can bid at an interval of every one rupee in the above example.

Withdrawal of the Issue

In accordance with the SEBI Regulations, our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time including after the Bid Opening Date but before Allotment without assigning any reason thereof. However, in the event our Company and the Selling Shareholder withdraw the Issue after the Bid Closing Date, our Company and the Selling Shareholder will give the reason thereof within two days of the Bid Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchanges where the Equity Shares are proposed to be listed will also be informed promptly and the BRLMs, through the Registrar to the Issue, will notify the SCSBs to unblock the bank accounts specified by the ASBA Bidders within one day from the date of receipt of such notification.

In the event our Company and the Selling Shareholder, in consultation with the BRLMs, withdraws the Issue after the Bid Closing Date, a fresh offer document will be filed with the RoC/SEBI in the event we subsequently decide to proceed with a public offering.

Notwithstanding the foregoing, the Issue is subject to obtaining the final trading approvals of the Stock Exchanges with respect to the Equity Shares issued in the Fresh Issue, which our Company will apply for only after Allotment and dispatch of refunds within 12 Working Days of the Issue Closing Date.

Bidding Programme

BID OPENS ON	[●]	BID CLOSING ON	[●]
		(FOR QIB BIDDERS) [#]	
		BID CLOSING ON	[●]
		(FOR ALL OTHER BIDDERS)	

[#] Our Company and the Selling Shareholder, in consultation with the BRLMs, may consider closing the QIB Bidding Period a day before the Bid Closing Date for other Bidders.

Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period at the Bidding centres mentioned in the Bid cum Application Form, or in the case of ASBA Bidders, at the Designated Branches, except that on the Bid Closing Date (which for QIBs may be a day prior to the Bid Closing Date for other non-QIB Bidders), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non Institutional Bidders; and until (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders, after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges. It is clarified that the Bids not uploaded on the electronic bidding system would be rejected.

Due to limitation of time available for uploading the Bids on the Bid Closing Date, Bidders other than QIB Bidders are advised to submit their Bids one day prior to the Bid Closing Date and no later than 3.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders other than QIB Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in public offers, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be

uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholder and the Syndicate will not be responsible. Bids will be accepted only on Working Days.

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Bidders and reserved category bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Book Running Lead Managers and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The Cap Price will be less than or equal to 120% of the lower end of the Price Band and the lower end of the Price Band will not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band as disclosed at least one Working Day prior to the Bid Opening Date and the upper end of the Price Band will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate and by intimation to the SCSBs.

Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholder intend to enter into an underwriting agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue as per the SEBI Regulations. The Underwriting Agreement shall not apply to the subscription by the ASBA Bidders who have submitted their Bids directly to the SCSBs in this Issue. Pursuant to the terms of the underwriting agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The underwriting agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten*	Amount Underwritten (In ₹ crore)*
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

**The information will be finalized after determination of the Issue Price and finalization of the 'Basis of Allotment'.*

In the opinion of the Board of Directors (based on a representation given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. Each of the Underwriters is registered with SEBI under Section 12(1) of the SEBI Act or as a broker with the

Stock Exchanges. Pursuant to a meeting of the FPO Committee held on [●], 2012, the Selling Shareholder and the Board have accepted and entered into the Underwriting Agreement dated [●], 2012.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters will be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations mentioned in the underwriting agreement, will also be required to procure subscriptions/ subscribe for Equity Shares to the extent of the defaulted amount in accordance with the underwriting agreement.

This Issue is subject to final listing and trading approvals from Stock Exchanges and receipt of approval from Roc.

CAPITAL STRUCTURE

The share capital as on the date of filing of this Draft Red Herring Prospectus with the SEBI is set forth below:

		(in ₹, except share data)
	Aggregate value at Face Value	Aggregate value at Issue Price
A. Authorised Capital*		
14,00,50,000 Equity Shares	28,01,00,000	
50,00,000 Preference Shares	5,00,00,000	
B. Issued, subscribed and paid up Equity Share capital before the Issue		
11,31,34,450 Equity Shares	22,62,68,900	
C. Present Issue in terms of this Draft Red Herring Prospectus		
Issue of 1,58,67,380 Equity Shares fully paid up	3,17,34,760	[●]
<i>Of which:</i>		
Fresh Issue of 79,33,690 Equity Shares ⁽¹⁾	1,58,67,380	
Offer for Sale of 79,33,690 Equity Shares ⁽²⁾	1,58,67,380	
D. Employee Reservation in terms of this Draft Red Herring Prospectus		
Not more than 6,34,690 Equity Shares fully paid up	12,69,380	[●]
E. SMC Retail Shareholder Reservation in terms of this Draft Red Herring Prospectus		
Not more than 6,34,690 Equity Shares fully paid up	12,69,380	
F. Net Issue to the Public		
Up to 1,45,98,000 Equity Shares fully paid up	2,91,96,000	[●]
Of Which:		
QIB Portion of not more than 72,99,000 Equity Shares:	1,45,98,000	[●]
Non-Institutional Portion of not less than 21,89,700 Equity Shares:	43,79,400	[●]
Retail Portion of not less than 51,09,300 Equity Shares:	1,02,18,600	[●]
G. Equity Capital before the Issue		
11,31,34,450 Equity Shares fully paid up	22,62,68,900	[●]
H. Equity Capital after the Issue		
12,10,68,140 Equity Shares fully paid up	24,21,36,280	[●]
I. Share Premium Account		
Before the Issue	344,44,49,991	
After the Issue		[●]

*For details on changes in authorized share capital of our Company, see the section titled "History and Other Corporate Matters" on page 142.

⁽¹⁾The Issue has been authorised by a resolution passed by the Board of Directors in their meeting held on September 01, 2012 and a special resolution pursuant to Section 81(1A) of the Companies Act, passed at the EGM of our Company held on September 26, 2012.

⁽²⁾The Selling shareholder has authorised the Offer for Sale pursuant to the terms of resolution of its board of directors, dated August 30, 2012.

Notes to the Capital Structure:

1. Equity Share Capital history of our Company:

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (₹)	Issue Price (₹)	Cumulative No. of Equity Shares	Cumulative Share Capital (₹)	Cumulative Securities Premium (₹)
January 03, 1995	Allotment pursuant to subscription Memorandum of Association under of	Cash	700	10	10	700	7,000	NIL
January 30, 1995	Allotment to Mr. R.P. Mangla, Capital Meters (Private) Limited, Ms. Sushma Gupta, Ms. Hemlata Aggarwal, Mr Mahesh Chand Gupta, Mr. Subhash Chand Aggarwal, Mr. K.M. Agarwal, Ms. Sheela Agarwal, Mr. Pramod Kumar Aggarwal, Mr. Pawan Kumar Bansal	Cash	6,10,000	10	10	6,10,700	61,07,000	NIL
February 08, 1995	Allotment to Mr. Subhash Chand Aggarwal, Ms. Hemlata Aggarwal, Ms. Ginni Devi, Mr. Mahesh Chand Gupta, Mr. Dinesh Chand Gupta, Ms. Sushma Gupta	Cash	8,10,000	10	10	14,20,700	1,42,07,000	NIL
June 12, 1995	Allotment to Mr. Subhash Chand Aggarwal, Ms. Hemlata Aggarwal, Mr. Mahesh Chand Gupta, Ms. Sushma Gupta, Mr Ashok Kumar Aggarwal	Cash	9,20,000	10	10	23,40,700	2,34,07,000	NIL
December 08, 1995	Allotment to Mr. Yash Pal Mendiratta, Ms. Alka Mendiratta, Ms. Alka Aggarwal, Valour Construction Limited, SMC Credits Limited, SMC Share Brokers Limited, Mr. M.K. Malhotra, Ms. Sushma Malhotra, Mr. Parul Aggarwal, Globe Merchants Limited, Ms. Shakuntala Aggarwal	Cash	3,99,300	10	10	27,40,000	2,74,00,000	NIL
February 03, 1996	Initial Public Offering	Cash	18,65,100	10	10	460,5,100	4,60,51,000	NIL

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (₹)	Issue Price (₹)	Cumulative No. of Equity Shares	Cumulative Share Capital (₹)	Cumulative Securities Premium (₹)
March 29, 2006	Mr. Subhash Chand Aggarwal Ms. Sushma Gupta, Mr. Mahesh Chand Gupta, Ms. Hemlata Aggarwal, Cosy Enterprises Limited, Sanity Financial Services Limited, Funny Time Finvest & Leasing Private Limited#	Cash	2,900,000	10	25	75,05,100	7,50,51,000	4,35,00,000
January 21, 2008	Allotment to Millennium India Acquisition Company#	Cash	12,98,400	10	1,047.83	88,03,500	8,80,35,000	1,39,10,18,472
May 05, 2008	Allotment to Bennett Coleman & Co. Limited#	Cash	1,88,646	10	3,339.95	89,92,146	8,99,21,460	2,01,92,00,220
May 08, 2009	Allotment pursuant to amalgamation of SAM Global Securities Limited with our Company#	Other than cash	1,835,240	10	N.A.	1,03,67,386*	10,36,73,860	2,37,82,85,031*
July 22, 2009	Allotment to Sanlam International Investment Partners Limited#	Cash	90,830	10	2,792.79	1,04,58,216	10,45,82,160	2,63,10,45,846
August 25, 2009	Allotment to Sanlam International Investment Partners Limited#	Cash	20,171	10	2,792.79	1,04,78,387	10,47,83,870	2,68,71,77,503
November 30, 2011	Allotment to Sanlam International Investment Partners Limited#	Cash	4,67,371	10	1,002.95	1,09,45,758	10,94,57,580	3,15,12,53,538
June 29, 2012	Allotment to Sanlam International Investment Partners Limited#	Cash	3,67,687	10	1,115.10	1,13,13,445	11,31,34,450	3,55,75,84,441
August 11, 2012	Sub-division of one Equity Share of ₹ 10 into 5 fully paid Equity Shares of ₹ 2 each	N.A. (Split)	5,65,67,225	2	-	5,65,67,225	11,31,34,450	3,55,75,84,441
August 11, 2012	Bonus Issue (1:1)^	N.A. (Bonus Issue)	5,65,67,225	2	-	11,31,34,450	22,62,68,900	3,44,44,49,991

*Due to the merger of SAM Global Securities Limited with our Company (with a ratio of 1:6), 4,60,000 equity shares of face value of ₹ 10 each representing our shareholding in SAM Global Securities have been extinguished

** Due to the merger share premium increased by ₹35,90,84,811

Relevant provisions of the regulations have been complied with

^ Relevant provisions of the regulations have been complied with

2. Build-up of Promoter's shareholding and Lock-in:

(a) Details of the buildup of the Promoter's shareholding in our Company:

1. Subhash Chand Aggarwal

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ per Equity Shares)	Nature of Issue / Acquisition
January 03, 1995	100	Cash	10	10	Subscriber to the Memorandum Allotment
January 30, 1995	60,000	Cash	10	10	Allotment
February 08, 1995	1,40,000	Cash	10	10	Allotment
June 12, 1995	2,00,000	Cash	10	10	Allotment
March 29, 2006	3,00,000	Cash	10	25	Allotment
September 07, 2006	30,000	Cash	10	25	Transfer
September 14, 2006	5,000	Cash	10	25	Transfer
September 25, 2006	3,000	Cash	10	25	Transfer
November 06, 2006	4,600	Cash	10	25	Transfer
November 11, 2006	25,550	Cash	10	25	Transfer
November 16, 2006	300	Cash	10	25	Transfer
December 1, 2006	10,000	Cash	10	25	Transfer
March 29, 2007	2,31,000	Cash	10	25	Inter-se Transfer
Subtotal	10,09,550				
August 11, 2012	50,47,750	N.A. (Split)	2	-	Sub-division of one Equity Share of ₹ 10 into 5 fully paid Equity Shares of ₹ 2 each
August 11, 2012	50,47,750	N.A. (Bonus Issue)	2	-	Bonus Issue (1:1)
Total	1,00,95,500				

2. Mahesh Chand Gupta

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ Per equity Shares)	Nature of Issue/ Acquisition
January 03, 1995	100	Cash	10	10	Subscriber to the Memorandum
January 30, 1995	70,000	Cash	10	10	Allotment
February 08, 1995	1,30,000	Cash	10	10	Allotment
June 12, 1995	2,00,000	Cash	10	10	Allotment

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ Per equity Shares)	Nature of Issue/ Acquisition
March 29,2006	3,00,000	Cash	10	25	Allotment
September 07,2006	38,500	Cash	10	25	Transfer
September14, 2006	11,000	Cash	10	25	Transfer
September22, 2006	1,000	Cash	10	25	Transfer
September25, 2006	3,000	Cash	10	25	Transfer
October 3,2006	300	Cash	10	25	Transfer
November 6, 2006	5,500	Cash	10	25	Transfer
November 8, 2006	100	Cash	10	25	Transfer
November 11, 2006	550	Cash	10	25	Transfer
November 13, 2006	25,000	Cash	10	25	Transfer
November 16, 2006	300	Cash	10	25	Transfer
December 1, 2006	10,000	Cash	10	25	Transfer
December 8, 2006	(1,500)	Cash	10	10	Inter-se Transfer
March 29, 2007	2,30,000	Cash	10	25	Transfer
March 29, 2007	1,000	Cash	10	25	Transfer
Subtotal	10,24,850				
August 11, 2012	51,24,250	N.A. (Split)	2	-	Sub-division of one Equity Share of ₹ 10 into 5 fully paid Equity Shares of ₹ 2 each
August 11, 2012	51,24,250	N.A. (Bonus)	2	-	Bonus Issue (1:1)
Total	1,02,48,500				

3. Ms. Sushma Gupta

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ Per equity Shares)	Nature of Issue/ Acquisition
January 03, 1995	100	Cash	10	10	Subscriber to the Memorandum
January 30, 1995	80,000	Cash	10	10	Allotment
February 08, 1995	1,70,000	Cash	10	10	Allotment
June 12,1995	2,00,000	Cash	10	10	Allotment
March 29, 2006	3,00,000	Cash	10	25	Allotment
September 07, 2006	31,500	Cash	10	25	Transfer
November 11, 2006	50,000	Cash	10	25	Transfer
December 08, 2006	1,500	Cash	10	10	Inter-se Transfer
December 11, 2009	(20,085)	Cash	10	10	Inter-se Transfer

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ Per equity Shares)	Nature of Issue/ Acquisition
December 11, 2009	(56,360)	Cash	10	10	Inter-se Transfer
Subtotal	7,56,655				
August 11, 2012	37,83,275	N.A. (Split)	2	-	Sub-division of one Equity Share of ₹ 10 into 5 fully paid Equity Shares of ₹ 2 each
August 11, 2012	37,83,275	N.A. (Bonus)	2	-	Bonus Issue (1:1)
Total	75,66,550				

4. Mr. Damodar Krishan Aggarwal

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ Per equity Shares)	Nature of Issue/ Acquisition
May 8, 2009	1,667	Other than Cash	10	-	Allotment pursuant to amalgamation of SAM Global Securities Limited with our Company
November 19, 2009	56,445	Cash	10	10	Inter-se Transfer
December 11, 2009	20,085	Cash	10	10	Inter-se Transfer
Subtotal	78,197				
August 11, 2012	3,90,985	N.A. (Split)	2	-	Sub-division of one Equity Share of ₹ 10 into 5 fully paid Equity Shares of ₹ 2 each
August 11, 2012	3,90,985	N.A. (Bonus)	2	-	Bonus Issue (1:1)
Total	7,81,970				

(b) Minimum Promoter's Contribution and Lock-in:

31,73,476 Equity Shares, aggregating up to 20% of the Issue Size, held by our Promoters will be locked in for a period of three years from the date of Allotment in the Issue. The details are as follows:

Name of the Promoter	Number of Equity Shares locked in	Face Value (₹)	Percentage of post-Issue paid-up capital
Mr. Subhash Chand Aggarwal	15,86,738	2	1.31%
Mr. Mahesh Chand Gupta	15,86,738	2	1.31%

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

- (i) The Equity Shares offered for minimum 20% Promoter's contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves, or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;
- (ii) The Equity Shares offered for minimum 20% Promoter's contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- (iii) The Equity shares offered for minimum 20% Promoters' contribution were not issued to the Promoters' on conversion of a partnership firm;
- (iv) The Equity Shares offered for minimum 20% Promoter's contribution are not subject to any pledge; and
- (v) The Equity Shares offered for minimum 20% Promoter's contribution does not consist of Equity Shares for which specific written consent has not been obtained from our Promoters for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in.

(c) *Details of Equity Shares locked-in for one year*

Other than the above Equity Shares that would be locked in for three years, the balance pre-Issue Equity Shares comprising 2,55,19,044 Equity Shares held by our Promoters would be locked-in for a period of one year from the date of Allotment in the Issue.

(d) *Other requirements in respect of lock-in:*

The locked in Equity Shares held by the Promoters, as specified above, may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Provided that if any Equity Shares are locked in as minimum Promoters' contribution, under Regulation 39(a) of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the above requirement, the loan has been granted by such banks or financial institutions for the purpose of financing the Objects of the Issue.

The Equity Shares held by the Promoter, may be transferred to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

3. *Details of the buildup of the Selling Shareholder:*

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ per Equity Shares)	Nature of Issue / Acquisition
January 21, 2008	12,98,400	Cash	10	1,047.83	Allotment
May 8, 2009	2,88,338	Other than cash	10	-	Allotment pursuant to amalgamation of SAM Global Securities Limited with our Company
Subtotal	15,86,738				
August 11, 2012	79,33,690	N.A. (Split)	2	-	Subdivision of

DATE OF ALLOTMENT/TRANSFER	No. of Equity Shares	CONSIDERATION (In Cash /other than cash)	Face Value (₹)	Acquisition Price (₹ per Equity Shares)	Nature of Issue / Acquisition
					one equity share of ₹ 10 each into five fully paid up Equity Shares of ₹ 2 each
August 11, 2012	79,33,690	N.A. (Bonus Issue)	2	-	Bonus Issue (1:1)

The Selling Shareholder has held the Equity Shares for over a period of one year prior to the filing of this Draft Red Herring Prospectus

4. Shareholding Pattern of our Company as on October 26, 2012:

The total pre-Issue paid-up Equity Shares of our Company is 11, 31,34,450 and the total post-Issue paid-up Equity Shares of our Company is 12,10,68,140. There are no warrants, partly paid up shares, or outstanding convertible securities as on the date of the Draft Red Herring Prospectus. The table below represents the shareholding pattern of our Company as per Clause 35 of the Listing Agreement:

Category code	Category of Shareholder	Numbe r of Share holder s	Pre-Issue						Post-Issue					
			Total number of shares	Number of shares held in demater ialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered		Total number of shares	Number of shares held in dematerial ized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentag e of(A+B) ¹	As a percentag e of (A+B+C)	Number of shares	As a perce ntage			As a percentag e of(A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentag e
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII) /(IV)* 100	(IV-A)	(V-A)	(VI-A)	(VII-A)	(VIII-A)	(IX-A) = (VIII)/(I V)*100
(A)	Shareholding of Promoter and Promoter Group ²													
1	Indian													
(a)	Individuals/ Hindu Undivided Family	10	40718670	40718670	35.99	35.99	0	0.00	40718670	40718670	33.63	33.63	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	7	25602670	25602670	22.63	22.63	12095060	47.24	25602670	25602670	21.15	21.15	12095060	47.24

Category	Category of Shareholder	Number of			Pre-Issue					Post-Issue				
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00	0	0	0.00	0.00	0	0.00
	Sub Total(A)(1)	17	66321340	66321340	58.62	58.62	12095060	18.24	66321340	66321340	54.78	54.78	12095060	18.24
2	Foreign													
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00	0	0	0	0.00	0.00	0.00
B	Bodies Corporate	0	0	0	0.00	0.00	0	0.00	0	0	0	0.00	0.00	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00	0	0	0	0.00	0.00	0.00
D	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00	0	0	0	0.00	0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00	0	0	0	0.00	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	17	66321340	66321340	58.62	58.62	12095060	18.24	66321340	66321340	54.78	54.78	12095060	18.24
(B)	Public shareholding													
1	Institutions													
(a)	QIBs	1	19000	0	0.02	0.02	0	0.00	7318000	7299000	6.04	6.04	0	0.00
	Sub-Total (B)(1)	1	19000	0	0.02	0.02	0	0.00	7318000	7299000	6.04	6.04	0	0.00

Category	Category of Shareholder	Number of	Pre-Issue							Post-Issue				
B 2	Non-institutions													
(a)	Bodies Corporate	35	16009240	12790230	14.15	14.15	0	0.00	8075550	4856540	6.67	6.67	0	0.00
(b)	Individuals													
I	Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	1258	3024230	1660960	2.67	2.67	0	0.00	-	-	-	-	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	16	16717310	1401310	1.43	1.43	0	0.00	-	-	-	-	0	0.00
(c)	Any Other (specify)				0.00	0.00	0	0.00	-	-	-	-	0	0.00
(c-i)	Non Resident Indians	3	68000	0	0.06	0.06	0	0.00	-	-	-	-	0	0.00
(c-ii)	Overseas Corporate Bodies	3	25327970	13717410	22.39	22.39	0	0.00	-	-	-	-	0	0.00
(c-iii)	Hindu undivided Families	34	747360	747360	0.66	0.66	0	0.00	-	-	-	-	0	0.00
	Sub-Total (B)(2)	1349	46794110	30317270	41.36	41.36	0	0.00	47428800	30951960	39.18	39.18	0	0.00
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	1350	46813110	30317270	41.38	41.38	0	0.00	54746800	38250960	45.22	45.22	0	0.00

Category y	Category of Shareholder	Numbe r of	Pre-Issue							Post-Issue				
	TOTAL (A)+(B)	1367	113134450	96638610	100.00	100.00	12095060	10.69	121068140	104572300	100.00	100.00	12095060	9.99
(C)	Shares held by Custodians and against which Depository Receipts have been issued													
1	Promoter and Promoter Group	0	0	0	0	0.00							0	0.00
2	Public	0	0	0	0	0.00							0	0
	Sub-Total (C)	0	0	0	0	0							0	0
	GRAND TOTAL (A)+(B)+(C)	1367	113134450	96638610	100.00	100.00	12095060	10.69	121068140	104572300	100.00	100.00	12095060	9.99

(I)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group”

Sr. No.	Name of the shareholder	Details of Shares held				Encumbered shares (*)			
		Number of shares held	As a % of grand total (A) +(B) +(C)	No. of shares	As a %	Pre-Issue basis: As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Post-Issue basis: As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)		
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*100	(VII)	(VIII)		

Sr. No.	Name of the shareholder	Details of Shares held				Encumbered shares (*)	
1	Ajay Garg	841600	0.74	0	0.00	0.00	0.00
2	Sushma Gupta	7566550	6.69	0	0.00	0.00	0.00
3	Subhash Chand Aggarwal	10095500	8.92	0	0.00	0.00	0.00
4	Mahesh Chand Gupta	10248500	9.06	0	0.00	0.00	0.00
5	Hemlata Aggarwal	7720550	6.82	0	0.00	0.00	0.00
6	Archana Aggarwal	30000	0.03	0	0.00	0.00	0.00
7	Ginni Devi	2200000	1.94	0	0.00	0.00	0.00
8	Madan Gopal Agarwal	984000	0.87	0	0.00	0.00	0.00
9	Damodar Krishan Aggarwal	781970	0.69	0	0.00	0.00	0.00
10	Anurag Bansal	250000	0.22	0	0.00	0.00	0.00
11	Jai Ambey Share Broking Limited	1616670	1.43	0	0.00	0.00	0.00
12	Pulin Investments Private Limited	5318860	4.70	0	0.00	0.00	0.00
13	Funny Time Finvest Private Limited.	3000000	2.65	0	0.00	0.00	0.00
14	Sainty Financial Services Private Limited.	6000000	5.30	2053640	34.23	1.82	1.70
15	Shivraj Exim Private Limited	4301210	3.80	3666910	85.25	3.24	3.03
16	ASM Pipes Private Limited	2699170	2.39	2378920	88.14	2.10	1.96

Sr. No.	Name of the shareholder	Details of Shares held				Encumbered shares (*)	
17	MAR Fashions Private Limited	2666760	2.36	2378920	89.21	2.10	1.96
TOTAL		66321340	58.62	10478390	15.80	9.26	8.65

(I)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Public” and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Pre-Issue		Post-Issue	
		Number of shares held	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Number of shares held	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Bennett Coleman And Company Limited	4335390	3.83	4335390	3.58
2	Zee Data Line Private limited	3625000	3.20	3625000	2.99
3	Ridisha Marketing Private Limited	4438000	3.92	4438000	3.67
4	Millennium India Acquisition Co Inc.	15867380	14.02	7933690	6.55
5	Agbros Polymers Private Limited	1583340	1.40	1583340	1.31
6	Svan Securities Private Limited	1616670	1.43	1616670	1.34
7	Sanlam International Investment Partners Limited	9460590	8.36	9460590	7.81
TOTAL		37307430	32.98	32992680	27.25

(I)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category “Public” and holding more than 5% of the total number of shares of the company

Sr. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Pre-Issue		Post-Issue	
		Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Number of shares	Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
1	Millennium India Acquisition Co.	15867380	14.02	7933690	6.55
2	Sanlam International Investment Partners Limited	9460590	8.36	9460590	7.81
TOTAL		25327970	22.38	17394280	14.37

I)(d) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder	Number of locked-in shares	Pre-Issue	Post-Issue
			Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Sanlam International Investment Partners Limited	8350580	7.38	6.90
TOTAL		8350580	7.38	6.90

5. 6,34,690 Equity Shares have been reserved for allocation to Eligible Employees, subject to valid Bids being received at the Issue Price and subject to the maximum Bid Amount by each Eligible Employee not exceeding ₹ 2,00,000. Only Eligible Employees are eligible to apply in this Issue under the Employee Reservation Portion. Bids by Eligible Employees bidding under the Employee Reservation Portion may also be made in the Net Issue and such Bids will not be treated as multiple Bids. For details regarding Allotment to Eligible Employees please see section titled “Issue Procedure - Basis of Allotment” on page 410.
6. 6,34,690 Equity Shares have been reserved for allocation to SMC Retail Shareholders, subject to valid Bids being received at the Issue Price and subject to the maximum Bid Amount by each SMC Retail Shareholder not exceeding ₹ 2,00,000. Only SMC Retail Shareholders are eligible to apply in this Issue under the SMC Retail Shareholder Portion. Bids by SMC Retail Shareholders bidding under the SMC Retail Shareholder Portion may also be made in the Net Issue and such Bids will not be treated as multiple Bids. For details regarding Allotment to SMC Retail Shareholders please see section titled “Issue Procedure - Basis of Allotment” on page 410.
7. Any unsubscribed portion in any reserved category may be added to any other reserved category and the unsubscribed portion, if any, after such inter-se adjustments among the reserved categories shall be added to the Net Issue to the Public. In case of under-subscription in the Net Issue category, spill-over to the extent of under-subscription will be permitted from the Employee Reservation Portion and the SMC Retail Shareholder Portion to the Net Issue. Under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.
8. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:

a. Top ten shareholders as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	Number of Equity Shares	% of pre-Issue Capital
1.	Millennium India Acquisition Company Inc.	1,58,67,380	14.02
2.	Maresh Chand Gupta	1,02,48,500	9.06
3.	Subhash Chand Aggarwal	1,00,95,500	8.92
4.	Sanlam International Investment Partners Limited	94,60,590	8.36
5.	Hemlata Aggarwal	77,20,550	6.82
6.	Sushma Gupta	75,66,550	6.69
7.	Sainty Financial Services Private Limited	60,00,000	5.30
8.	Pulin Investments Private Limited	53,18,860	4.70
9.	Ridisha Marketing Private Limited	44,38,000	3.92
10.	Bennett Coleman & Company	43,35,390	3.83

b. Top ten shareholders as on ten days prior to the filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	Number of Equity Shares	% of pre Issue Capital
1.	Millennium India Acquisition Company Inc.	1,58,67,380	14.02
2.	Maresh Chand Gupta	1,02,48,500	9.06
3.	Subhash Chand Aggarwal	1,00,95,500	8.92
4.	Sanlam International Investment Partners Limited	94,60,590	8.36
5.	Hemlata Aggarwal	77,20,550	6.82
6.	Sushma Gupta	75,66,550	6.69
7.	Sainty Financial Services Private Limited	60,00,000	5.30

Sr. No.	Name of the Shareholders	Number of Equity Shares	% of pre Issue Capital
8.	Pulin Investments Private Limited	53,18,860	4.70
9.	Ridisha Marketing Private Limited	44,38,000	3.92
10.	Bennett Coleman & Company	43,35,390	3.83

c. Top ten shareholders as on two years prior to the date of filing this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	Number of equity shares*	% of pre Issue Capital
1.	Millennium India Acquisition Company Inc.	15,86,738	15.14
2.	Mahesh Chand Gupta	10,24,850	9.78
3.	Subhash Chand Aggarwal	10,09,550	9.63
4.	Hemlata Aggarwal	7,72,055	7.37
5.	Sushma Gupta	756,655	7.66
6.	Pulin Investments Private Limited	7,33,786	7.00
7.	Sainty Financial Services Private Limited	6,00,000	5.73
8.	Ridisha Marketing Private Limited	4,43,800	4.23
9.	Shivraj Exim Private Limited	4,30,121	4.10
10.	Zee Data Line Private Limited	3,62,500	3.46

*Face value of ₹10 each

9. Except as stated below, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Nature of Allotment
May 8, 2009	18,35,240	10	N.A.	Allotment pursuant to amalgamation of SAM Global Securities Limited with our Company to Agbros Polymers(P) Limited, Ajay Garg, Anurag Bansal, A To Z Consultants (P) Limited, A To Z Venture Capital Limited, Bennett Coleman & Co. Limited, Bhawana Devi-, D.K. Aggarwal, Devender Aggarwal HUF, Devender Kumar, Geeta Devi, Jai Ambey Share Broking Limited, Lalit Kumar, Lalit Kumar Aggarwal HUF, Madhu Devi, Millennium India Acquisition Company Inc., Mukesh Gupta, MVR Share Trading Private Limited, Padam Chand, Padam Chand HUF, Pradeep Aggarwal, Pradeep Kumar HUF, Praveen Aggarwal, Rashmi Aggarwal, Ravi Aggarwal, Ravinder Kumar HUF, Shilpa Devi, SMC Share Brokers Limited, Svan Securities (P) Limited, ZEE Dataline Private Limited, Rashmi Aggarwal
August 11, 2012	5,65,67,225	2	N.A.(Bonus Issue)	Bonus Issue (1:1)

Note: Pursuant to the amalgamation, our Company was able to provide depository participant services and cash and derivatives broking services on the BSE to its customers.

10. Our Company, our Promoter, our Directors, and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
11. Other than the issue of bonus shares mentioned above and Pulin Investments Private Limited which has purchased 1,100 equity shares of ₹ 10 each of our Company at ₹ 50 per equity share on July 27, 2012, none of our Promoter, Our Promoter Group, our Directors or their immediate relatives have purchased or sold or financed the purchase or sale of Equity Shares by any other person, of any Equity Shares during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.
12. An over-subscription to the extent of 10% of the Issue to the public can be retained for the purpose of rounding off to the nearest multiple of minimum bid lot while finalizing the basis of Allotment.

13. We presently do not intend or propose any further issue of Equity Shares whether by way of issue of bonus issue, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued pursuant to the Issue have been listed.
14. Our Company had issued 3,82,441 share warrants at convertible in to an equal number of equity shares, at a subscription price of ₹ 265.31 each and balance ₹ 2,387.83 per warrant to be paid at the time of conversion, on a preferential basis, to Sanlam International Investment Partners Limited on July 22, 2009. However, Sanlam International Investment Partners did not exercise their option to convert the share warrants, which have now lapsed. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares as on the date of this Draft Red Herring Prospectus.
15. Our Company does not have any scheme of employee stock option or employee stock purchase.
16. Our Company presently does not intend to alter its capital structure for a period of six months from the Bid 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 into Equity Shares) on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise, except if we enter into acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
17. There will be only one denomination of Equity Shares, unless otherwise permitted by law. We will comply with such disclosure and accounting norms as may be specified by the SEBI from time to time.
18. As of the date of filing of this Draft Red Herring Prospectus, our Company has 1,367 shareholders.
19. There are no partly paid up Equity Shares in our Company. All the Equity Shares offered through this Issue will be fully paid up at the time of Allotment.
20. There has been no financing arrangement whereby the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.
21. As of the date of this Draft Red Herring Prospectus, the BRLMs and their associates do not hold any Equity Shares. Further, except, the following, none of our Directors, our Promoter and key management personnel, provided in the table below, hold any Equity Shares.

S. No.	Name of the Promoter / Directors /Key Management Personnel	Number of Equity Shares
1.	Mr. Subhash Chand Aggarwal	1,00,95,500
2.	Mr. Mahesh Chand Gupta	1,02,48,500
3.	Ms. Sushma Gupta	75,66,550
4.	Mr. D. K. Aggarwal	7,81,970
5.	Mr. Ajay Garg	8,41,600
6.	Mr. Anurag Bansal	2,50,000
7.	Mr. Pradeep Aggarwal	1,07,830
8.	Mr. Ravi Aggarwal	1,12,170
9.	Mr. Ashok Kumar Aggarwal	25,000

22. Our Company, Directors and our Promoters will not make any payments either directly or indirectly, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.
23. Our Promoters and Promoter Group will not participate in this Issue.

24. We will ensure that transactions in Equity Shares by our Promoter and Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid Closing Date will be reported to the Stock Exchanges within 24 hours of such transaction.
25. We have not undertaken any revaluation of our assets since our inception.

SECTION IV – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder.

The Offer for Sale

The Selling Shareholder proposes to Offer for Sale 79,33,690 Equity Shares of ₹ 2 each. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholder.

The Objects of the Fresh Issue

Our Company through this Issue, is making a fresh issuance of 79,33,690 Equity Shares of face value of ₹ 2 each.

The details of the proceeds of the Fresh Issue are summarised in the table below:

(₹ in crore)	
Particulars	Amount
Gross proceeds from the Fresh Issue ⁽¹⁾	[●]
(Less) Issue related expenses ⁽²⁾	[●]
Net Proceeds ⁽¹⁾	[●]

⁽¹⁾To be finalized upon determination of the Issue Price.

⁽²⁾ Proportionate Issue related expenses borne by our Company would be included. Except for the listing fee which will be borne by our Company, all expenses relating to the Issue will be borne by our Company and the Selling Shareholder in proportion to the Equity Shares contributed to the Issue.

The proceeds of the Fresh Issue, after deducting the proportionate underwriting and issue management fees, selling commissions and other expenses associated with the Fresh Issue (the “**Net Proceeds**”), except for the listing fee which shall be paid by our Company, shall be utilised towards the following objectives (collectively, referred to herein as the “**Objects**”):

- (i) Margin maintenance with stock exchanges;
- (ii) Part repayment of term loan;
- (iii) Investments into our Subsidiary, SMC Comtrade; and
- (iv) General Corporate Purposes

We also believe that by listing our Equity Shares on nationally recognised stock exchanges, NSE and BSE, will further enhance our visibility and brand name, allow us currency for further capital raising and also provide liquidity to the existing shareholders.

The main object clauses of our Memorandum of Association of our Company and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

Our Requirement of Funds and Schedule of Implementation and Deployment of Funds

We are a well-diversified financial services company in India offering services across brokerage (across the asset classes of equities (cash and derivatives), commodities and currency), investment banking, wealth management, distribution of third party financial products, research, financing, depository services, insurance broking and clearing services to corporate, institutional, high net worth individuals and other retail clients. As of September 30, 2012, we service our broking clients through a network of 43 branches and 2,521 registered sub-brokers and authorized persons spread in more than 500 cities and towns. We have also established an office in Dubai for brokerage and trading activities in that region.

On the basis of our current business plans, we intend to utilise the Net Proceeds for financing the Objects as mentioned above. We propose to deploy the Net Proceeds towards such identified activities in Fiscal 2013.

The details of the utilisation of Net proceeds are as per the table set forth below:

(₹ in crore)	
Particulars	Utilisation
A. Margin maintenance with stock exchanges	30.00
B. Part repayment of term loan	10.00
C. Investment into our Subsidiary, SMC Comtrade	10.00
D. General Corporate Purposes	[•]

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These management estimates are based on current market conditions and may get changed owing to external events or changes in the external circumstances or costs, or in our financial condition, business or strategy, as discussed further below.

We operate in a competitive and dynamic sector. We may have to revise our estimates from time to time including on account of modifications in the terms of the debt facilities availed by us and intended to be pre-paid from the Net Proceeds depending on a number of factors which may not be in the control of our management, including variations in interest rate structures, regulatory requirements, business conditions, changes in the financial condition and the prevailing economic/commercial conditions.

Our management will, in response to the internal dynamics of the industry that we operate in, retain the discretion to revise our business plan from time to time. Consequently, our funding requirements and the planned deployment of funds may also change. This may also include rescheduling and/or increasing or decreasing expenditure for a particular object vis-à-vis the overall proposed utilization of Net Proceeds. However, any changes in “Objects of the Issue”, other than those specified herein, post-listing of the Equity Shares shall be subject to compliance with the Companies Act and such regulatory and other approvals and disclosures, as may be applicable. As on date, we have not incurred any expenditure towards the Objects.

Shortfall of Net Proceeds of the Issue

In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Fresh Issue, subject to applicable law. If surplus funds are unavailable, the required financing will be through our internal accruals and available lines of credit. Also, in the event that estimated utilisation out of the Net Proceeds is not completely met in Fiscal 2013, the same shall be utilized in the next Fiscal.

Means of Finance

We propose to meet all the requirement of funds entirely from the Net Proceeds. Other than such amounts as may be required to pay under any pre-payment penalties and applicable interest payments, which we intend to finance out of the internal accruals, no amount is required to be raised through means other than this Fresh Issue for financing the Objects. Accordingly, the requirement of firm arrangements of finance through verifiable means for 75% of the stated means of finance excluding the Net Proceeds does not arise.

Details of the Objects of the Issue

A detailed explanation of the Objects is as described below.

A. Margin Maintenance with stock exchanges

(₹ in crore)	
Particulars	Total estimated amount
Margin maintenance with stock exchanges; of which	30.00
• Enhancement of margin maintenance in existing exchanges, NSE and BSE	10.00
• Margin requirement for equities (cash and derivatives) segment at MCX-SX	20.00

We are required to maintain adequate levels of margin with the various exchanges across financial assets – equity (cash and derivatives) and currency for our businesses of trading in such financial assets. The margin requirements with the stock exchanges are determined by the stock exchanges on the basis of trading volumes, market volatility and to extent of open interests in respect of equities and currency derivatives.

Such margin requirements comprise of value-at-risk (VaR) margin and extreme risk margin in the equities (cash) segment, and SPAN and exposure margin for the derivatives (equities and currency) segment. Margin deposits with the stock exchanges can be created by way of deposit of either cash, fixed deposits, bank guarantees, or approved securities.

The stipulated margins for equities (cash and derivatives) segment are required to be deposited with stock exchanges till T+2 days for equities (cash) and till closure/expiry of open positions for derivatives (equities and currency) segment. This margin requirement also increases in terms of percentage due to volatility in the market, and such margin requirements may change even though the business may remain constant. Such margins may need to be provided by us on behalf of the customers arising on account of the time gap in realization of cheques received from clients. Additionally, while we may receive approved securities from clients, we may not be able to deposit those in the exchanges towards margin owing to certain other exchanges' parameters, and thus may have to deposit our cash / fixed deposits towards such margin requirements. Such funds towards margin requirements would be utilised towards client and proprietary trading related margin requirements.

Thus, efficient utilisation of available capital is a strategic input in this business and typically requires utilizing available lines of credit (bank guarantees, over-draft limits), fixed deposits with banks, and cash. Over the past three years, the requirement of margins in our business can be explained through factors such as growth of our operations, acquisition of clients, our presence across additional products and exchanges and the activity levels in the stock and currency segments. With the growth in financial markets, we expect our trading volumes to increase across equities (cash and derivatives) and currency segments further.

The details of margins maintained by our Company towards equity (cash and derivatives) segment on NSE and BSE as on September 30, 2012, March 31, 2012, March 31, 2011 and March 31, 2010 are as below:

(₹ in crore)				
Particulars	Sept 30, 2012	Mar 31, 2012	Mar 31, 2011	Mar 31, 2010
NSE	423.86	331.56	340.72	304.34
BSE	22.12	31.66	22.05	22.20
Total	445.98	363.22	362.77	326.54

Over the previous three fiscals, there has been an increased requirement to maintain the margins in the equities (cash and derivatives) segments. Additionally, with the increase in the volumes of cash and derivatives transactions on the stock exchanges, we believe that there would be a requirement for us to increase our margin requirements towards the segment at such stock exchanges where we are currently the members of. We, accordingly, intend to deploy upto ₹ 10.00 crore in Fiscal 2013 through enhancing the margins with NSE and BSE for the equities (cash and derivatives) segments.

Additionally, we have made an application to MCX-SX on September 6, 2012 to register us as a trading member in the equity (cash and derivatives) segment. We would be required to deploy our funds towards margin maintenance in MCX-SX, as soon as we receive the trading member registration in our favour. Based on our internal estimates, we propose to deploy a part of our requirements towards the initial margin maintenance at the MCX-SX from the Net Proceeds to the extent of ₹ 20.00 crore in Fiscal 2013.

B. Part repayment of term loan

(₹ in crore)	
Particulars	Total estimated amount
Part repayment of term loan	10.00

Our Company has availed a secured rupee term loan facility for an amount not exceeding ₹ 52.50 crore from ICICI Bank mainly towards financing our capital expenditure and funding margin. The loan has been sanctioned to our Company by ICICI Bank, at a negotiated rate, which at the time of the sanction was 12.60% p.a. Our Company intends to part prepay the loan in Fiscal 2013 out of the Net Proceeds. Under the terms of the term loan, our Company will be liable to pay penalty on the prepayment of the loan, based and calculated as per terms as agreed with ICICI Bank.

The key terms of the term loan facility agreement that our Company has entered into with ICICI Bank are as follows:

Particulars	Description from the term loan facility agreement
Purpose of the Loan	For financing our Company's capital expenditure and margin/ BTST/ T5 product and other incidental expenses
Date of Sanction	June 30, 2010
Date of the Loan Agreement	July 3, 2010
Amount Disbursed	₹ 52.50 crore
Date of Disbursement	August 3, 2010
First Drawdown date	August 3, 2010
Last Drawal Date	August 31, 2010
Nature of Interest Charge	Fixed rate
Rate of Interest on the Loan	12.60%
Security	<i>Pari passu</i> first charge on all the movable properties (present and future) and tangible and intangible assets of our Company, including trade receivables and current assets. Our 1,04,78,390 Equity Shares have been encumbered to ICICI Bank from promoter group entities. Guarantee from affiliates of our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Mr. Damodar Krishan Aggarwal, Mr. Pradeep Aggarwal, Mr. Ajay Garg, Mr. Anurag Bansal and Mr. Ravinder Kumar (a.k.a. Ravi Aggarwal).
Repayment Schedule	36 months from first drawdown date; Bullet repayment
Key Terms of Prepayment	Mandatory Prepayment of entire outstanding amount if: i. The Company does not provide prior intimation to ICICI Bank before initiating any process to issue capital or any private equity financing deal, other than preliminary non-binding discussions. ii. The Company, affiliates of our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Mr. D. K. Aggarwal, Mr. Pradeep Aggarwal, Mr. Ajay Garg, Mr. Anurag Bansal and Mr. Ravinder Kumar (a.k.a. Ravi Aggarwal) propose to sell an aggregate of 2% or more of their shareholding in our Company during the tenure of the facility, without the prior written consent of ICICI Bank. iii. The Company, upon being requested by ICICI Bank does not provide it with copies of approvals and consents required by our Company in relation to the facility. In the event of a voluntary or mandatory prepayment, our Company shall be liable to pay an amount equivalent to ₹ 1 crore which, shall be over and above such additional amounts owed to ICICI Bank, including an upside fee and any payments due to ensure that ICICI Bank receives a yield equal to the minimum facility IRR .

We intend to utilise upto ₹ 10.00 crore from the Net Proceeds towards part repayment of this term loan. For further details in relation to the terms and conditions under such loan agreements as well as restrictive covenants in relation to such loan arrangement, see the section titled "Financial Indebtedness" on page 314 of this Draft Red Herring Prospectus.

C. Investments into our Subsidiary, SMC Comtrade

(₹ in crore)

Particulars	Total estimated amount
Investments into our Subsidiary, SMC Comtrade	10.00

SMC Comtrade, a wholly owned subsidiary of our Company, and through its subsidiary SMC Comex, is chiefly involved in the business of providing brokerage services, trading and arbitrage and clearing services in the commodities segment. SMC Comtrade is currently a member of the following commodity exchanges: NCDEX, MCX, NMCE, ICEX, ACE, NCDEX-Spot and National-Spot. SMC Comex is located and operates in Dubai and is a member of the DGCX. SMC Comtrade, through its subsidiary SMC Insurance Brokers Private Limited, also provides life and non-life insurance broking services. For further details on our Subsidiaries, please refer the sections “Our Business” and “Our History and Other Corporate Matters”.

With respect to utilisation of funds, SMC Comtrade has seen working capital requirements towards margin maintenance at the various commodity exchanges that it is registered with in India. Fund requirements towards margin maintenance in the commodities broking segment as on September 30, 2012, March 31, 2012, March 31, 2011 and March 31, 2010 is as tabulated below:

(₹ in crore)

Particulars	Sept 30, 2012	Mar 31, 2012	Mar 31, 2011	Mar 31, 2010
MCX	52.71	48.11	35.73	26.86
NCDEX	36.66	29.86	25.44	11.20
ICEX	3.05	1.25	1.15	0.40
National-Spot	0.60	0.25	0.11	-
ACE	6.55	3.80	0.70	-
NMCE	0.56	0.56	0.81	0.06
Total	100.13	83.83	63.94	38.52

As a business expansion strategy, and owing to available business potential, we have earmarked an amount of ₹ 10.00 crore towards investments into our subsidiary SMC Comtrade.

For the purpose of such investment into SMC Comtrade, we shall retain the flexibility in applying such funds through capital infusion in the form of investment in either shares or debt instruments which may be convertible into shares or a combination thereof. The management of our Company shall finalise the form of such investments and would accordingly decide upon the terms of the unsecured loan and/or investment in shares. As of today, our Company has not finalised the nature and terms of such investment instruments.

D. General Corporate Purposes

(₹ in crore)

Particulars	Total estimated amount
General Corporate Purposes; of which	[●]
(i) Investments into our other Subsidiaries	[●]
(ii) Expansion of our operations	[●]

We shall utilise such excess funds from the Net Proceeds, after respective amounts as indicated above have been utilised for the above mentioned objects, towards General Corporate Purposes, in accordance with the policies set up by our Board. We shall retain the flexibility in applying the remaining Net Proceeds for purposes chiefly towards: investments into our other Subsidiaries, and expansion of our operations. We confirm that such excess funds to be used towards general corporate purposes shall not exceed 25% of the Net Proceeds and shall exclude payments towards expenses of the Issue. Details of the utilisation of funds towards general corporate purposes shall be disclosed alongwith the monitoring of the utilisation of funds reports in the annual financial statements of our Company.

Issue Expenses

The expenses in relation to this Issue shall be split between our Company and the Selling Shareholder in proportion of the Equity Shares contributed to the Issue, except for the listing fees which shall be paid by our Company. These expenses typically include, amongst others, underwriting and lead management fee, brokerage and selling commissions, legal counsel fees, auditor fees, printing and distributions expenses, legal fees, statutory advertisements fees, and listing fees payable to the stock exchanges where shares are getting listed. The estimated Issue expenses are as follows:

(₹ in crore)	
Activity	Total estimated Amount
Lead management, underwriting and selling commission (including commissions to SCSBs for ASBA Applications)	[●]
Registrar fee and other related fees (postage of refunds etc.)	[●]
Advertising and marketing expenses	[●]
Printing and stationery (including related distribution expenses)	[●]
Other expenses (SEBI Filing fee, legal and auditor fee, listing fee, book-building fees etc.)	[●]
Total	[●]

Interim use of the Net Proceeds of the Issue

The management of our Company, in accordance with policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilisation for the purposes described above, our Company intends to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, or deposits with banks for the necessary duration, as may be approved by the Board of Directors or a committee thereof. Our Company confirms that pending utilisation of the Net Proceeds, it shall not use such funds for any investments in the equity markets.

Appraisal

None of the Objects have been appraised by any bank or financial institution or any other independent third party organisation. The funding requirements of our Company and the deployment of the Net Proceeds of the Issue are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

Bridge Financing Facilities

Our Company has not raised any bridge loan against the proceeds of this Issue.

Working Capital Requirement

The Net Proceeds will not be used to meet our working capital requirements, as except mentioned above in the section titled “*Objects of the Issue - A. Margin Maintenance at exchanges*” on page 88. We expect to meet any other working capital requirements, including enhancement of our margin maintenance requirements at various exchanges as required from time to time, in the future through internal accruals, drawdown from our existing debt facilities or through availing new lines of credit.

Monitoring of utilisation of funds

As this is an Issue for less than ₹ 500.00 crore, in terms of proviso to Regulation 16(1) of the SEBI (ICDR) Regulations, there is no requirement for the appointment of a monitoring agency.

We will disclose the details of the utilisation of the Net Proceeds, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the

uses/applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till such time that the Net Proceeds have been fully utilised. The statement shall be certified by our Statutory Auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in this Draft Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49.

Other Confirmations

There are no material existing or anticipated transactions with our Promoter, Directors, the members of our Promoter Group, Group Companies or Key Managerial Personnel in relation to the utilisation of the Net Proceeds. No part of the proceeds of the Fresh Issue will be paid by us as consideration to our Promoters, Directors, key management personnel, associate or group companies.

BASIS OF ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs on the basis of an assessment of market demand for the offered Equity Shares by the book building process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹ 2 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Competitive Strengths

We believe that we have the following competitive strengths:

1. *Wide range of financial products and services*
2. *Large and diverse distribution network*
3. *Strong and well-established brand*
4. *Experienced board of directors and management team*
5. *Our technology infrastructure*

For a detailed discussion on the qualitative factors, which form the basis for computing the Issue Price, please refer to the sections titled “Our Business” and “Risk Factors” on pages 119 and 13, respectively.

Quantitative Factors

Financial information pertaining to our Company presented in this section is derived from our restated audited consolidated and unconsolidated financial information.

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”)

Year ended March 31	Restated Consolidated		Restated Unconsolidated		Weight
	Basic EPS (₹)	Diluted EPS (₹)	Basic EPS (₹)	Diluted EPS (₹)	
2012	(0.04)	(0.04)	0.16	0.16	3
2011	(1.16)	(1.16)	0.38	0.38	2
2010	(1.36)	(1.32)	0.60	0.58	1
Weighted Average	(0.63)	(0.63)	0.31	0.30	

The restated consolidated and unconsolidated Basic and Diluted EPS for the four months ended July 31, 2012 is ₹ 0.49 and ₹0.24, respectively.

2. Price Earning Ratio (P/E) in relation to the Issue price of ₹ [●] per share

S. No	Particulars	Consolidated	Unconsolidated
1	P/E ratio based on Basic and Diluted EPS for the year ended March 31, 2012 at the Floor Price:	[●]	[●]
2	P/E ratio based on Basic and Diluted EPS for the year ended March 31, 2012 at the Cap Price:	[●]	[●]
3	Industry P/E*		
A	Highest	21.39	
B	Lowest	7.98	
C	Industry Composite (Average of Highest and Lowest)	14.69	

Note: The Industry high and low has been considered from the Industry Peer Set provided below. The Industry composite has been calculated as the arithmetic average P/E of the Industry peer set provided below. For further details please see "Comparison with Listed Industry Peers" below

3. Return on Net Worth (RoNW)

Year ended March 31	Consolidated (%)	Unconsolidated (%)	Weight
2012	(0.09)	0.36	3
2011	(2.90)	0.94	2
2010	(3.21)	1.49	1
Weighted Average	(1.55)	0.74	

The restated consolidated and restated unconsolidated RoNW for the four months ended July 31, 2012 is 1.03% and 0.52% respectively.

4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2012

Based on Basic and Diluted EPS

At the Floor Price – [●] % and [●] % based on Restated Unconsolidated and Consolidated financial information, respectively.

At the Cap Price – [●] % and [●] % based on Restated Unconsolidated and Consolidated financial information, respectively.

5. Net Asset Value

NAV (Consolidated) as at March 31, 2012 : ₹44.35 per Equity Share

NAV (Unconsolidated) as at March 31, 2012 : ₹42.91 per Equity Share

Issue price : ₹[●] per Equity Share

NAV (Consolidated) after the Issue : ₹[●] per Equity Share

NAV (Unconsolidated) after the Issue : ₹[●] per Equity Share

6. Comparison with listed industry peers *

	Name of the Company	For the year ended March 31, 2012					
		Face Value (₹)	Total Income (₹ in crore)	Basic EPS (₹)	P/E ⁽³⁾	RoNW ⁽⁴⁾ (%)	NAV ⁽⁵⁾ (₹)
1.	SMC Global [#]	2.00	292.24	(0.04)	[●]	(0.09)	44.35
2.	Peer Group						
	Edelweiss Financial Services	1.00	1670.69	1.69	21.39	4.85	34.79
	Motilal Oswal Securities	1.00	465.53	7.17	16.30	9.11	78.62
	Indiabulls Financial Services	2.00	3846.42	32.00	7.98	20.35	157.32
	India Infoline	2.00	1886.47	4.58	14.96	7.53	60.69
	Religare Enterprise	10.00	3248.19	(15.80)	NA	NA	247.42
3.	Industry Composite⁽⁶⁾	-	2223.46	-	15.16	-	115.77

* Based on the publicly available Annual Reports for fiscal 2012 of identified peer companies, on a consolidated basis.

Based on the Restated Consolidated Financial information for the year ended March 31, 2012

(1) Total Income is as sourced from the Consolidated audited accounts as mentioned in the respective Annual Reports for fiscal 2012

(2) Basic EPS is as sourced from the Consolidated audited accounts as mentioned in the respective Annual Reports for fiscal 2012

(3) P/E Ratio has been sourced from the www.capitaline.com as accessed on October 29, 2012, Closing Price as on October 26, 2012 as divided by the basic EPS provided under Note2

- (4) RoNW has been calculated on the basis of financial information as sourced from the Consolidated audited accounts as mentioned in the respective Annual Reports for fiscal 2012*
- (5) NAV is as sourced from the Consolidated audited accounts as mentioned in the respective Annual Reports for fiscal 2012*
- (6) Average of all positive values mentioned in the peer group for Total Income, P/E and NAV*

7. The Issue price will be [●] times of the face value of the Equity Shares.

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process.

STATEMENT OF TAX BENEFITS

Statement of possible tax benefits available to the company and its shareholders

To

The Board of Directors of
SMC Global Securities Limited,
11/6B, Shanti Chamber, Pusa Road,
New Delhi -110005.

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by SMC Global Securities Limited ('the Company') states the possible tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 ('Act'), the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfill.

The Direct Tax Code (which consolidates the prevalent direct tax laws) is yet to come into effect and it may undergo a few more changes by the time it is actually introduced and hence, at the moment, it is unclear what effect the proposed Direct Tax Code would have on the Company and the investors.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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.

Our confirmation is based on the 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 do not express an opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/would be met.

For ATUL & RAJINDER

Chartered Accountants
Firm Registration Number: 005402N

RAJINDER MALHOTRA

Proprietor,
Membership No.: F 83680
Place: New Delhi
Date: October 23, 2012

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SMC GLOBAL SECURITIES LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2012-2013.

A. Special Tax benefits available to the Company

No special tax benefit is available to the Company.

B. Benefits to the Company under the Act

1. General tax benefits

(a) Business income

- The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. Business losses, if any, for an assessment year can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

(b) MAT credit

- As per provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax ('MAT') paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.
- MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under Section 115JB for that assessment year. Such MAT credit is available for set-off up to 10 years succeeding the assessment year in which the MAT credit arises.

(c) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long term capital assets, capital gains arising from the transfer of which are termed as long term capital gains ('LTCG'). In respect of any other capital assets, the holding period should exceed thirty six months to be considered as long term capital assets.
- Short Term Capital Gains ('STCG') means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund, which has been set up under a scheme of a mutual fund specified under Section 10(23D), is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

- Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee .
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund , which has been set up under a scheme of a mutual fund specified under Section 10(23D), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess on the total tax at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years. As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

ii) Exemption of capital gains from income tax

- Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by :-
 - National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
 - Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed ₹ 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

(d) Securities Transaction Tax ('STT')

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

(e) Dividends

- As per provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.
- Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.
- As per provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.
- As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfillment of the conditions specified in that section.
- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess).

C. Benefits to the Resident members / shareholders of the Company under the Act

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

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short -term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
- STCG means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a

mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.

- In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess on the total tax at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(i) Exemption of capital gains arising from income tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed ₹ 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a shareholder being an individual or Hindu Undivided Family ('HUF').
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.

D. Benefits to the Non-resident shareholders of the Company under the Act

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

- As per provisions of Section 10(34), dividend (both interim and final), if any, received by nonresident shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty six months to be considered as long term capital assets.
- STCG means capital gain arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.
- As per first proviso to Section 48 of the Act, the capital gains arising to an assessee not covered by Section 115 AC & 115 AD, on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 2% where the taxable income of a foreign company exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess on the total tax at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains arising from income tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed ₹ 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a shareholder being an individual or HUF.
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.

(c) Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder or the Act, whichever is more beneficial.

(d) Non-resident taxation

- Special provisions in case of Non-Resident Indian ('NRI') in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:
- NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- Specified foreign exchange assets include shares of an Indian company which are acquired / purchased / subscribed by NRI in convertible foreign exchange.
- As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets is taxable at the rate of 10% (plus education cess and secondary & higher education cess of 2% and 1% respectively).
- As per provisions of Section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from assets (other than specified foreign exchange assets) arising to a NRI is taxable at the rate of 20% (education cess and secondary & higher education cess of 2% and 1% respectively). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
- As per provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.
- As per provisions of Section 115G of the Act, where the total income of a NRI consists only of income / LTCG from such foreign exchange asset / specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.
- As per provisions of Section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- As per provisions of Section 115I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and tax liability arising thereon.

E. Benefits available to Foreign Institutional Investors ('FIIs') under the Act

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

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Long term capital gains exempt under section 10(38) of the Act

- LTCG arising on sale equity shares of a company subjected to STT is exempt from tax as per provisions of Section 10(38) of the Act. It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

(c) Capital gains

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

Nature of income	Rate of tax (%)
LTCG on sale of equity shares not subjected to STT	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

- For corporate FIIs, the tax rates mentioned above stands increased by surcharge, payable at the rate of 2% where the taxable income exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess on the total tax at the rate of 2% and 1% respectively is payable by all categories of FIIs.
- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

(d) Securities Transaction Tax

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

(e) Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital

gains would depend on the nature of holding and various other factors.

F. Benefits available to Mutual Funds under the Act

- (a) Dividend income Dividend income, if any, received by the shareholders from the investment of mutual funds in shares of a domestic Company will be exempt from tax under section 10(34) read with section 115O of the Act.
- (b) As per provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, is exempt from income-tax, subject to the prescribed conditions.

G. Wealth Tax Act, 1957

Wealth tax is chargeable on prescribed assets. As per provisions of Section 2(m) of the Wealth Tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax while determining the net taxable wealth.

- Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence, wealth tax is not applicable on shares held in a company.

H. Gift Tax Act, 1958

- Gift tax is not leviable in respect of any gifts made on or after October 1, 1998.

Note: All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.

SECTION V – ABOUT US

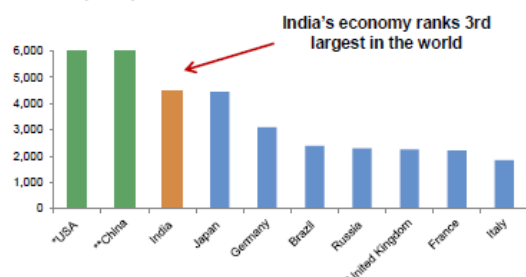
INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources including stock exchange and industry websites and from publications and government and company estimates. This includes the information available on the websites of, in the reports or adapted from the reports of and/or from the databases of, the Central Statistical Organisation, Government of India (“CSO”); the Ministry of Statistics and Programme Implementation (“MOSPI”); “Fact Book” from Department of Economic Affairs, Ministry of Finance, Government of India, June 2012. These reports have not been independently verified by the Company and Book Running Lead Managers or their respective affiliates, their legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Certain financial and other numerical amounts specified in this section have been subject to rounding adjustments; figures shown as totals may not be the arithmetic aggregation of the figures which precede them. 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, underlying assumptions are not guaranteed and their reliability cannot be assured. Certain data has been reclassified for the purpose of presentation and should be treated with appropriate caution.

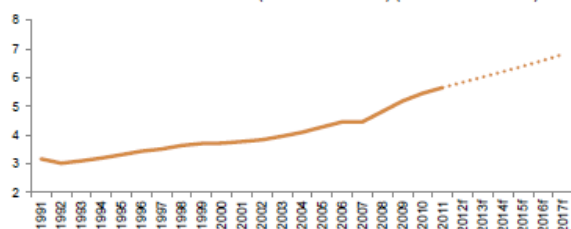
Indian Economic Scenario

Indian economy, on the basis of a Purchase Power Parity (PPP), is the third largest behind US and China. Over the past few decades, surviving through the East Asian currency crisis on the back of liberalized economic policies and reforms, Indian economy is now being considered as one of the leading attractive destinations for investments. Indian corporates are also taking advantage of global diversification options available to them in developed as well as in other emerging economies. India, since 2009, has also been involved in arresting the current global economic downturn through its membership in the ‘Group of 20’. (Source: “Fact Book” from Dept. of Economic Affairs, Ministry of Finance, Govt. of India, June 2012)

2011 GDP PPP (USD bn)



India's share in world GDP (% of world total) (PPP current USD)



India's robust macroeconomic performance

Key Parameters	2005-06	2011-12	Change
Real GDP (INR billion) ¹	32,542	52,220	60% higher
Real Per Capita GDP (INR) ¹	33,548	46,221	38% higher
Investment / GDP (%) ²	35.8	37.6**	5% higher
Exports (US \$ bn) ¹	103	303	194 % higher
General Government Gross Debt (% GDP) ¹	77.4	64.9**	16% lower
Workers Remittances (US\$ bn) ²	28.0+	63.7++	127% higher
Gross International Reserves (US\$ bn) ¹	151#	294 ##	94% higher
Foreign Direct Investment inflow (US \$ bn)	9.1	46.8	414 % higher
Foreign Direct Investment outflow (US \$ bn)	6.1	25.8**	323% higher

Sources:

¹ Reserve Bank of India data (as on March 2012)

² IMF WEO Database April 2012

** For FY 2010-11

+ for calendar year 2006

++ for calendar year 2011

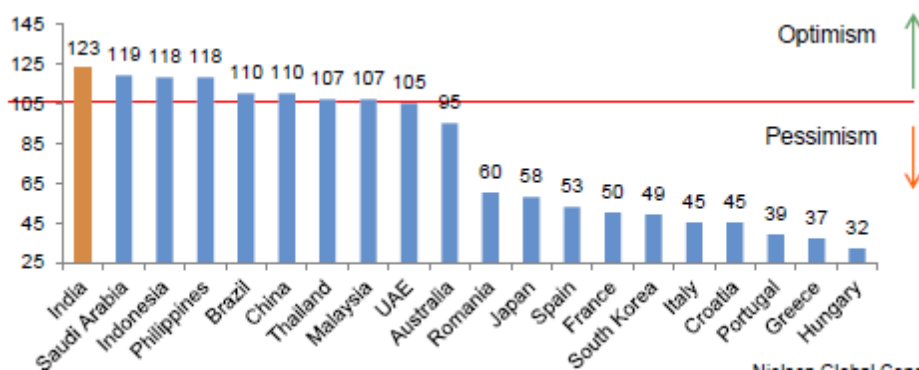
As on 31 March 2006

As on 30 March 2012

Indian is a Domestic consumption driven economy, According to the latest global consumer confidence findings (for the first quarter in 2012) from Nielsen, optimism over job prospects and state of personal finances are up from last quarter as Indian consumers continue to be the most confident across the globe for the ninth consecutive quarter, rising one index point to 123 in Q1 2012 over the previous quarter.

The Indian economy is expected to perform owing to the internal consumption possibilities backed up with economic reforms. India being the second most populous country in the world with 1.21 billion people, its consumer spending is significant and urbanization is increasing the avenues of spending. Also, the GDP growth is expected to be on the back of improvement in the agriculture and services sectors.

Consumer confidence index score



(Source: "Fact Book" from Department of Economic Affairs, Ministry of Finance, Government of India, June 2012)

The global economy is expected to grow by 3.3 per cent in 2012 compared to 3.8 per cent in 2011 as per the International Monetary Fund's (IMF) January 2012 update of the World Economic Outlook (WEO). Gross Domestic Product (GDP) growth in advanced economies declined to 1.6 per cent in 2011 as compared to 3.2 per cent. in 2010 and is expected to be even lower at 1.2 per cent. in 2012. However, the Indian economy has been growing at an average annual rate of 5.8% for the last two decades, and the Indian GDP further is expected to grow at 7.0% as per the International Monetary Fund's (IMF) January 2012 update of the World Economic Outlook (WEO).

The table below depicts the GDP growth rate has decelerated in all quarters of 2010-11. In Q1 of FY 11, the GDP growth rate was recorded at 9.40 percent, but afterwards the growth rate started to decline and reached a level of 7.80% in Q4 of FY 11 onwards. The table below indicates the GDP growth potential of the Indian economy vis-à-vis the other economies across the globe.

Growth of the GDP (%) (Y-o-Y)

	World	Advanced economies	US	EU	UK	Eurozone	Germany	Japan	B	R	I*#	C*	S
2010	5.2	3.2	3.0	2.0	2.1	1.8	3.6	4.4	7.5	4.0	9.9	10.4	2.9
Q1			2.2	1.0	1.2	1.0	2.4	5.0	9.3	3.0	9.4	11.9	1.6
Q2			3.3	2.2	2.5	2.1	4.1	4.5	8.7	5.2	8.8	10.3	3.0
Q3			3.5	2.4	3.0	2.1	4.0	5.2	7.0	3.4	8.9	9.6	3.3
Q4			3.1	2.2	1.7	2.0	3.8	3.2	5.3	4.4	8.3	9.7	3.6
2011	3.8	1.6	1.8	1.6	0.9	1.5	3.0	-0.9	2.9	4.1	7.4	9.2	3.1
Q1			2.2	2.4	1.6	2.4	4.6	0.1	4.2	3.8	7.8	9.7	3.7
Q2			1.6	1.7	0.5	1.6	2.9	-1.7	3.3	3.5	7.7	9.5	3.3
Q3			1.5	1.4	0.4	1.3	2.6	-0.6	2.2	4.9	6.9	9.1	2.9
Q4			1.6	0.9	0.7	0.7	2.0	-1.0	na	na	6.1	8.9	na
2012 (P)	3.3	1.2	1.8	-0.1	0.6	-0.5	0.3	1.7	3.0	3.3	7.0	8.2	2.5

Notes : P Projection from IMF World Economic outlook January 2012 update.

na: not available. Growth rates may not necessarily correspond to country sources.

* Country website. Y-o- y is year-on-year. EU is European Union. B,R,I,C,S stand for the separate countries of the BRICS grouping, i.e. Brazil, Russia, India, China, and South Africa. Q1, Q2, Q3, and Q4 stand for the first, second, third, and fourth quarters

Aggregations for World and Advanced Economies use purchasing power parity weights.

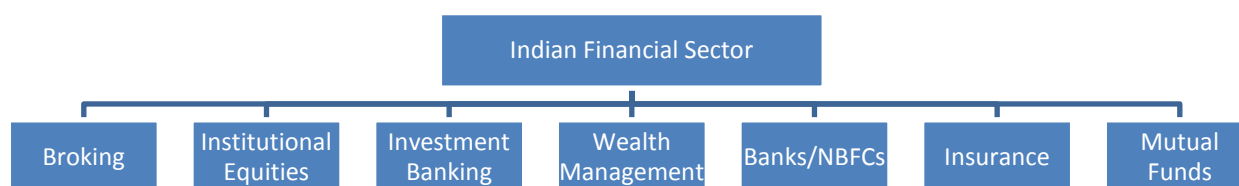
India's GDP growth is in terms of factor cost whereas for other countries it is in terms of market prices.

Source: Budget Report economy survey 2012 (<http://indiabudget.nic.in>)

Indian Financial Services Sector

The Indian financial system has changed considerably over the past fifteen years. Interest rates have been deregulated and competition and efficiency in the banking business has increased with new entrants being allowed. India has made substantial progress on adopting the G20 reforms agenda including Basel III norms, convergence with IFRS, compensation reforms, cross-border supervision and regulation of non-banking intermediaries.

The financial sector can be broadly classified into the following segments as below:



Performance and Outlook of the various sub-segments in the Indian Financial Services space

A. Capital Markets

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

The Indian capital market has witnessed a phenomenal growth over the last decade. The benchmark broader market index Nifty 50 reported a compounded annual growth rate (CAGR) of 15.9 per cent over the period 2001-02 to 2011-12 (as on September 2011). The CAGR of cash market trading volume was 21.4 per cent and 87.1 percent for F&O segment over the period 2001-02 to 2010-11. Further, the trading volume (NSE plus BSE) in both cash and F&O segment has increased significantly since 2005-06. (Source: Number 3, Volume 10, March 2012, SEBI Bulletin).

Capital market can be typically segregated into two major segments:

3. Primary market (new issues, offer for sale)
4. Secondary market (trading of stocks/ bonds)

Primary Markets

Primary markets create a flow of new securities to the securities market. This is achieved through public offerings of debt or equity or a composite structure of debt and equity to the investors. Here the issuer of securities raises the funds to meet its funding requirements. Primary market offerings could either be in the form of public offerings or private placements. The issuers here could include corporate, Government, municipal corporations and in some cases existing shareholders and institutional investors offering their securities for sale.

Trends in Primary Market

During FY 2012, ₹ 48,468crore was mobilised in the primary market through 71 issues as compared to ₹ 67,609crore mobilised through 91 issues in FY 2011. The cumulative amount mobilised for the financial year 2012-13 till August month, stood at ₹ 1,140crore through 13 issues as against ₹ 10,371.2crore raised through 30 issues during the corresponding period in 2011-12.

Year/ Month	Total		Category-wise				Issue-type				Instrument-wise							
			Public		Rights		Listed		IPOs		Equities				CCPS/FCDs*		Debt	
	No. of issue	Amount (₹ crore)	No. of issue	Amount (₹ crore)	No. of issue	Amount (₹ crore)	No. of issue	Amount (₹ crore)	No. of issue	Amount (₹ crore)	At Par		At Premium		No. of issue	Amount (₹ crore)	No. of issue	Amount (₹ crore)
											No. of issue	Amount (₹ crore)	No. of issue	Amount (₹ crore)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
2008-09	47	16,220	22	3,582	25	12,637	25	12,637	22	3,582	5	96	40	14,176	1	448	1	1,500
2009-10	76	57,555	47	49,236	29	8,319	34	30,359	42	27,196	1	9	71	54,866	1	180	3	2,500
2010-11	91	67,609	68	58,105	23	9,503	38	32,049	63	35,559	2	50	78	57,617	1	490	10	9,451
2011-12	71	48,468	55	46,093	16	2,375	17	6,953	54	41,515	4	104	47	12,753	0	0	20	35,611
2012-13\$	13	1,140	10	1,073	3	67	4	667	9	473	0	0	12	540	0	0	1	600
Apr-12	1	200	1	200	0	0	0	0	1	200	0	0	1	200	0	0	0	0
May-12	4	246	2	188	2	58	2	58	2	188	0	0	4	246	0	0	0	0
Jun-12	2	63	2	63	0	0	0	0	2	63	0	0	2	63	0	0	0	0
Jul-12	4	619	3	609	1	9	2	609	2	9	0	0	3	19	0	0	1	600
Aug-12	2	12	2	12	0	0	0	0	2	12	0	0	2	12	0	0	0	0

Note: Amount raised through IPOs during Aug 2012 opened on SME platform (worth ₹ 12.36).

\$ indicates as on last trading day of Aug. 2012.

The total provides category-wise total of any of the three sub-categories viz. public plus rights or issuer-type(listed plus ipos) or instrument-wise(equities plus CCPS/FCDs plus debt)

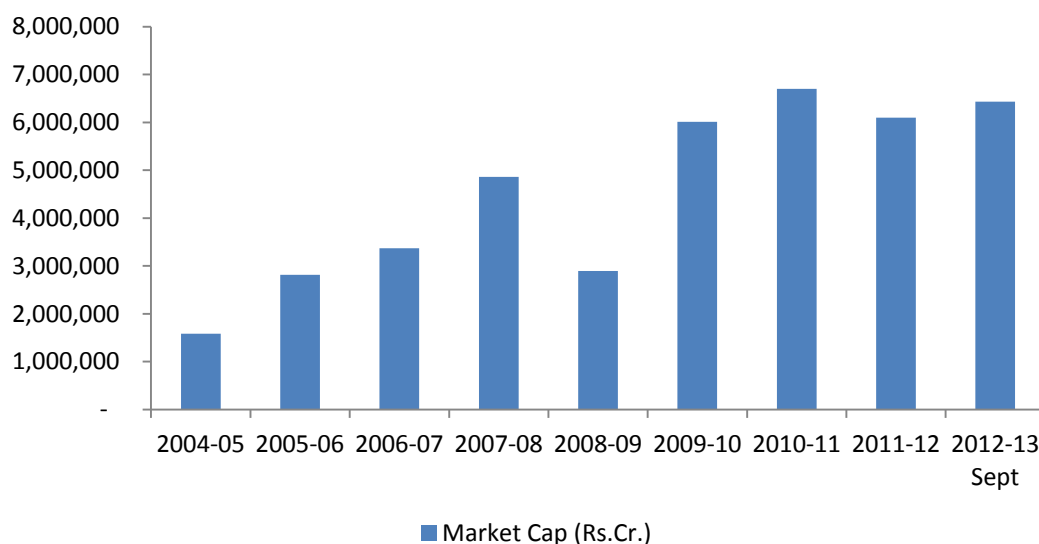
* CCPS: Compulsory Convertible Preference Shares, FCDs: Fully Convertible Debentures

All the Issues are compiled from the Prospectus' of Issuer Companies filed with SEBI.

(Source: Number 9, Volume 10, September 2012, SEBI Bulletin)

Secondary Market

Stock Exchanges provide the platform and the mechanism for effecting transactions between different market participants. The depth of the market is determined by a number of factors such as liquidity of the instruments traded, the number of market participants, types of instruments traded, settlement practices etc. The market capitalization of listed companies on the stock exchanges has more than tripled between 2004-05 and 2011-12.



Source: NSE - <http://www.nseindia.com/products/content/equities/indices>

As on August, 2012 the number of companies listed at NSE were 1,652. There are 5,157 companies listed on BSE as on August, 2012 (Source: BSE, NSE)

Growth of volume traded in Secondary Market (BSE)

BSE		Year Ended March 31,				
	Unit	2009	2010	2011	2012	2013*
No. of companies listed		4,929	4,975	5,067	5,133	5,157
Traded quantity	Lakhs	7,39,600	11,36,513	9,90,777	6,54,137	2,12,789
Turnover	crore	11,00,074	13,78,809	11,05,027	6,67,498	2,15,538
Derivatives						
Number of contracts		4,96,502	9,026	5,623	3,22,22,825	13,89,61,147
Turnover	crore	11,775	234	154	8,08,476	35,78,994

* indicates as on last trading day of August 2012.

Source: BSE, SEBI Bulletin, Number 9, Volume 10, September 2012

Growth of volume traded in Secondary Market (NSE)

NSE		Year Ended March 31,				
	Unit	2009	2010	2011	2012	2013*
No. of companies listed		1,432	1,470	1,574	1,646	1,652
Traded quantity	Lakhs	14,26,355	22,15,530	18,24,515	16,16,978	6,31,819
Turnover	crore	27,52,023	41,38,023	35,77,410	28,10,893	10,32,382
Derivatives						
Number of contracts		65,73,90,497	67,92,93,922	1,03,42,12,062	120,50,45,464	48,21,50,830
Turnover	crore	1,10,10,482	1,76,63,665	2,92,48,221	3,13,49,732	1,24,53,118

*indicates as on last trading day of August 2012.

Source: NSE, SEBI Bulletin, Number 9, Volume 10, September 2012

Currency Derivatives at NSE, MCX-SX and USE

During FY 2012, the yearly turnover of currency derivatives at NSE increased by 35.52% to ₹ 46,74,990 crore as compared to ₹ 34,49,788 crore in FY2011. Further, at MCX-SX, the yearly turnover of currency derivatives decreased by 11.10% to ₹ 37,32,446 crore in FY2012 from ₹ 41,94,017 crore in FY 2011. At the end of FY 2012, the turnover of currency derivatives at USE stood at ₹ 14,88,978 crore.

	NSE		MCX-SX		USE	
Financial Year	No. Of Contracts	Turnover (₹crore)	No. Of Contracts	Turnover	No. Of Contracts	Turnover (₹crore)
2009	3,27,38,566	1,62,563	-	-	-	-
2010	37,86,06,983	17,82,608	40,81,66,278	19,44,654	-	-
2011	74,96,02,075	34,49,788	90,31,85,639	41,94,017	-	-
2012	97,33,44,132	46,74,990	77,03,25,229	37,32,446	31,53,95,543	14,88,978
2013*	34,41,26,604	19,04,196	23,65,54,759	13,14,455	11,14,794	6,247

Note: Currency Futures trading started at USE on September 20, 2010.

Currency Options were introduced at USE w.e.f. October 29, 2010.

*indicates as on last trading day of August 2012.

(Source: SEBI Bulletin, Number 9, Volume 10, September 2012)

Commodity Market

The commodity related financial assets were introduced in India in 2003 with the introduction of exchanges and aimed at supporting small farmers, traders and exporters to minimize their risk in future market and for price

discovery of their produce. As on March 2012, the forward trading is being regulated in 113 commodities, including agricultural and non-agricultural commodities, at 21 recognised commodity exchanges, Of which, 5 are the National Commodity Exchanges and 16 Regional Commodity Exchanges. Forward Market Commission has always taken various initiatives regarding regulations of the commodity markets to improve the market integrity, by creating awareness among stakeholders, and capacity building in the commodity sector.

The cumulative value of trade from 1st April, 2012 upto 30th September, 2012 during the financial year 2012-13 was ₹ 87,62,966.63 crore. The corresponding figure for the value of trade since April 1, 2006 to September 30, 2006 was ₹ 18, 98,678.05 crore.

Source: www.fmc.gov.in, FMC bulletin Jan-March 2012

Depository Services and Depository Participants

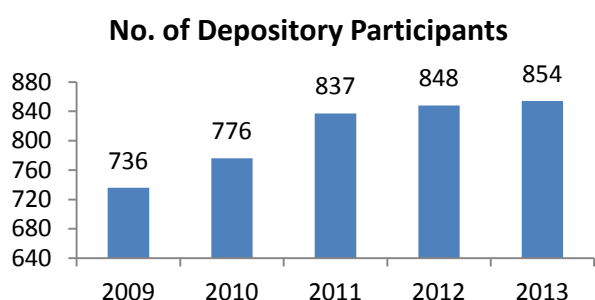
The Depositories Act was passed in 1996 which allow companies and investors to issue, hold and transact in securities through a depository. There are currently two depositories operational in India, National Securities Depository Limited. (“NSDL”) and Central Securities Depository Limited. (“CDSL”). The securities can be dematerialised at the time of issue or subsequently.

The investor’s interface with the depository happens through an entity called the depository participant (“DP”). The DPs are appointed by the depository to act as their agents or contact points for the investor. The investor has to open a depository account through the DP to avail of the services offered by the depository. DPs are appointed by the depository with the approval of SEBI.

The following categories are eligible to become DPs:

Banks, including foreign banks; Financial Institutions; Non-banking Finance Companies; Stock brokers; R&T Agents; Custodians; and Clearing corporations.

The following chart depicts the rising trend of the DP’s:



Note: The count of DPs includes main DPs as well as Branch DPs.

2013 indicates as on last trading day of Aug. 2012

Source: SEBI Bulletin September 2012

Debt Market

The debt market is a market where fixed income securities are issued by the Central and state governments, municipal corporations, government bodies, and commercial entities like financial institutions, banks, public sector units, and public limited companies. It includes government securities, public sector undertakings, other government bodies, financial institutions, banks, and companies. Typically, Debt Instruments are categorized as: (i) Government of India dated Securities (G-Secs) and (ii) Corporate debt market. The following debt instruments are available in the corporate debt market: Non-Convertible Debentures; Partly-Convertible Debentures/Fully-Convertible Debentures (convertible into Equity Shares), Secured Premium Notes, Debentures with Warrants, Deep Discount Bonds, PSU Bonds/Tax-Free Bonds

In 2010–2011, the government and the corporate sector collectively mobilized ₹ 7,851,97 crore from the primary debt market. About 74.32 percent of the resources were raised by the government (the central and the state governments), while the balance was mobilized by the corporate sector through public and private placement issues. The turnover in the secondary debt market in 2010–2011 aggregated ₹ 7,22,74,16 crore.

Debt Market—Selected Indicators

Issuer / Securities	Amount raised form Primary Market		Turnover in Secondary Market	
	(₹ mn.)		(₹ mn.)	
	2009-10	2010-11	2009-10	2010-11
Government	6,236,190	5,835,210	84,337,567	70,682,541*
Corporate/Non Government	1,919,902	2,016,763	1,442,484	1,591,623
Total	8,156,092	7,851,973	85,780,050	72,274,164

* includes NDS-OM turnover

Source: NSE debt market review report 2011-12

Wealth Management

The Wealth Management industry in India is a prime example of the success of free competition in the country. Wealth Management is one of the fastest growing disciplines of the banking sector and with a strong GDP growth rate and a strong future outlook, India's growth story is making it an increasingly attractive market for wealth management firms.

Asset Management

Mutual Fund Assets under Management:

The Indian mutual fund industry's average assets under management (AUM) grew for the first time in the past four quarters; average AUM rose by 4% or ₹ 27,400 crore to ₹ 6.92 lakh crore in the April-June 2012 quarter from ₹ 6.65 lakh cr in the previous quarter (excluding domestic fund of funds or FoFs).

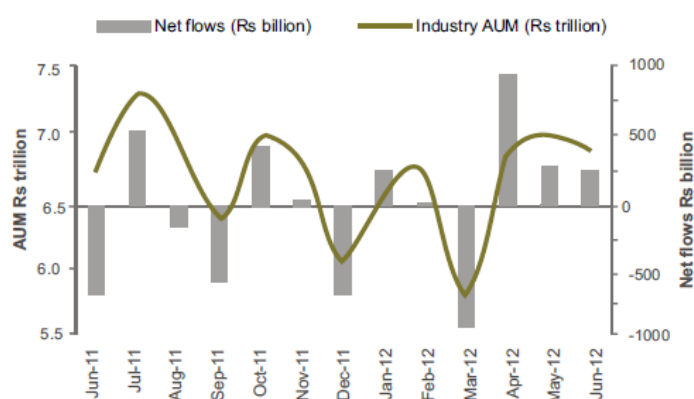
(In ₹ Crore)	Year Ended March 31,			
Indian Mutual Funds	2010	2011	2012	2013
Income	311715	291975	290,844	349,311
Equity	174054	169,754	158,432	153,015
Balanced	17246	18,445	16,261	15,761
Liquid/Money Market	78094	73,666	80,354	193,466
Gilt	3395	3,409	3,659	3,282
ELSS- Equity	24066	25,569	23,644	23,065
Gold ETF	1590	4,400	9,886	10,701
Other ETFs	957	2,516	1,607	1,548
Investing Overseas	2862	2,516	2,530	2,399
Total	613979	592,250	587,217	752,548

Trends in Resource Mobilisation by Mutual Funds:

Period	Gross Mobilisation			
	Pvt. Sector	UTI	Public Sector	Total
1	2	3	4	5
2008-09	42,92,751	4,23,131	7,10,472	54,26,354
2009-10	76,98,483	8,81,851	14,38,688	1,00,19,023
2010-11	69,22,924	7,83,858	11,52,733	88,59,515
2011-12	56,83,744	5,22,453	6,13,482	68,19,679
2012-13\$	25,09,174	2,63,776	2,70,127	30,43,077

\$ indicates as on last trading day of August 2012

Mutual Fund Net Flows and AUM Trend



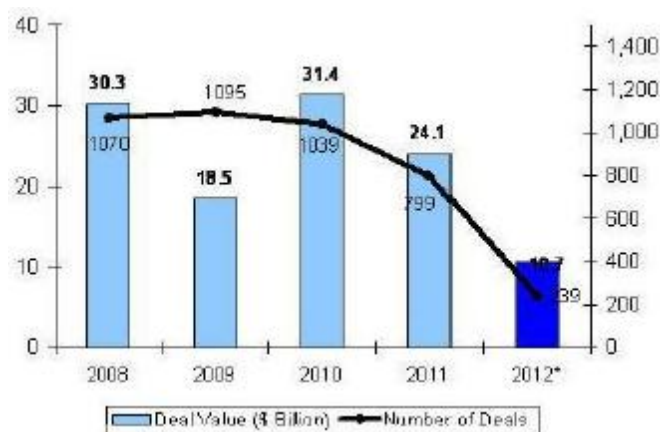
Source – Association of Mutual Funds in India (AMFI), <http://www.amfiindia.com>

Investment Banking

Indian companies have been increasingly raising funds from both domestic and international equity and equity linked and international debt capital markets. In addition, the pace of private equity activity has accelerated over the past few years. There has also been a significant increase in merger and acquisition activity by Indian companies in recent years particularly in the outbound segment.

Financial Year 2010 was a remarkable year for India M&A market, as the total deal value was USD 31.4 billion, which is the highest in the time frame 2008-2012* . Amid global uncertainties, both the Deals value and volume dropped in 2011. However, strong bounce back could be noticed in the first quarter of 2012. By end of March 2012, the deal value had already reached USD 10.7 billion with 239 number of deals.

India M&A Deal Market (2008-2012*)



Note: *Data for 2012 is until 31 March 2012

Source: ASSOCHAM National Mergers & Acquisitions Council

Private Equity

Private Equity firms invested \$10,117 million over 441 deals in India during the 12 months ending December 2011, compared to \$8,187 million across 362 deals during the previous year. These figures - which include VC investments and exclude PE investments in Real Estate - take the total investments by PE firms over the past five years to about \$47 billion across 2,062 transactions.

Private Equity firms invested about \$1,848 million across 102 deals during the quarter ended June 2012. The investment amount was 34% less than that invested in the same period last year (\$2,798 million across 126 transactions) and also 10% less than that during the immediate previous quarter (which had witnessed \$2,050 million being invested across 103 transactions). (Note: The above figures do not include PE investments in Real Estate.) (Source: <http://www.ventureintelligence.in/pressrelease2.htm>)

Indian insurance sector

The insurance industry in India consists of 51 insurance companies of which 24 are in life insurance business and 27 are non-life insurance companies.

(Source: http://www.policyholder.gov.in/Indian_Insurance_Market.aspx)

The first year premium, which is a measure of new business secured, underwritten by the life insurers during 2010-11 was ₹ 1,26,381 crore as compared to ₹ 1,09,894 crore in 2009-10 registering a lower growth of 15 per cent against 25.84 per cent of 2009-10. The total premium underwritten by the life insurance sector in 2010-11 was ₹ 2,91,605 crore as against ₹ 2,65,447 crore in 2009-10 exhibiting a growth of 9.85 per cent (19.69 per cent in 2009-10). The non-life insurers underwrote premium of ₹ 42,576 crore in 2010-11, as against ₹ 34,620 crore in 2009-10 registering a significantly higher growth of 22.98 per cent against growth of 14.06 per cent in the previous year.

Source: Insurance Regulatory and Development Authority, Annual Report 2010-11, www.irda.gov.in

New Policies: Life and Non-Life

NEW POLICIES ISSUED : LIFE INSURERS		
(In lakh)		
Insurer	2009-10	2010-11
LIC	388.63 (8.21)	370.38 (-4.70)
Private Sector	143.62 (-4.32)	111.14 (-22.61)
Total	532.25 (4.52)	481.52 (-9.53)
Note: Figure in brackets indicates growth over previous year (in per cent).		
NUMBER OF NEW POLICIES ISSUED : NON-LIFE INSURERS		
(In Lakhs)		
Insurer	2009-10	2010-11
Public Sector	434.04 (-3.84)	505.76 (16.52)
Private Sector	240.84 (9.86)	287.652 (19.44)
Total	674.88 (0.64)	793.41 (17.56)
Note: Figure in brackets indicates the growth (in per cent) over previous year.		

(Source: Insurance Regulatory and Development Authority, Annual Report 2010-11, www.irda.gov.in)

OUR BUSINESS

Overview

We are a well diversified financial services company in India offering services across brokerage (across the asset classes of equities (cash and derivatives), commodities and currency), investment banking, wealth management, distribution of third party financial products, research, financing, depository services, insurance broking and clearing services to corporate, institutional, high net worth individuals and other retail clients. As of September 30, 2012, we service our broking clients through a network of 43 branches and 2,521 registered sub-brokers and authorized persons spread in more than 500 cities and towns. We have also established an office in Dubai for brokerage and trading activities in that region.

Established in 1994, our Company has a long track record in the financial services industry in India. Our Company's Shares were offered to the public through an initial public offering in 1995, and are currently listed on the Delhi Stock Exchange Limited, Ludhiana Stock Exchange Limited, Calcutta Stock Exchange Limited, Ahmedabad Stock Exchange Limited and the Guwahati Stock Exchange Limited.

Over the years, we have diversified our product and service offerings through a mix of organic growth and strategic transactions. Our products and services can be broadly classified under the following heads:

- Brokerage and commission business, which comprises of equity brokerage, commodity brokerage, currency brokerage, insurance broking, distribution of financial products, depository and clearing services;
- Capital business, which comprises of trading and arbitrage business and treasury and financing operations; and
- Advisory business, which comprises of investment banking, wealth management and research services.

We are structured to operate our current businesses through the following entities:

Business Entity	Primary business focus	Ownership of SMC Global	Memberships / Registration
SMC Global Securities Limited	• Equities - Cash and Derivatives brokerage, • Currency brokerage, • Trading and Arbitrage, • Depository services, • Clearing services, and • Distribution of financial products.	-	Stock Broker (Equities – Cash and Derivatives, Currency) membership of: • NSE, • BSE, • MCX-SX*, • USE, • OTCEI, and • Ludhiana Stock Exchange. Depository Participant registration of: • NSDL and • CDSL. AMFI registered mutual fund distributor.
SMC Comtrade Limited	• Commodities brokerage, • Trading and Arbitrage, and • Clearing services.	100%	Commodity broker membership of: • NCDEX, • MCX, • NMCE, • ICEX, • ACE, • NCDEX-Spot, and • National-Spot Exchange.

Business Entity	Primary business focus	Ownership of SMC Global	Memberships / Registration
SMC Comex International DMCC		100%**	DGCX
SMC Insurance Brokers Private Limited	Insurance broking (life and non-life)	97.58%**	IRDA registered direct insurance broker.
SMC Investment & Advisors Limited	Wealth management	50% + 1 share	SEBI registered portfolio management services; SEBI registered sub-broker; and AMFI registered mutual fund advisor.
SMC Capitals Limited	Investment banking and advisory	100%	SEBI registered Merchant Banker.
Moneywise Financial Services Private Limited	Financing services	100%	RBI registered NBFC (non-deposit accepting).

* Currently valid for the currency segment and we have applied for the equity and derivatives segment on September 06, 2012.

**Through SMC Comtrade Limited

Our total consolidated operating income for the four months ended July 31, 2012, and the fiscal years 2012, 2011 and 2010 was ₹ 96.30 crore, ₹ 280.94 crore ₹ 291.83 crore and ₹ 264.84 crore, respectively. Our revenue mix across the categories for the four month period ending July 31, 2012 and the last three fiscal years is as follows:

	(₹ in crore)			
	Four months ended July 31, 2012	Fiscal year 2012	Fiscal year 2011	Fiscal year 2010
Brokerage and Commission Business	48.38	148.18	164.96	149.36
Capital Business				
<i>Trading and Arbitrage Income</i>	38.48	101.97	104.90	99.03
<i>Treasury and Financing Income</i>	8.88	25.72	17.38	15.28
Advisory Business	0.56	5.07	4.59	1.17
Total	96.30	280.94	291.83	264.84

For the fiscal year 2012, our overall market share, as a clearing and trading member, in the equity cash segment was approximately 2.69% and 1.39% of the total turnover of NSE and BSE, respectively and our market share in the equity derivatives segment was approximately 5.68% and 21.67% of the total turnover of NSE and BSE, respectively (calculated by estimating derivatives turnover using Strike Price). For the fiscal year 2012, our overall market share, as clearing and trading member, in the commodity segment was approximately 8.28% and 17.80% of the total turnover of MCX and NCDEX, respectively. For the fiscal year 2012, our overall market

share as clearing and trading member, in the currency segment was approximately 2.56% and 1.80% of the total turnover of MCX-SX and NSE (currency), respectively.

Over the past few years, we have been awarded:

- Best Equity, Best Derivatives and Broker with largest distribution network by BSE-D&B Equity Awards for the year 2012.
- Our research team has received award of best equity research analyst in IPO segment – 2012 and viewer's choice award of best commodity research analyst – 2012 from Zee Business 'India's Best Market Analyst Awards 2012'.
- India's Best Currency Broker Award for the years 2012 and 2011 by Bloomberg-UTV.
- Selected as top broker under 'Broking house with the largest distribution network' by BSE-D&B Equity Awards for the year 2011.
- Selected as top broker under 'Broking house with the largest distribution network' and 'Best equity broking house' by BSE-D&B Equity Awards for the year 2010.
- 'Best Wealth Management Company in India' by Business Sphere for the year 2011.
- 'Learning and Talent Technology Excellence' by Star News HR and Leadership Awards in February 2012.
- 'India's Fastest Growing Retail Distribution Network in Financial Services by Business Sphere for the year 2010.
- 'Major Volume Driver' award by the BSE Limited for 3 years consecutively (2004-05, 2005-06 and 2006-07).

Competitive Strengths

We believe the following are our core competitive strengths:

Wide range of financial products and services

Through a wide-range of products and services, we cater to corporate, institutional, high net worth individuals and other retail clients. We offer broking and commission generating products and services across various asset classes such as equity, commodities and currency, and other services such as depository services, clearing services, insurance broking, and the distribution of third-party financial products. We also offer advisory services to our clients through investment banking, research and wealth management services.

We believe we are amongst the leading financial institutions in India in the broking and financial products distribution segment. We believe our ability to identify emerging trends in the Indian capital markets sector and creating business lines and service offerings around them, has given us a competitive edge over other participants in the industry. We believe the wide range of products and services that we offer enables us to build stronger relationships with our clients and cross sell our products. In addition, our diverse portfolio reduces our dependence on any particular product, service or customer and allows us to exploit synergies across our businesses.

Large and diverse distribution network

As of September 30, 2012, we service our broking clients through a network of 43 branches and 2,521 registered sub-brokers and authorized persons spread in more than 500 cities and towns. In order to expand our network in India and efficiently monitor our operations, we have established our own branches at all major cities, which then look after the operations of the regional sub-broker and authorized persons network. The reach of our offices allows us to service our existing customers and attract new customers through personal relationships cultivated by proximity and frequent interaction by our employees and business partners. Our widespread office

network allows us to apply best practices developed in one region to others. We service multiple products through each office, which reduces operating costs and improves total sales. In addition to our geographical spread, we offer an online trading platform www.smctradeonline.com to service our customers. Additionally to support our distribution of third party financial products, we have 20,361 registered associates/service providers as of September 30, 2012, who are engaged with us on a non-exclusive basis under our banner.

Strong and well-established brand

We believe that the SMC brand is well established in the broking and financial services sector throughout India. We believe that our clients associate our brand with high quality services, competitiveness as well as our corporate values of integrity and honesty. Our expertise in our field and the individual solutions that we provide to our customers has aided us in increasing customer loyalty, earn repeat business and customer referrals. As a part of our marketing initiative, we have an advertising agreement with Bennett, Coleman & Co Limited, which provides us with advertising and coverage rights in their print and non-print media. For the fiscal year 2012, we spent ₹ 9.46 crore and ₹ 3.95 crore as advertisement and business promotion expenses, respectively. We believe that our brand marketing exercises over the years have helped us retain our existing customers and gain new ones.

Experienced board of directors and management team

As on the date of this Draft Red Herring Prospectus, our Board consists of 15 directors, most of whom have extensive experience in the financial services sector. Our individual Promoters, Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta, are qualified chartered accountants with over two decades of experience each in the financial services industry. We believe that our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise and are supported by a capable and motivated pool of employees. We have also introduced various learning and development programs which include training programs based on a systematic identification and review of existing gaps in the talent base. We believe that our management's entrepreneurial spirit, leadership skills, insight into the market and customer needs provides us with a competitive advantage which will help us implement our business strategies.

Our technology infrastructure

Our technology infrastructure is the foundation of our business and a key factor in our growth. As we continue to expand the scale of our operations, we intend to further develop and integrate our technology to support our growth and improve the quality of our services. We believe we have deployed effective technology to minimize the various risks faced by our businesses and have made significant investments in developing our IT-infrastructure to support our anticipated growth. We operate in an industry which requires constant technology upgrades and we believe that our technical expertise and experience enable us to obtain speedy and efficient technological solutions.

Our Strategies

Pursue strategic partnerships to increase our revenues

We plan to supplement our growth by continuing to pursue strategic alliances and joint ventures. We will continue to look for opportunities that we believe will enhance our operations, growth and profitability. We have entered into an agreement with Punjab National Bank ("**PNB**"), to offer our online brokerage services to PNB's retail banking clients. Additionally, we have an arrangement with Honda SIEL Cars India Limited ("**Honda**") to sell motor insurance policies to their customers which enabled us to sell approximately 98,900 policies from Honda car retail outlets for the fiscal year 2012. SMC Insurance Brokers Private Limited has signed a non-exclusive memorandum of understanding with Fino Fintech Foundation in order to provide insurance products in rural areas and small towns. Our insurance services have also been mandated to provide insurance broking services to Lease Plan India Private Limited and its clients.

Increasing our product portfolio and presence

We have introduced a number of new products in our portfolio in the last few years such as insurance brokerage, wealth management advisory services and distribution of third-party financial products. Thereby, we have managed to move from a pure brokerage business to being a full-service financial advisor for our clients with capabilities to advise across various products such as equities, commodities, currency, insurance, wealth

management, etc. We will continue to leverage our product capabilities as opportunities to cross-sell products and deeper relationships with our customers.

We are also focused on increasing our international operations and leveraging our current international presence to expand our product portfolio. In January 2012, the Government of India announced a new category of investors, Qualified Foreign Investors, to directly invest in the Indian equity markets in order to widen the class of investors and attract more foreign funds. We believe that by increasing our international operations we can harness this opportunity and increase our profitability. We also have a separate corporate hedging desk and we intend to expand our business relationships and provide this service to corporate houses and importers and exporters. Additionally, we intend to expand our online presence for the distribution of third party financial products. In our continuous effort to pursue new business opportunities, we have applied for membership to the capital markets and futures and options segment of the MCX-SX and the Bahrain Financial Exchange and the BFX Clearing and Depository Corporation to become a proprietary authorized remote member.

Continue to derisk our business model by focusing on business growth across three major asset classes

During the recent downturn in the economy we have witnessed significant volatility across the three major asset classes – equities, commodities and currencies. However, it is also known that all these asset classes experience different market cycles at various points in time. Thus, while equities were out of favour after the 2008 global financial meltdown, commodities trading saw a significant jump in trading activity overall. With a view to gradually derisk our business model from an over-dependence on just one of the asset classes such as equities, we have over the past few years focussed on increasing our commodities and currency trading businesses as well. As a conscious strategy going forward, we will continue to focus equally on all three of these asset classes as well as add any other asset classes that may emerge in order to maintain a relatively derisked business model.

Continue to attract and retain talented employees

As part of our business strategy, we recognize that our success depends on our employees and we are focused on attracting and retaining talented individuals. We have successfully recruited and retained talented employees from a variety of backgrounds, including finance, marketing, risk management and information technology. We invest a significant amount of time and resources for training our employees and have developed a specialized recruitment, training and development concept, synchronized with the goals of our organization. Our retention initiatives include job rotation, quarterly reviews and employee recognition programs. We have been awarded the ‘Learning & Talent Technology Excellence’ award by Star TV for best HR practices in the fiscal year 2012.

Continue to implement advanced processes and systems

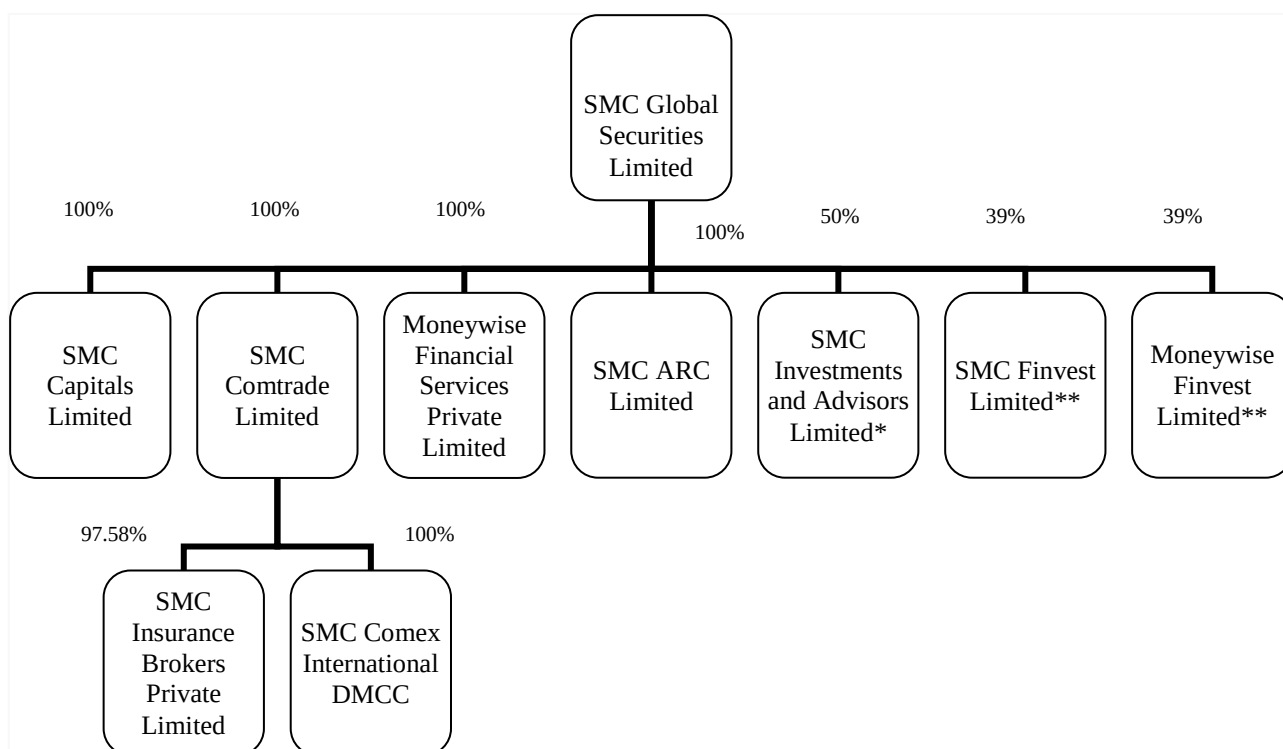
We are focused on increasing the use of technology in all our operations and business pursuits to meet our customer requirements on a real-time basis. We intend to continue implementing technology led processing systems to make our services more efficient and augment the benefits of our relationship based approach. We have deployed and aim to further develop strong technology systems that enable us to respond to market opportunities and challenges swiftly, increase customer satisfaction and improve our risk management capabilities.

Improve our operational efficiency

We have invested in technology to drive our operational efficiency and we consistently review and realign our business plans to ensure optimal performance. Over the last few years, we have rationalized manpower across our businesses and reduced or discontinued our operations at non-performing geographical locations in order to effectively utilize our capital and other resources. We are also focused on luring back our old clients and reactivating certain dormant accounts. We expect that our experienced management team coupled with our execution and operational skills, will drive higher operational efficiencies in all our businesses.

Our Corporate structure and subsidiaries:

As of October 25, 2012, our Promoter and Promoter Group entities own 58.62% of our equity share capital. The following chart outlines our current corporate shareholding structure:



* We have entered into an agreement dated May 30, 2011 to purchase the remaining 50% equity shares of the company and Sanlam International Investment Partners Limited is in the process of completing the necessary regulatory requirements to effect the transfer.

** We have entered into an agreement dated May 30, 2011 to purchase the remaining 61% equity shares of the company. Sanlam International Investment Partners Limited is in the process of completing the necessary requirements to effect the transfer.

For further details, please refer to the section titled 'History and Other Corporate Matters' beginning on page 142.

Our Business Operations

Network

As of September 30, 2012, we service our broking clients through a network of 43 branches and 2,521 registered sub-brokers and authorized persons spread in more than 500 cities and towns. The map below is a graphic representation of our branches across the nation:



Our Financial Products and Services

Our products and services are classified under the following heads:

- Brokerage and Commission Business
- Capital Business
- Advisory Business

Brokerage and Commission Business

Equities brokerage

Our Company is a member of NSE and BSE in the cash equities and derivative segments. We offer broking services to our retail customers, high net worth individuals (both resident and non-resident Indians), qualified foreign investors, institutional and corporate clients.

Our dedicated sales team and relationship managers provide research and sales support to our clients and keep them informed about market conditions. We also have dedicated desks of dealers, who provide personalized trade and execution services to active traders, retail investors, high net worth individuals and institutional

investors. Our registered customers can avail of our online trading facilities at our website at www.smctradeonline.com. These customers also have access to real time quotes, personalized portfolio tracking tools, charting and quote applications, real time market commentary, real time quotes and news. We have also started providing trading facilities on mobile handsets and tablet computers from the year 2011 and 2012, respectively. As of September 30, 2012, we had 3,07,373 registered customers.

Commodities brokerage

We provide commodity broking services to our clients through our 100% subsidiary company, SMC Comtrade Limited, which is a member of all major commodities exchanges in India. SMC Comtrade Limited has a 100% subsidiary, SMC Comex International DMCC, which is a member of the Dubai Gold and Commodity Exchange (DGCX). We provide brokerage services for variety of commodities, including agricultural products, bullion, metals, industrial products, oil and oil seeds and energy products. Our research team provides trading advice and research reports to high net worth individuals and retail clients, on highly traded commodities. Our dedicated relationship managers provide personalized services, which allows for the fast and efficient execution of transactions. As of September 30, 2012, we had 44,312 registered customers for our commodities brokerage services

Currency brokerage

Our Company is a member of all the three operational currency exchanges in India i.e. MCX Stock Exchange Limited, National Stock Exchange – Currency Derivatives and United Stock Exchange. We provide trading facilities to our clients in various currencies such as USD, EUR, JPY and GBP. We also provide research support for our trading clients in this segment. As of September 30, 2012, we had 46,494 registered customers.

Institutional Clients

Our institutional desk is located in Mumbai and comprises of a dedicated research team which analyzes various market sectors to identify potential equity investment and trading ideas for our institutional clients. As of September 30, 2012, we were empanelled with over 45 institutional clients, which include mutual funds, bank treasuries, foreign institutional investors, public and private insurance companies and other financial institutions.

Insurance Broking

We offer a range of insurance solutions through our step down subsidiary, SMC Insurance Brokers Private Limited (“**SMC Insurance Brokers**”) which holds a direct insurance broker's license from the Insurance Regulatory and Development Authority (IRDA). SMC Insurance Brokers provides an array of life insurance and general insurance products to individual clients, small and medium enterprises and other corporate clients in India.

For the fiscal year 2012, SMC Insurance Brokers sold approximately 2,06,400 general insurance policies and approximately 10,000 life insurance policies. SMC Insurance Brokers has an arrangement with Honda to sell motor insurance policies to their customers and has sold approximately 98,900 policies in the fiscal year 2012 through this arrangement. SMC Insurance Brokers has also been mandated to provide insurance broking services to Lease Plan India Private Limited and its clients. SMC Insurance Brokers has signed a non-exclusive memorandum of understanding with Fino Fintech Foundation in order to facilitate the spread of its geographical coverage and penetration of insurance products to customers located in rural areas and small towns.

In a bid to further augment reach to the new age consumers in the digital space, SMC Insurance Brokers provides online facilities to potential customers through its web portal www.smcinsurance.com, for the purchase of different policies from different insurance companies.

Distribution of Financial Products

We offer third party distribution services of various financial products such as mutual funds, public offerings of equity/debt, corporate fixed deposits and bonds through our large distribution network across India. We have been registered with the Association of Mutual Funds in India as a mutual fund advisor and have been empanelled with various asset management companies to sell their products through our network.

As of September 30, 2012, we have 20,361 registered associates/service providers, who are engaged with us on a non-exclusive basis for marketing various financial products under our banner. Leveraging our large retail distribution network, we have acted as syndicate members to various public equity offerings and have acted as lead brokers in various public debt offerings. We believe we are one of the largest distributors, in terms of number of applications for equity and debt products. Apart from the amounts mobilized through corporate fixed deposits and mutual funds, we have mobilized over ₹ 27,000 crore through the distribution of equity and debt products in the capital markets since April 2005.

Depository services

Our Company offers depository services to our broking customers as well as to non-broking customers, as a value-added service. We are a depository participant of both depositories, the CDSL and NSDL. Our broking clients have the facility to settle their trades in a secure and paperless manner through our depository service. Depository services are available to our customers through our country wide network of business locations. We are also a registered Qualified Depository Participant (“QDP”) through which we can offer services to Qualified Financial Investors (QFIs) under the QFI route. As of September 30, 2012, we have 2,22,451 active depository participant customers in CDSL and NSDL.

Clearing Services

We are registered as clearing member on NSE (F&O, Currency segments), BSE (F&O), MCX, NCDEX, NMCE, ICEX, ACE, USE, NSEL, NCDEX SPOT, DGCX and MCX-SX. We provide clearing services for over 231 trading members in different segments of the exchanges. We believe that the relationships we establish through our clearing services with various trading members on different stock exchanges, has helped us improve our brand recognition and allows for the cross selling of our financial products.

Capital Business

Trading and Arbitrage Services

We have a dedicated team for advising as well as executing any arbitrage opportunity available in different products such as equity, commodities and currencies on different exchanges in India. Apart from providing arbitrage services to our clients, we also carry out arbitrage trading in our own trade book.

We follow a multi-strategy investment approach and aim to achieve superior risk-adjusted returns to manage our capital funds as per our risk management policy. We do so by investing in low-risk strategies, maintaining positions which we can liquidate within a few days and pursuing investments with low correlation to the return in the Indian capital markets. We have traditionally run this pool of capital through a distributed execution approach with a very low risk profile. We structure our investments to maintain sufficient liquidity in our portfolio to support the capital needs of our other businesses. Our operations are backed by a dedicated quantitative analytics team.

Treasury and Financing Services

We offer financing services to various customers, including our broking customers, through our 100% subsidiary, Moneywise Financial Services Private Limited (“MFSPL”). MFSPL is a Non-Banking Financial Company (NBFC), registered with RBI as a residuary non-deposit taking NBFC.

We are engaged principally in financing loans against securities. There are two sub-streams of financing. Firstly, loans against existing securities towards the purchase of securities in the secondary market. The second sub-stream is a loan for investment in coming IPOs/FPOs which is a relatively new concept, but is a more popular sub-stream for loans in which we have created a niche market for ourselves. A retail investor can open an account with a margin so as to apply for and participate in initial public offerings and bond issues, without stretching their immediate liquidity positions. As of September 30, 2012, we have around 3,083 active registered clients and have provided our financing services in 71 public offerings and 13 bond issues.

Advisory Business

Investment Banking

We offer investment banking services through our 100% subsidiary, SMC Capitals Limited. SMC Capitals Limited is a SEBI registered merchant banker and operates from its offices located at Mumbai and Delhi.

Our investment banking business provides a broad range of services. We offer capital raising and other services such as the management of public offerings, private placements (including qualified institutions placements), rights issues, share buybacks, open offers/delisting and syndication of debt and equity. We also provide advisory services in the areas of mergers & acquisitions. Our fees for these services are earned as a percentage of funds raised, or on a fixed fee basis for process management. The investment banking team consists of 12 professionals, who have significant experience in the industry.

In the recent past we have successfully executed transactions whereby we have raised funds for corporates through private equity placements, external commercial borrowings and public offerings. Through private equity advisory we have raised over ₹ 200 crore for our clients, which includes fund raised for VRL Logistics Limited, one of the major logistics player in India. We have advised our clients on external commercial borrowings and mobilized over ₹ 150 crore. We have also participated as a co-lead manager in various debt public issuances such as Manappuram Finance Limited, Muthoot Finance Limited, IDFC Limited, L&T Infrastructure Company Limited and SREI Infrastructure Finance Limited. We are also active in terms of raising short term debt for our clients through commercial papers and private placement of debt.

Wealth Management

We offer wealth management services through our 50% subsidiary, SMC Investment and Advisors Limited (“SMCIAL”). SMCIAL has been registered with SEBI as portfolio management service provider. We commenced this business in 2008, as a joint venture with Sanlam International Investment Partners Limited. We have entered into Sale of Shares Agreement with our JV partner to purchase remaining 50% equity shares of the company. We offer customized investment management services including planning, advisory, execution and monitoring of a range of investment products to our customers. We cater these services to high net worth individuals and corporates. SMCIAL is a registered sub-broker and also empanelled with various asset management companies for distribution of their mutual fund products.

We offer our wealth management advisory services through our offices located at Mumbai, Delhi, Kolkata and Bangalore. We intend to enter into non-discretionary portfolio management offerings with quant based model for allocation of asset class to the prospective client.

Research

Our research team services our retail brokerage, wealth management and institutional broking businesses. As of September 30, 2012, we had a 26 member equity research team based in Delhi and Mumbai. Of this team, 6 members have been dedicated to commodity research and 3 members have been dedicated to currency research while a 6 member research team is based in Mumbai which provides research backup to our institutional clients.

We have tie ups with Bloomberg, Reuters and Dow Jones for providing research feeds. In addition our research team also provides various trading calls on daily basis, fundamental as well as technical short term/mid-term/long term investment strategies to our registered clients. We also publish a weekly magazine called ‘Wise Money’, on a private circulation basis to selective clients. The publication provides an insight into the financial markets and offers trading strategies to our clients.

Competition

We face competition in all of our businesses. Our primary competitors include Kotak Securities, Motilal Oswal, India Infoline, Angel Broking, Religare, JM Financial, Edelweiss, Karvy, ICICI Securities, HDFC Securities and Indiabulls.

Risk Management

We have adopted risk management techniques since they are crucial to the success of our operations. Our Company's internal audit team works under the supervision of the audit committee of the Board and makes objective evaluations of the adequacy and efficiency of our internal controls by undertaking a comprehensive risk-based audit of various operating units. We have instituted a well documented risk management policy across the organization which defines criteria for collection of client margins, ageing calculation mechanism, payment and shares release mechanism and exposure limit providing mechanism.

Insurance

We maintain a number of insurance policies to cover our assets and mitigate the risks that we face in various aspects of our operations. We are exposed to the risk of cyber crimes and errors and omissions by our employees. In addition, we are also exposed to the risks of equipment loss and damage from fire, burglary and other natural disasters which may lead to service interruption. We manage such risks through insurance that covers our electronic equipment, including VSATs as well as other office equipment. We have insured our office branches along with office furniture and fixtures and have also obtained insurance cover for our directors and officers. We are also insured under stock brokers indemnity insurance.

Employees

As of September 30, 2012, we employed 2,594 people across our Company and its subsidiaries. Our employees are not represented by trade unions and thus not covered by any collective agreements. We have not experienced any strikes, work stoppages, labour disputes or actions by or with our employees, and we believe that relations with our employees are satisfactory. As part of our strategy to improve our operational strategy, we regularly organize training programs for our employees.

Intellectual Property

We were assigned various intellectual properties vide a deed for partial assignment of trademarks and copyrights wherein our Company obtained ownership rights to the extent 60% and post our merger with SAM Global Securities Limited, our Company's ownership in the intellectual property rights has increased to 80%. The remaining interest is owned by two of our Promoters, Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta. Our Company has applied under a recordal application on TM-24 of registered trademarks dated June 08, 2011, pursuant to the merger between SAM Global Securities Limited to transfer 30 trademarks and 2 copyrights in its name. For further details, please refer to the section titled 'Government and Other Approvals' beginning on page 353.

Technology

Information technology systems are crucial to the success of our business operations and help us improve our overall productivity. We believe that our technology systems enable us to effectively monitor and control risks and manage our nationwide operations. Our branches are connected through a VPN through VSAT, radio frequency and the internet and our central servers are located at Delhi. Some of our servers are co-located at exchanges to enable effective execution of transactions. We have a dedicated IT team which is responsible for the operations and maintenance of our technology platforms, including third party software that we use for mobile, tablet and online trading. We have a business continuity plan in case of any major outage of our existing IT infrastructure. We have an in-house software team which is responsible for back office support functions to our trading desks. We also have a dedicated team to provide technical assistance and manage our customer relationships.

Property

Our Company's registered office is located at 11/6B, Shanti Chamber, Pusa Road, New Delhi 110005 which is partly owned by our Company and partly taken on lease till October 2016. Except, 3 branch offices located at Delhi, our other branch offices are located at premises taken on lease or licensed to us. All of our owned properties are free from encumbrances and have clear title except book debts and movable property on which a

charge has been created in favour of IDBI Trusteeship Company Limited under a Deed of Hypothecation dated July 3, 2010 in respect to the Corporate Rupee Loan Facility Agreement dated July 3, 2010 with ICICI Bank. For further details, please refer to the section titled 'Financial Indebtedness' beginning on page 314 of this Draft Red Herring Prospectus.

KEY INDUSTRY REGULATIONS

The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to the business of our Company and its Subsidiaries. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see the section titled “Government and Other Approvals” on page 353 of this Draft Red Herring Prospectus.

Securities Contract Regulation Act, 1956

The Securities Contract (Regulation) Act, 1956 (“**SCRA**”) seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities and other related matters. The SCRA provides for grant of recognition for stock exchanges 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, derecognition, 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 said enactment also provides for appellate mechanism.

The bye-laws inter-alia provide for:

- i. the opening and closing of markets and the regulation of the hours of trade;
- ii. the fixing, altering or postponing of days for settlements;
- iii. the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities;
- iv. the 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;
- v. the regulation of the entering into, making, performance, recession and termination of contracts, including contracts between members or between a member and his constituent.

Depository Regulation

The Depositories Act

The Depositories Act, 1996 (as amended from time to time) provides for regulation of depositories in securities and other related matters. Every person subscribing to securities offered by an issuer has the option either to receive the security certificates or hold securities with a depository. All securities held by a depository are required to be dematerialised and in a fungible form. A depository after obtaining a certificate of commencement of business from SEBI can enter into an agreement with one or more participants as its agent. Any person, through a participant, may enter into an agreement with any depository for availing its services.

Depository Regulations

The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time (“**Depository Regulations**”) provide *inter alia* the eligibility criteria and the procedure for obtaining the certificate of registration to carry on business as a depository participant. They also provide various rights and obligations of the depository participants. On registration, the depository participant is required to adhere to a code of conduct prescribed under the Depository Regulations. The depository is deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. The depository does not have any voting rights or any other rights in respect of securities held by it. The beneficial owner of the securities is entitled to all the rights and benefits and is subjected to all the liabilities in respect of his securities held by a depository.

Stock Broker Regulations

The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended from time to time (“**Stock Broker Regulations**”) provides that no person shall carry on activity as a stock broker unless he holds a certificate granted by SEBI under the Stock Broker Regulations.

Further, the Stock Broker Regulations provides the eligibility criteria and conditions required to be satisfied in order to obtain the certificate of registration. They further provide the procedure for obtaining the certificate of registration to carry on business as a stock broker and/or a sub-broker who is required to be affiliated to a stock broker registered under the aforesaid regulations. On registration, the stockbroker and sub-broker are required to adhere to a code of conduct prescribed under the Stock Broker Regulations. In addition, a stock broker and/or a sub-broker are required to abide by the rules, regulations and bye-laws of the stock exchange or stock exchanges of which it is a member.

Apart from the registration of stockbrokers and sub-brokers, the Stock Broker Regulations provide for registration of Trading or clearing members and self-clearing members.

- A trading member is a member of the derivatives exchange or derivatives segment of a stock exchange and who settles the trade in the clearing corporation or clearing house through a clearing member.
- A clearing member is a member of a clearing corporation or clearing house of the derivative exchange or derivatives segment of an exchange, which clears and settles transactions in securities.
- A self-clearing member is a member of a clearing corporation or clearing house of the derivatives exchange or derivatives segment of a stock exchange who may clear and settle transactions on its own account or on account of its clients only, and shall not clear or settle transactions in securities for any other trading member(s)

The minimum net worth for being a trading and clearing members at BSE is ₹ 3 crore and they are required to deposit a sum of at least ₹ 1 crore with the clearing corporation or clearing house of the derivatives exchange or derivatives segment of an exchange, as applicable. The code of conduct specified for stock brokers is applicable mutatis mutandis to the trading and clearing members.

Portfolio Manager Regulations

The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 (“**Portfolio Manager Regulations**”) provide that no person shall carry on activity as a portfolio manager unless he holds a certificate granted by SEBI under the Portfolio Manager Regulations. A portfolio manager has been defined as a person who, pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client.

The Portfolio Manager Regulations lay down *inter alia* the eligibility criteria, conditions for grant of certificate to a Portfolio Manager and their general responsibilities. Further, the Portfolio Manager Regulations prescribe a code of conduct which shall be followed by every Portfolio Manager. A Portfolio Manager must fulfill the prescribed capital adequacy requirement of net worth of not less than ₹ 2 crore.

Insurance Broker Regulations

The Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002, as amended from time to time (“**Insurance Broker Regulations**”) provide *inter alia* for licensing and capital requirements for persons who are insurance brokers. These regulations require that a company interested in entering the business of dealing in insurance or reinsurance to apply to the Insurance Regulatory Development Authority for a license and also prescribe a code of conduct which such insurance brokers may follow.

Capital Requirements

A direct insurance broker should have a minimum capital of ₹ 0.5 crore. Further, no part of the capital of an insurance broker shall be held by a non-Indian interest beyond 26% at any time. For the purposes, calculations

of non-Indian interest shall be made in the same manner as specified in Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 for an insurer.

Ceiling on Remuneration

No insurance broker shall be paid or contract to be paid by way of remuneration (including royalty or license fees or administration charges or such other compensation), an amount exceeding the limits as laid down in Regulation 19 of the IRDA (Insurance Brokers) Regulations, 2002.

Ceiling on business from a single client

The business of the insurance broker shall be carried in such a manner that, not more than 50 % of the premium (quantum, receipts, etc. as the case may be) in the first year of business, 40 % of the premium in the second year of business, and 30 % of the premium from the third year of business onwards should emanate from any one client. For the purposes of this regulation, the term “client” shall include, in the case of a firm or a company, an associate or a subsidiary or a group concern under the same management. The decision of the IRDA as to whether a company, a business or an organisation is under the same management would be final.

Deposit Requirements

Every insurance broker shall before the commencement of his business, deposit and keep deposited with any scheduled bank a sum equivalent to 20% of the initial capital in fixed deposit, which shall not be released to him unless the prior permission of the IRDA is obtained.

Professional Indemnity Insurance requirements

Every insurance broker shall take out, maintain, and continue to maintain a professional indemnity insurance cover throughout the validity of the period of the license granted to him by the IRDA. The insurance cover must indemnify the insurance broker against:

- any error or omission or negligence on his part or on the part of his employees and directors;
- any loss of money or other property for which the broker is legally liable in consequence of any financial or fraudulent act or omission;
- any loss of documents and costs and expenses incurred in replacing or restoring such documents; and
- dishonest or fraudulent acts or omissions by brokers’ employees or former employees.

The indemnity cover:

- shall be on a yearly basis for the entire period of license;
- shall not contain any terms to the effect that payments of claims depend upon the insurance broker having first met the liability; and
- shall indemnify in respect of all claims made during the period of the insurance regardless of the time at which the event giving rise to the claim may have occurred.

An indemnity insurance cover not fully conforming to the above requirements shall be permitted by the IRDA in special cases for reasons to be recorded by it in writing.

The limit of indemnity for any one claim and in the aggregate for the year in the case of insurance brokers shall, for a direct insurance broker, be three times the remuneration received at the end of every financial year subject to a minimum limit of ₹ 0.5 crore. Further, the uninsured excess in respect of each claim shall not exceed 5 % of the capital employed by the insurance broker in the business.

Commodities Broking Regulations

Commodities trading, is governed by the Forward Contracts (Regulation) Act, 1952 (“**FCRA**”) and the Forward Contracts (Regulation) Rules, 1954 (“**FCRR**”). The FCRA provides, *inter alia*, for the establishment of the Forward Markets Commission (“**FMC**”). Associations interested in dealing with forward contracts, such as commodity exchanges like the MCX and NCDEX must make applications in the prescribed format as provided under the FCRR.

A trading-cum-clearing member or an institutional clearing member of such an exchange is a person who has the right to clear transactions in contracts that are executed in the trading system of the exchange. A trading-cum-clearing member is therefore subject to the rules and bye-laws framed by the exchanges in order to govern the trade in commodities. In case of difference between the provisions of any rules, the regulations or bye-laws of the exchange and the provisions of FCRA or FCRR, the provisions of the FCRA or FCRR shall prevail, except where the FCRA or FCRR allows the application or enforcement of the rules, articles, bye-laws or regulations of the exchange.

Internet Trading Regulations

Internet based trading was approved by SEBI through its Circular No. SMDRP/POLICY/CIR-06/2000 dated January 31, 2000 under which stock brokers registered with the SEBI and who is interested in providing internet based trading services must obtain permission from the concerned stock exchanges. Prior to the grant of the permission, the concerned stock exchange will have to ensure that certain minimum conditions such as a minimum networth of ₹ 0.5 crore, security and confidentiality of the data used by the broker by the use of encryption technology, adequate backup systems and data storage capacity. The web site of the broker who is providing such a facility should contain information for investor protection together with certain other mandatory security features as prescribed under the Regulations. Further, pursuant to SEBI Circular No. CIR/MRD/DP/25/2010 dated August 27, 2010 and CIR/MRD/DP/ 8 /2011 dated June 30, 2011 on securities trading using wireless technology, the stock exchange will have to ensure that safety and client authentication and identification methods are in place. Also the exchanges will have certain in place a system for handling of complaints. Further, the brokers shall capture the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT orders and should have adequate safety features to ensure it is not susceptible to internal/ external attacks.

Merchant Banking

Merchant Banker Regulations

No merchant banking activities can be carried out by any person as a Merchant Banker unless he holds a certificate granted by SEBI under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended from time to time (“**Merchant Banker Regulations**”). Further, the Merchant Banker Regulations provides the eligibility criteria, procedure for obtaining the certificate of registration to carry on business as a Merchant Banker. Based on the satisfaction of the specified capital adequacy requirements, SEBI grants registration for merchant banking activities.

According to the category identified, the Merchant Bankers are permitted to carry out certain activities as are prescribed in the Merchant Banker Regulations. Further, the Merchant Bankers are required to adhere to a code of conduct prescribed under the Merchant Banker Regulations.

Underwriting

The SEBI (Underwriters) Regulations, 1993, as amended from time to time (“**Underwriters Regulations**”) provides that no person shall act as underwriter unless he holds a certificate granted by the Board under these regulations. Furthermore it also provides that every stock broker or merchant banker holding a valid certificate of registration under Section 12 of the SEBI Act, 1992 shall be entitled to act as an underwriter without obtaining a separate certificate under the Underwriters Regulation. Further, the Underwriters Regulations provide for the procedure for application, registration and renewal of Certificate of registration. The net worth of the Applicant should not be less than ₹ 0.2 crore. Every underwriter shall at all times abide by the Code of Conduct as specified in Schedule III of these SEBI (Underwriters) Regulations, 1993

Mutual Funds

Mutual Funds Regulations

The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 govern the law pertaining to the business of mutual funds in India. The SEBI, with a view to improving professional standards, has made it mandatory for all mutual funds to appoint agents/distributors who have obtained certification from the AMFI. In case of firms/companies, the requirement of certification is made applicable to the persons engaged in sales and marketing.

The AMFI has issued guidelines in consonance with the various circulars issued by SEBI in this regard. The primary objective of these guidelines is to ensure that mutual funds do not use unethical means to sell, market or induce any Investor to buy units of their scheme(s) and mobilize funds on the strength of professional fund management and practice as well as sound risk management policies. These guidelines are mandatory. Mutual funds are required to ensure compliance with these guidelines both by intermediaries distributing their products and through them, sub-brokers acting on behalf of such intermediaries.

Mutual Fund distribution by NBFCs

NBFCs can market and distribute mutual fund products as agents of mutual funds, with prior approval of the RBI as provided for under RBI Circular (DNBS (PD) CC No. 84/03.10.27/2006-07), dated December 4, 2006, for an initial period of two years and a review thereafter. NBFCs must however, comply with certain minimum requirements, such as a minimum net owned fund of ₹100 crore and net profit as per last two years audited balance sheet. Further, the NBFC should comply with the SEBI guidelines/regulations, including their code of conduct, for distribution of mutual fund products. In this regard, the NBFCs should not adopt any restrictive practice forcing its customers to opt for a particular mutual fund product sponsored by it and the customers should be allowed to exercise their own choice. In addition, the participation by a company's customer in mutual fund products should be purely on a voluntary basis and this information should be stated in all publicity material distributed by the company in a prominent way. There are other aspects of mutual fund distribution which must be complied with, such as adherence to KYC guidelines and the provisions of the Prevention of Money Laundering Act, 2000. Moreover, the company must comply with Public Deposit Regulations and the Prudential Norms and any other instructions/ provisions of the RBI Act, to the extent applicable.

NBFC Regulations

The Reserve Bank of India Act

The RBI is entrusted with responsibility of regulating and supervising activities of NBFCs by virtue of power vested in Chapter III B of the Reserve Bank of India Act of 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 sections 45 I (c) and 45 I (e) of the RBI Act, respectively.

As per the 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 a Certificate of Registration (“CoR”). For the purposes 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 ₹ 0.25 crore to ₹ 0.20 crore for the NBFC which commences business on or after April 21, 1999. 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 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR.

Regulation of NBFCs registered with the RBI

NBFCs are primarily governed by the RBI Act, the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended (the “Prudential Norms”), the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, as amended (“Public Deposit Directions”). In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Fair Practices Code:

The RBI has framed the fair practice guidelines, 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.

The RBI vide Master Circular DNBS (PD) CC No. 286/03.10.042/2012-13 dated July 2, 2012 on Fair Practices Code has consolidated the guidelines that should be framed and approved by the Board of Directors of all NBFCs.

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 DNBS (PD) CC No.285 /03.10.42/2012-13 on 'Know Your Customer' (“**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 notified thereunder' dated July 2, 2012 and the circular DNBS(PD).CC.No.298/03.10.42 /2012-13 on Risk Categorization and updation of Customer Profiles dated July 26, 2012 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 dated July 2, 2012, 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 should be taken to evolve a system for proper maintenance and preservation of account information and such information should be preserved for at least ten years from the date of cessation of transaction between the NBFC and the client. Records pertaining to the identity of the customer and necessary records of all 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.

Corporate Governance Guidelines

Pursuant to the Public Deposit Directions all NBFCs accepting public deposits are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure and transparency and connected lending.

The RBI has also issued directions to the auditors of NBFCs vide its Master Circular No. DNBS (PD) CC No.280/03.02.001/2012-13 dated July 02, 2012. The Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 have been issued to safeguard public interest and for the purpose of proper assessment of books of accounts of NBFCs. According to the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, all non-deposit accepting NBFCs shall ensure that the auditor includes a statement on the following matters, namely: -

- Whether the Board of Directors has passed a resolution for non- acceptance of any public deposits.
- Whether the company has accepted any public deposits during the relevant period/year;
- Whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- In respect of Systemically Important Non-deposit taking NBFCs as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- Whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank;
- Whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period.

Regulation of Foreign Investment in India

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999, as amended ("**FEMA**") read with the applicable FEMA Regulations. Foreign Direct Investment ("**FDI**") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**") by circular 1 of 2012, with effect from April 10, 2012 ("**Circular 1 of 2012**"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Circular 1 of 2012 will be valid until the DIPP issues an updated circular (expected in April, 10 2013 and effective from April 10, 2013).

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, where approval from the Government of India or the Reserve Bank of India ("**RBI**") is required, depending upon the sector in which foreign investment is sought to be made.

Under the automatic route, the foreign investor or the Indian company does not require any approval from the RBI or Government of India for investments. Under the approval route, prior approval of the Government of India through FIPB is required. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

Foreign investment in NBFC is allowed under the automatic route in only the following activities:

- (i) Merchant Banking
- (ii) Under Writing
- (iii) Portfolio Management Services
- (iv) Investment Advisory Services
- (v) Financial Consultancy
- (vi) Stock Broking
- (vii) Asset Management
- (viii) Venture Capital
- (ix) Custodian Services
- (x) Factoring
- (xi) Credit Rating Agencies
- (xii) Leasing & Finance
- (xiii) Housing Finance
- (xiv) Forex Broking
- (xv) Credit Card Business
- (xvi) Money Changing Business
- (xvii) Micro Credit
- (xviii) Rural Credit

Further, the minimum capitalization norms under the Consolidated FDI Policy have been prescribed as follows:

- If foreign direct investment is up to 51%, US\$ 0.5 million to be brought in upfront;
- If foreign direct investment is more than 51% and up to 75%, US\$ 5 million to be brought in upfront; and
- If foreign direct investment is more than 75% and up to 100%, US\$ 50 million, of which US\$ 7.5 million to be brought in upfront and the balance in 24 months.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations, 1992 prohibits dealing, communicating and counseling on matters related to insider trading i.e. dealing by any person or company in securities of any other company when the person or the company is in the possession of such unpublished information that is price sensitive in nature of such company. An insider is a person who is connected with the company and is reasonably expected to have certain price sensitive information in respect of the securities of the company or has received or has access to certain unpublished price sensitive information. Any information is referred to as price sensitive information if it is likely to materially affect the price of the securities of the company to which it relates. The Insider Trading Regulations essentially prescribes a model code of conduct to be followed by all companies and organisations associated with the securities markets. Under the Insider Trading Regulations, all listed companies and organisations associated with the securities market including *inter alia* intermediaries as defined under the SEBI Act, asset management companies, trustees of mutual funds is under an obligation to formulate certain internal procedures and conduct following the Model Code of Conduct as provided under the these Regulations and will further abide with the code of Corporate Disclosure Practices.

FII Regulations

FII's including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional Portfolio Managers, are allowed to make portfolio investments in all securities of listed and unlisted companies in India. Investments by registered FIIs or non-resident Indians made through a stock exchange are known as portfolio investments. Foreign investors wishing to invest and trade in Indian securities in India under the portfolio investment route are required to register with the SEBI under the

Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 (“**FII Regulations**”). Foreign investors are not necessarily required to register with the SEBI under the FII Regulations, as FIIs may invest in securities of Indian companies pursuant to the FDI route discussed above.

FIIs that are registered with SEBI are required to comply with the provisions of the FII Regulations. A registered FII may buy, subject to certain ownership restrictions, and sell freely securities issued by any Indian company (excluding companies in certain sectors). The total holding of each FII/SEBI approved sub-account shall not exceed 10 per cent of the total paid-up capital of an Indian company and the total holdings of all FII/sub-accounts of FIIs aggregated shall not exceed 24 per cent of the paid-up capital. The threshold of 24 per cent can be increased to the sectoral cap or statutory limit applicable to the Indian company concerned by resolution of such company’s board of directors followed by the passing of a special resolution by such company.

Stock Exchange Rules, Regulations and Bye-laws

Being a trading member of Exchange of different stock exchanges we are governed by the rules and regulations and the bye laws of the exchange as amended from time to time. Exchange is empowered under the Securities Contract and Regulation Act, 1956 to make its own bye laws / rules to deal with its members and also the regulations to govern / regulate the relations between the members and the constituent.

Listing Agreements

Being a listed entity the issuer has to comply the Listing agreements as amended from time to time. Since our Company is listed on DSE, ASE, CSE, LSE and GSE, therefore the rules, regulations and bye laws of the abovementioned stock exchanges are also applicable to our Company.

Labour Law Regulations

Some of the labour laws applicable to the company and its workforce have been discussed below:

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, as amended (“EPF Act”) applies to establishments employing over 20 employees and such other establishments and industrial undertakings as notified by the GoI from time to time. It requires all such establishments to be registered with the State provident fund commissioner and requires such employers and their employees to contribute in equal proportion to the employees’ provident fund the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State provident fund commissioner.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948, as amended (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972, as amended (“Gratuity Act”) 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. Penalties are prescribed for non-compliance with statutory provisions.

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 may not exceed ₹ 0.10 crore.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended, provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹ 500 or both.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947, as amended ("ID Act") provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

The Contract Labour (Regulation and Abolition) Act, 1970

Our Company uses the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20. Accordingly, our Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended ("CLRA") which requires our Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA requires the principal employer of an establishment to which the CLRA applies to make an application to the concerned officer for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. The CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

The Shops and Establishments Act

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for the protection of patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Design Act, 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Copyright Act, 1957

The Copyright Act, 1957 ("Copyright Act") came into force on January 21, 1958 and the Copyright Rules, 1958 were formulated to amend and consolidate the laws relating to copyright in India. Copyright is a bundle of rights that are granted for limited periods of time and subject to certain permitted exceptions in original literary, dramatic, musical and artistic works, cinematograph films and sound recordings. Copyright is a negative right which gives the owner the right to prevent others from copying or infringing the work of the owner. Copyright comes into existence as soon as a work is created and no formality is required to be completed for acquiring copyright. The term of the copyright vary for different works. The term in published literary, dramatic, musical, and artistic works is the lifetime of author plus 60 years after his death. Registration of copyright is not necessary, however, a certificate of registration of copyright and the entries made therein serve as prima facie evidence in a court of law with reference to any dispute relating to ownership and infringement of copyright.

Trade Marks Act, 1999

The Trade Mark Act, 1999 which came into force on December 30, 1999 govern the law pertaining to trade marks in India. A trade mark is essentially any mark capable of being represented graphically and distinguishing goods or services of one person from those of others and includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or combination thereof. Once a mark is registered, it is valid in India only, for a period of 10 years and can be renewed from time to time in perpetuity. Registration of a trademark grants the owner a right to exclusively use the trademark as a mark of goods and services and prevents the fraudulent use of deceptively similar marks by any third party.

HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated on December 19, 1994 as SMC Global Securities Limited with the Registrar of Company, N.C.T of Delhi & Haryana. Our Company received a certificate of commencement of business on January 2, 1995.

For information on our Company's activities, services, market, growth, managerial competence, standing with reference to prominent competitors, major suppliers and customers, please see the sections titled "Our Management", "Our Business" and "Industry Overview" on pages 155, 119 and 108, respectively.

Our Company has 1,367 members as on the date of this Draft Red Herring Prospectus.

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

Changes in Registered Office

Date of change	Details of the change in the address of Registered Office
September 7, 1995	Registered office of our Company changed from "3072/39, Gola Market, Darya Ganj, Delhi-110002" to "17, Netaji Subhash Marg, Darya Ganj, New Delhi-110002".
October 1, 2008	Registered office of our Company changed from "17, Netaji Subhash Marg, Darya Ganj, New Delhi-110002" to "11/6B, Shanti Chamber, Pusa Road, New Delhi-110005".

The changes in the registered office address mentioned above were made to enable greater operational efficiency.

Our Main Objects

1. To act as stock and share brokers and to acquire and hold one or more memberships in stock/security exchange, National Stock Exchange, O.T.C.E.I. (Over the Counter Exchange of India), trade associations, commodity exchanges, clearing houses or association or otherwise in India or any part of the world, to secure membership privileges therefrom.
2. Subject to the approval of the Securities and Exchange Board of India and other authorities where ever required, to carry on the business of stock share broking and its allied matters such as acting as underwriters, sub-underwriters, brokers to the issue of securities, dealers in securities, buying, selling, transferring, hypothecating and holding of shares, debentures, and securities of all kinds and description, of issue of shares/debentures and securities of all kinds, lead managers, brokers and sub-brokers, of stocks and new issue of shares, debentures and securities of all kinds and description, Advisors and Registrar to the issue of securities, share transfer agents, investment business and investment counselling, portfolio managers, corporate counselling, brokers to fixed deposits, inter-corporate investment canvassers, financial consultants, financial and discount brokers, Advisors and Consultants to the issue of securities of all kinds and description in their all aspects in India or abroad and to manage, arrange merger and acquisition.
3. To carry on the arbitrage business and the business of investment in India and abroad and for that purpose to invest in, acquire, subscribe for, hold shares, bonds, stocks, securities, debentures, debentures stock issued or guaranteed by any company constituted and carrying on the business in India or elsewhere in the world, any Government, state, port trust, Public Body or authority supreme, financial institutions, Municipal, Local or otherwise whether in India or abroad.
4. Subject to the approval of the Securities and Exchange Board of India (SEBI) and other authorities where ever required, to act as depository participant of depository (s) and to undertake all activities, functions and responsibilities related thereto and further to do all other allied matters incidental or ancillary to the same.

The existing and proposed activities of our Company are within the scope of the objects clause of the Memorandum of Association.

For details relating to our business, description of our activities, services, products, marketing, competition, markets of each segment, inter alia, please refer to the sections titled "Our Business" and "Industry" on pages

119 and 108 of this Draft Red Herring Prospectus, respectively.

Amendments to the Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Resolution	Amendments
February 2, 1995	Increase in the authorized share capital of our Company from ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of ₹ 10 each to ₹ 2,00,00,000 divided into 20,00,000 Equity Shares of ₹ 10 each.
February 25, 1995	Increase in the authorized share capital of our Company from ₹ 2,00,00,000 divided into 20,00,000 Equity Shares of ₹ 10 each to ₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10 each.
August 27, 2005	Increase in the authorized share capital of our Company from ₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10 each to ₹ 20,00,00,000 divided into 2,00,00,000 Equity Shares of ₹ 10 each.
September 25, 2006	Alteration in the authorized share capital of our Company from ₹ 20,00,00,000 divided into 2,00,00,000 Equity Shares of ₹ 10 each to ₹ 20,00,00,000 divided into 1,50,00,000 Equity Shares of ₹ 10 each and 50,00,000 preference shares of ₹ 10 each.
February 26, 2009	Increase in the authorized share capital of our Company from ₹ 20,00,00,000 divided into 1,50,00,000 Equity Shares of ₹ 10 each and 50,00,000 preference shares of ₹ 10 each to ₹ 33,01,00,000 divided into 2,80,10,000 Equity Shares of ₹ 10 each and 50,00,000 preference shares of ₹ 10 each.
August 10, 2012	Alteration in authorized share capital of the company from ₹ 33,01,00,000 divided into 2,80,10,000 Equity Shares of ₹ 10 each and 50,00,000 preference shares of ₹ 10 each to 33,01,00,000 divided into 14,00,50,000 Equity Shares of ₹ 2 each and 50,00,000 preference shares of ₹ 10 each.

Key Milestones

The table below sets forth some of the key events in our history:

Calendar Year	Details
1995	Our Company started providing a trading platform for equities to its clients.
2000	We started our research desk for equities and commodities.
2003	We started providing our clients with a trading platform in commodities.
2006	We began the distribution of IPOs and mutual fund products along with life and general insurance products.
2007	We began our institutional and NRI trading and advisory services.
2007	Agreement with Millennium India Acquisition Company Inc. for investment in our Company
2008	We set up our online trading platform.
2008	We started our wealth management services and NBFC operations.
2008	We started our investment banking business.
2008	Investment into our Company by Bennett, Coleman & Co. Limited
2009	Amalgamation of SAM Global Securities Limited with our Company
2009	Investment into our Company by Sanlam International Investment Partners Limited

Awards/ certifications received by us across our various business operations

Over the past few years, we have been awarded:

- Best Equity, Best Derivatives and Broker with largest distribution network by BSE-D&B Equity Awards for the year 2012.

- Our research team has received award of best equity research analyst in IPO segment – 2012 and viewer’s choice award of best commodity research analyst – 2012 from Zee Business ‘India’s Best Market Analyst Awards 2012’.
- India’s Best Currency Broker Award for the years 2012 and 2011 by Bloomberg-UTV.
- Selected as top broker under ‘Broking house with the largest distribution network’ by BSE-D&B Equity Awards for the year 2011.
- Selected as top broker under ‘Broking house with the largest distribution network’ and ‘Best equity broking house’ by BSE-D&B Equity Awards for the year 2010.
- ‘Best Wealth Management Company in India’ by Business Sphere for the year 2011.
- ‘Learning and Talent Technology Excellence’ by Star News HR and Leadership Awards in February 2012.
- ‘India’s Fastest Growing Retail Distribution Network in Financial Services by Business Sphere for the year 2010.
- ‘Major Volume Driver’ award by the BSE Limited for 3 years consecutively (2004-05, 2005-06 and 2006-07).

Schemes of Arrangement

In the year 1986, the erstwhile SAM Global Securities Limited (“**SAM Global**”) was established as Assam Power and Electricals Limited. It was renamed as SAM Global pursuant to a fresh certificate of incorporation issued on April 10, 2000. SAM Global was primarily engaged in the business of broking, providing depository participant services and proprietary trading and arbitrage. SAM Global was a member of BSE Limited and a depository participant of CDSL and NSDL. Pursuant to a scheme of amalgamation sanctioned by the Honorable High Court of Delhi on January 9, 2009, SAM Global was amalgamated with our Company with effect from January 1, 2008. The purpose of the amalgamation was to consolidate the business operations of SAM Global and our Company enabling us to provide depository participant services and cash and derivatives broking services on the BSE so as to compliment our then existing NSE related services.

In terms of the Scheme of Amalgamation, SAM Global’s entire business and undertaking including all its assets, contracts, properties, investments, benefits, employees, debts, liabilities, duties and obligations of any nature were transferred to our Company, and became the business, assets, contracts, properties investments, benefits, employees, debts, liabilities, duties and obligations of our Company. On the effective date, the erstwhile SAM Global Securities Limited was dissolved without being wound up. Pursuant to amalgamation of SAM with the Company, the Company was listed on the Guwahati Stock Exchange in India.

Raising of capital by our Company

Other than as disclosed under the sections titled “Capital Structure” and “Financial Indebtedness” on pages 68 and 314 respectively of this Draft Red Herring Prospectus, we have not raised any capital either in the form of equity or debt.

Time and Cost Overruns

The nature of our business does not include implementation of projects and therefore we believe there have been no time and cost overruns in the implementation of our projects.

Default/ rescheduling of borrowings with financial Institutions/ Banks

Our Company has not defaulted/ rescheduled any loans/ borrowings with any financial institution/ bank. We have not converted our loans into equity.

Lock-out, Strikes etc.

There have been no lock-outs, strikes etc. during the last five years preceding the date of this Draft Red Herring Prospectus.

Injunctions or restraining orders

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

Changes in the activities of Our Company during the last five years

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

Summary of Key Agreements

1. Shareholders Agreement between our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Bennett, Coleman & Co. Limited

The Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, other promoter group individuals and Bennett, Coleman & Co. Limited ("**BCCL**") have entered into a shareholders' agreement dated March 10, 2008 ("**Bennett Coleman SHA**") in terms of which BCCL has agreed to acquire equity shares of our Company representing 2.098% of the issued and paid up share capital of our Company. BCCL has also entered into a share purchase agreement dated December 18, 2010 with one of our promoter group companies, Pulin Investment Private Limited to purchase 2,03,000 shares of our Company ("**Pulin SPA**"). The Bennett Coleman SHA and an amendment agreement dated December 18, 2010 along with the Pulin SPA between the parties, *inter alia*, provides that:

- i. Except in the case of certain permitted transfers, in the event the promoters propose to sell their equity shares to a third party, BCCL has the right to sell an equal number of its shares at a price and on terms substantially set out in the offer.
- ii. The Company shall have its shares listed on the BSE and/or the NSE by March 31, 2013, failing which BCCL and our Company shall appoint a reputed consultant to value the shares of our Company and the Promoters shall either buy-back the shares or find a third party buyer to buy the BCCL shares at the price arrived at by the third part consultant or at a price not less than the price which ensures a 12% annualized return, whichever is higher
- iii. The Bennett Coleman SHA shall terminate upon the listing of the equity shares of our Company either on the BSE or the NSE or if BCCL ceases to hold at least 1.049% of the issued and paid-up share capital of our Company.

2. Share Subscription Agreement between our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Millennium India Acquisition Company Inc.

The Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, other promoter group individuals and Millennium India Acquisition Company Inc. ("**Millennium**") have entered into a share subscription agreement dated May 12, 2007 ("**Millennium SSA**") in terms of which Millennium has agreed to acquire equity shares of our Company representing 14.90% of the total issued and paid up equity share capital of our Company. Pursuant to amendment agreements dated July 13, 2011 and October 27, 2012, the terms of the Millennium SSA were amended and *inter alia* provide that:

- i. The Company and the promoters shall ensure that the equity shares of our Company are listed on the BSE and/or the NSE by June 30, 2013.
- ii. The Millennium SSA can be terminated by Millennium, if by June 30, 2013, conditions exist to list the shares on the BSE and/or NSE and the promoters decide not to seek such listing for their own reasons or unless such listing is postponed at the request of Millennium.

3. Shareholders Agreement between our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Millennium India Acquisition Company Inc.

The Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, other promoter group individuals and Millennium India Acquisition Company Inc. (“**Millennium**”) have entered into a share holders agreement dated May 12, 2007 (“**Millennium SHA**”) in terms of which Millennium has agreed to acquire equity shares of our Company representing 14.90% of the total issued and paid up equity share capital of our Company. Pursuant to amendment agreements dated July 13, 2011 and October 27, 2012, the terms of the Millennium SHA were amended and *inter alia* provide that:

- i. The Company and the promoters shall ensure that the equity shares of our Company are listed on the BSE and/or the NSE by June 30, 2013.
- ii. The Company shall file its red herring prospectus within 30 days of obtaining SEBI clearance.
- iii. Millennium shall be entitled to nominate and maintain one non-executive director to the Board (investor director) and a quorum of the Board shall include at least one investor director for the discussion of any specified matter.
- iv. The presence of an authorized Millennium representative in person or through proxy shall be necessary at general meetings where any specified matters are being discussed.
- v. The Company shall not *inter alia*, pledge, mortgage or otherwise encumber any securities of our Company without the prior written consent of Millennium.
- vi. In case the promoters or the promoter group propose to transfer any of their securities in our Company, Millennium shall have the right to sell an equal number of shares.
- vii. If Millennium proposes to sell their shares, the promoters of our Company have a right of first offer to buy the shares from Millennium.
- viii. If the promoters propose to sell their shares in a further public offering of our Company, Millennium shall have the right to sell an equal number of shares in the proposed offer.
- ix. The Millennium SHA shall terminate upon the listing of the equity shares on the BSE and/or the NSE.
- x. In the event the promoters commit a material breach and then fail to rectify the same, Millennium shall have the right to sell of its securities of our Company to the promoters in 60 days pursuant to which Millennium shall have the right to appoint an independent valuer for determining the fair market value of the equity shares of our Company. The Promoters shall be obliged to purchase all the Equity Shares of our Company held by Millennium at a 5% premium to the fair market value.

4. Sale of Shares Agreement between our Company, Sanlam International Investment Partners Limited, Sanlam Investment and Advisors (India) Limited and other individual nominee shareholders

The Company, Sanlam Investment Management (Proprietary) Limited (“**SIM Investor**”), SMC Wealth Management Services Limited (“**SMC Wealth Management**”) and other individual nominee shareholders had entered into a subscription and shareholders agreement dated September 14, 2008, to constitute a joint venture for conducting wealth management advisory services in India. Subsequent to the agreement, our Company and its individual nominee shareholders held 50% of the issued and paid up capital of SMC Wealth Management and the SIM Investor held the remaining 50% equity shares. Pursuant to a fresh certificate of incorporation dated January 24, 2011, SMC Wealth Management changed its name to Sanlam Investment and Advisors Limited.

The Company, Sanlam International Investment Partners Limited, Sanlam Investment and Advisors (India) Limited (“**SIAL**”) and other individual nominee shareholders have entered into a sale of shares agreement dated May 30, 2011 in terms of which our Company has agreed to purchase equity shares of SIAL representing 50% of the issued share capital of SIAL. Pursuant to a fresh certificate of incorporation dated January 24, 2011, the name of the company was changed from SIAL to SMC Investment and Advisors Limited.

Sanlam International Investment Partners Limited is now in the process of completing the necessary requirements to effect the transfer.

5. Sale of Shares Agreement between our Company, Sanlam International Investment Partners Limited, Sanlam Investment Management (India) Limited and other individual nominee shareholders

The Company and Sanlam Investment Management (Proprietary) Limited had entered into an asset management company subscription and shareholders agreement dated September 14, 2008 to constitute a joint venture to provide asset management services in India.

Thereafter, our Company, Sanlam International Investment Partners Limited, Sanlam Investment Management (India) Limited (“**SIML**”) and other individual nominee shareholders have entered into a sale of shares agreement dated May 30, 2011 in terms of which our Company has agreed to purchase equity shares of SIML representing 61% of the issued share capital of SIML. Pursuant to a fresh certificate of incorporation issued on February 6, 2012, SIML was renamed as SMC Finvest Limited.

Sanlam International Investment Partners Limited is now in the process of completing the necessary regulatory requirements to effect the transfer.

6. Sale of Shares Agreement between our Company, Sanlam International Investment Partners Limited, Sanlam Trustee Company (India) Limited and other individual nominee shareholders

The Company and Sanlam Investment Management (Proprietary) Limited (“**SIM Investor**”) had entered into an asset management company subscription and shareholders agreement dated September 14, 2008 to constitute a joint venture of our Company and the SIM Investor for providing asset management services in India.

Thereafter, our Company, Sanlam International Investment Partners Limited, Sanlam Trustee Company (India) Limited (“**STL**”) and other individual nominee shareholders have entered into a sale of shares agreement dated May 30, 2011 in terms of which our Company has agreed to purchase equity shares of STL representing 61% of the issued share capital of STL. Pursuant to a fresh certificate of incorporation dated November 6, 2009, the name of STL was changed to Moneywise Finvest Limited.

Sanlam International Investment Partners Limited is now in the process of completing the necessary requirements to effect the transfer.

7. Share Subscription Agreement between our Company, Sanlam International Investment Partners Limited, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and other individual shareholders

The Company, Sanlam International Investment Partners Limited (“**SIM Investor**”), Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and other individual shareholders have entered into a share subscription agreement dated May 30, 2011 in terms of which the SIM Investor has agreed to acquire equity shares of our Company representing 3.25% of the issued and paid-up capital of our Company.

8. Shareholders Agreement between our Company, Sanlam Investment Management (Proprietary) Limited, Mr. Mahesh Chand Gupta, Mr. Subhash Chand Aggarwal and other promoter group entities

The Company, Sanlam Investment Management (Proprietary) Limited (“**SIM Investor**”), Mr. Mahesh Chand Gupta, Mr. Subhash Chand Aggarwal and other promoter group entities have entered into a shareholders’ agreement dated September 14, 2008, in terms of which the SIM Investor has agreed to acquire equity shares of our Company representing 1% of the issued and paid-up share capital of our Company. The SIM Investor has also subscribed to 382,441 share warrants in our Company, whereby each warrant can be converted into one fully paid-up share in our Company. The terms of the agreement, inter alia provide that:

- i. As long as the SIM Investor retains not less than 2.5% of the paid-up share capital and/or holds not less than 40% of the issued shares in any joint venture with our Company in India, the promoters of our Company shall grant the SIM Investor the first opportunity to participate in any further joint venture in the financial services industry.
- ii. As long as our Company holds not less than 40% of the issued shares in any joint venture with the SIM Investor in India, and the SIM Investor retains not less than 2.5% of the paid-up share capital of our Company, the SIM Investor shall grant our Company the first opportunity to participate in any further joint venture in the financial services industry.
- iii. The SIM Investor has the right to sell an equal proportion of equity shares if our Company contemplates a further public offering at any time in which the Promoters offload their equity shares.

- iv. Except for certain permitted transfers, the promoters and the promoter group of our Company shall not pledge, lien or charge any securities of our Company or the SMC Group companies, without the prior written consent of the SIM Investor.
- v. If the SIM Investor proposes to sell its shares in our Company to a third party, the promoters have a right of first refusal to buy the shares from the SIM Investor.

9. Share Subscription Agreement between our Company, Sanlam Investment Management (Proprietary) Limited, Mr. Mahesh Chand Gupta, Mr. Subhash Chand Aggarwal and other promoter group entities

The Company, Sanlam Investment Management (Proprietary) Limited (“SIM Investor”), Mr. Mahesh Chand Gupta, Mr. Subhash Chand Aggarwal and other promoter group entities have entered into a share subscription agreement dated September 14, 2008, in terms of which the SIM Investor has agreed to acquire equity shares of our Company representing 1% of the issued and paid-up share capital of our Company. The SIM Investor has also subscribed to 382,441 share warrants in our Company, whereby each warrant can be converted into one fully paid-up share in our Company. Pursuant to such conversion, the SIM Investor shall be the registered and beneficial owner of 5% of the total issued and paid-up share capital of our Company.

Subsidiaries of Our Company

1. SMC Comtrade Limited

The following table represents the changes in the name of the company since incorporation:

Date	Name
October 17, 2006	SMC Comtrade Limited
July 13, 2006	SMC Comex Private Limited
March 21, 1997	Ambuja Finpro Private Limited

SMC Comtrade Limited is engaged in the business of trading in agricultural products, metals including precious metals, petroleum and energy products and all other commodities, in spot markets and in futures and all kinds of derivatives of all the above commodities. The authorized share capital of SMC Comtrade Limited is ₹5,00,00,000 divided into 50,00,000 equity shares of ₹10 each and the paid up capital of SMC Comtrade Limited is ₹ 4,50,00,000 (divided into 45,00,000 equity shares of ₹ 10 each).

Shareholding Pattern

The shareholding pattern of SMC Comtrade Limited:

Name of the Shareholder	No. of equity shares	% shareholding
SMC Global Securities Limited	44,99,994	99.99
Subhash Chand Aggarwal	1	Negligible
Mahesh Chand Gupta	1	Negligible
Sushma Gupta	1	Negligible
Hemlata Aggarwal	1	Negligible
M.G. Aggarwal	1	Negligible
S.S. Gupta	1	Negligible
Total	45,00,000	100.00

SMC Comtrade Limited is not a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

2. SMC Insurance Brokers Private Limited

The following table represents the changes in the name of the company since incorporation:

Date	Name
June 1, 2007	SMC Insurance Brokers Private Limited
March 30, 2004	DSP Insurance Brokers Private Limited
January 30, 2002	R.K. Deepak & Associates Private Limited
July 23, 1998	Kinetic Projects Private Limited
March 20, 1995	Anirudh Financial Consultants Private Limited

SMC Insurance Brokers Private Limited is engaged in the business of carrying out all activities connected with insurance broking for general and life insurance for their clients. The authorized share capital of SMC Insurance Brokers Private Limited is ₹ 45,00,00,000 divided into 4,50,00,000 equity shares of ₹ 10 each and the paid up capital of SMC Insurance Brokers Private Limited is 41,40,00,000 (divided into 4,14,00,000 equity shares of ₹10 each).

Shareholding Pattern

The shareholding pattern of SMC Insurance Brokers Private Limited:

Name of the Shareholder	No. of equity shares	% shareholding
SMC Comtrade Limited	4,03,99,900	97.58
Pravin Agarwal	10,00,000	2.41
Mahesh Chand Gupta	100	Negligible
Total	4,14,00,000	100.00

SMC Insurance Brokers Private Limited is not a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

3. Moneywise Financial Services Private Limited

Moneywise Financial Services Limited was originally incorporated as Sati Sales Private Limited on March 22, 1996 under the Companies Act. Pursuant to a fresh certificate of incorporation issued on July 22, 2008, the company was renamed as Moneywise Financial Services Private Limited. The company is a non-banking financial company registered with RBI as a residuary non-deposit taking asset finance company which is engaged in the business of making loans and advances, lending money against a mortgage of immovable property or pledge of movable property.

The authorized share capital of Moneywise Financial Services Private Limited is ₹ 15,00,00,000 divided into 1,50,00,000 equity shares of ₹10 each and the paid up capital of Moneywise Financial Services Private Limited is ₹ 13,36,46,500 (divided into 1,33,64,650 equity shares of ₹ 10 each).

Shareholding Pattern

The shareholding pattern of Moneywise Financial Services Private Limited:

Name of the Shareholder	No. of equity shares	% shareholding
SMC Global Securities Limited	1,33,64,550	99.99
Mr. Ajay Garg	100	Negligible
Total	1,33,64,650	100.00

Moneywise Financial Services Private Limited is not a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

4. SMC Investments and Advisors Limited

The following table represents the changes in the name of the company since incorporation:

Date	New Name
June 9, 2011	SMC Investment and Advisors Limited
January 24, 2011	SANLAM Investment and Advisors Limited
January 4, 2008	SMC Wealth Management Services Limited
August 28, 1997	SMC Global Limited

SMC Investment and Advisors Limited is engaged in the business of portfolio management, portfolio manager, portfolio advisory services, corporate advisory services and the business of wealth management. The authorized share capital of SMC Investment and Advisors Limited is ₹ 16,00,00,000 divided into 1,60, 00,000 equity shares of ₹ 10 each and the paid up capital of SMC Investment and Advisors Limited is ₹ 15,00,00,000 (divided into 1,50,00,000 equity shares of ₹ 10 each).

Shareholding Pattern

The shareholding pattern of SMC Investments and Advisors Limited is as follows:

Name of the Shareholder	No. of equity shares	% shareholding
SMC Global Securities Limited	74,99,995	49.99
Sanlam International Investment Partners Limited.	74,99,999	49.99
Mahesh Chand Gupta	1	Negligible
Subhash Chand Aggarwal	1	Negligible
Himanshu Gupta	1	Negligible
Sushma Gupta	1	Negligible
Hemlata Aggarwal	1	Negligible
Shweta Aggarwal	1	Negligible
Total	1,50,00,000	100.00

SMC Investments and Advisors Limited is not a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

5. SMC Capitals Limited

The following table represents the changes in the name of the company since incorporation:

Date	New Name

Date	New Name
August 22, 2008	SMC Capitals Limited
December 15, 2005	NEXGEN Capitals Limited
December 6, 1994	Shubh Finsec Private Limited

SMC Capitals Limited is engaged in the business of acting as merchant bankers, underwriters, sub-underwriters, brokers to issue of certificates, buying selling, transferring, hypothecating and holding of shares debentures and securities of all kinds. The authorized share capital of SMC Capitals Limited is ₹ 1,00,000,000 divided into 1,00,00,000 equity shares of ₹10 each and the paid up capital of SMC capitals Limited is ₹ 9,04,16,600 (divided into 90,41,660 equity shares of ₹10 each).

Shareholding Pattern

The shareholding pattern of SMC Capitals Limited:

Name of the Shareholder	No. of equity shares	% shareholding
SMC Global Securities Limited	90,41,060	99.99
Subhash Chand Aggarwal	100	Negligible
Mahesh Chand Gupta	100	Negligible
Sushma Gupta	100	Negligible
Hemlata Aggarwal	100	Negligible
Himanshu Gupta	100	Negligible
Shweta Aggarwal	100	Negligible
Total	90,41,660	100.00

SMC Capitals Limited is not a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

6. SMC Comex International DMCC

SMC Comex International DMCC was incorporated on November 16, 2005 pursuant to a certificate issued by the Registrar of Companies of the Dubai Metals and Commodities Center Authority. SMC Comex International DMCC is engaged in all such business as the Dubai Metals and Commodities Center Authority may permit it to carry on.

The authorized share capital of SMC Comex International DMCC is AED 13,00,000 divided into 1,300 equity shares of AED 1,000 each and the paid up capital of SMC Comex International DMCC is AED 13,00,000 (divided into 1,300 equity shares of AED 1,000 each).

Shareholding Pattern

The shareholding pattern of SMC Comex International DMCC:

Name of the Shareholder	No. of equity shares	% shareholding
SMC Comtrade Limited	1300	100.00

Total	1300	100.00

7. Moneywise Finvest Limited*

Moneywise Finvest Limited was originally incorporated as Sanlam Trustee Company (India) Limited on November 6, 2009 under the Companies Act. Pursuant to a fresh certificate of incorporation issued on January 11, 2012, the company was renamed as Moneywise Finvest Limited. Moneywise Finvest Limited's main object permits it to carry out the business of carrying on all forms of short term, medium term and long term financing, asset financing and other allied activities.

The authorized share capital of Moneywise Finvest Limited is ₹ 5,00,00,000 divided into 50,00,000 equity shares of ₹ 10 each and the paid up capital of Moneywise Finvest Limited is ₹1,00,00,000 (divided into 10,00,000 equity shares of ₹ 10 each).

Shareholding Pattern

The shareholding pattern of Moneywise Finvest Limited:

Name of the Shareholder	No. of equity shares	% shareholding
Sanlam Investment Management (Pty.) Limited	6,10,000	61.00
SMC Global Securities Limited	3,89,995	38.99
Jai Gopal	1	Negligible
Mohit Shyngle	1	Negligible
Rajesh Pahuja	1	Negligible
Buddhi Lal	1	Negligible
M.K. Gupta	1	Negligible
Total	10,00,000	100.00

Moneywise Finvest Limited is not a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

8. SMC Finvest Limited*

SMC Finvest Limited was originally incorporated as Sanlam Investment Management (India) Limited on November 6, 2009 under the Companies Act. Pursuant to a fresh certificate of incorporation issued on February 6, 2012, the company was renamed as SMC Finvest Limited. SMC Finvest Limited's main object permits it to carry out the business of carrying on all forms of short term, medium term and long term financing, asset financing and other allied activities.

The authorized share capital of SMC Finvest Limited is ₹ 60,00,00,000 divided into 6,00,00,000 equity shares of ₹10 each and the paid up capital of SMC Finvest Limited is ₹ 41,00,00,000 (divided into 4,10,00,000 equity shares of ₹ 10 each).

Shareholding Pattern

The shareholding pattern of SMC Finvest Limited:

Name of the Shareholder	No. of equity shares	% shareholding
Sanlam Investment Management (Pty.) Limited	2,50,10,000	61.00
SMC Global Securities Limited	1,59,89,995	38.99
Subhash Chand Aggarwal	1	Negligible
Mahesh Chand Gupta	1	Negligible
Rakesh Gupta	1	Negligible
Shweta Aggarwal	1	Negligible
Ajay Garg	1	Negligible
Total	4,10,00,000	100.00

SMC Finvest Limited is not a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

*Sanlam Investment Management Pty. Limited has *vide* letters dated August 2, 2010 and April 7, 2011 informed SEBI of its decision to withdraw its application to set up its mutual fund business in India. It has also informed SEBI that Moneywise Finvest Limited (formerly known as Sanlam Trustee Company (India) Limited) and SMC Finvest Limited (formerly known as Sanlam Investment Management (India) Limited) shall not be associated with the mutual fund application with SEBI. SEBI has *vide* its letter dated June 3, 2011 acknowledged the withdrawal of the mutual fund application.

9. SMC ARC Limited

SMC ARC Limited was incorporated on May 25, 2009 under the Companies Act. The main objects of SMC ARC Limited is to engage in the business of asset reconstruction and management in India or outside India and to acquire, hold, manage, assign or dispose of loans, financial assistance or financial assets, with or without underlying the securities of banks, financial institutions or other bodies, corporate, corporate societies, association of persons, firms or individuals.

The authorized share capital of SMC ARC Limited is ₹ 25,00,00,000 divided into 25, 00,000 equity shares of ₹ 10 each and the paid up capital of SMC ARC Limited is ₹ 2,50,00,000 (divided into 25,00,000 equity shares of ₹ 10 each).

Shareholding Pattern

The shareholding pattern of SMC ARC Limited:

Name of the Shareholder	No. of equity shares	% shareholding
SMC Global Securities Limited	24,99,994	99.99
Subhash Chand Aggarwal	1	Negligible
Mahesh Chand Gupta	1	Negligible

Name of the Shareholder	No. of equity shares	% shareholding
Sushma Gupta	1	Negligible
Hemlata Aggarwal	1	Negligible
Damodar Krishan Aggarwal	1	Negligible
Ajay Garg	1	Negligible
Total	25,00,000	100.00

SMC ARC Limited is not a ‘sick industrial company’ under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against the company in accordance with the provisions of the Companies Act. Further, no application has been made in respect of the company to the Registrar of Companies for striking off their names.

Accumulated profits or losses not accounted for

The accumulated profits or losses of our Subsidiaries have been accounted for by our Company in the restated audited consolidated financial statements of our Company included in this Draft Red Herring Prospectus. For further details, please refer to the section titled “**Financial Statements**” on page 182 of this Draft Red Herring Prospectus.

Sales or purchases exceeding 10% in aggregate of the total sales or purchases of our Company

Except as stated in the section titled “**Financial Statements – Restated Consolidated Related Party Transactions**” in section titled “**Financial Statements**” beginning on page 182 of this Draft Red Herring Prospectus, there are no sales or purchases between our Subsidiaries exceeding 10% in aggregate in value of the total sales or purchases of our Company.

Financial and Strategic Partners

The Selling Shareholder, Sanlam and BCCL are financial investors of our Company. For details of the agreements entered into by our Company with the financial investors, please see the section “– Summary of Key Agreements” on page 145.

OUR MANAGEMENT

Board of Directors

The Articles of Association provides that we shall not have less than three Directors and not more than twenty Directors. We currently have fifteen Directors on our Board of Directors.

The following table sets forth details of the Board of Directors as of the date of filing of this Draft Red Herring Prospectus with SEBI:

Name, Designation, Occupation, DIN, Address and Term	Nationality	Age (Years)	Other Directorships /Partnerships
Mr. Subhash Chand Aggarwal Chairman & Managing Director Address: C-335, Saraswati, Vihar, Delhi 110 088 DIN: 00003267 Occupation: Business Term: Not liable to retire by rotation	Indian	56	1. SMC Share Brokers Limited 2. SMC Finvest Limited
Mr. Mahesh Chand Gupta Vice-Chairman & Managing Director Address: C-39, Anand Vihar, I.P. Extensi Delhi 110 092 DIN: 00003082 Occupation: Business Term: Not liable to retire by rotation	Indian	55	1. SMC Share Brokers Limited 2. SMC Insurance Brokers Private Limited 3. SMC Capitals Limited 4. Capital Laminates Private Limited
Mr. Pradeep Aggarwal Whole-time Director Address: D-98, Pushpanjli Enclave, Pitampura, Delhi 110 034 DIN: 00203822 Occupation: Service Term: Not liable to retire by rotation	Indian	43	1. SMC Comtrade Limited 2. P.P. Comtrade Private Limited
Mr. Ajay Garg Whole-time Director Address: 14 A/47 II Floor, Punjabi Baug West, Delhi 110 026 DIN: 00003166 Occupation: Service	Indian	38	1. SMC Insurance Brokers Private Limited 2. Moneywise Financial Services Private Limited 3. Dee Faces Herbal Private Limited

Name, Designation, Occupation, DIN, Address and Term	Nationality	Age (Years)	Other Directorships /Partnerships
Term: Not liable to retire by rotation			
Mr. Anurag Bansal Whole-time Director Address: OC – 01/ 1602 Orange County, Indirapuram, Ghaziabad, U.P. 201 014 DIN: 00003294 Occupation: Service Term: Not liable to retire by rotation	Indian	37	1. SMC ARC Limited 2. Moneywise Finvest Limited 3. Pulin Investments Private Limited
Mr. Narain Dass Gupta Independent & Non-Executive Director Address: SU-113, Vishakha Enclave, Pitampur Delhi 110 088 DIN: 01522375 Occupation: Chartered Accountant Term: Liable to retire by rotation	Indian	66	1. DARCL Logistics Limited 2. Daffodil Software Limited 3. Urban Improvement Co. Private Limited 4. Transrail Logistics Limited 5. Paragon Asset Reconstruction Private Limited <i>Partnership:</i> 1. Dass Gupta & Associates, Chartered Accountants
Mr. Pawan Kumar Bansal Independent & Non-Executive Director Address: A-156, Ist Floor, New Friends Colony, New Delhi 110 025 DIN: 00420629 Occupation: Industrialist Term: Liable to retire by rotation	Indian	47	1. Capital Power Infrastructure Limited 2. Kuber Merchantiles Private Limited 3. Diamond Valley Gardens Private Limited 4. Pivotal Infotech Private Limited 5. Capital Power Systems Limited 6. Global Power Transformers Limited 7. Capital Electricals Limited <i>Partnership:</i> 1. Capital Meters
Mr. Kundan Mal Agarwal Independent & Non-Executive Director Address: Flat No 8614, Sector-C, Pkt-8. Vasant Kunj, New Delhi 110 070 DIN: 00043115 Occupation: Chartered Accountant Term: Liable to retire by rotation	Indian	63	1. Share Bazar Financial Services Limited 2. Sona Finance Private Limited

Name, Designation, Occupation, DIN, Address and Term	Nationality	Age (Years)	Other Directorships /Partnerships
Mr. Roop Chand Jindal Independent & Non-Executive Director Address: D-26, CC Colony, Opp. Rana Pratap Bagh, Delhi 110 007 DIN: 01450916 Occupation :Chartered Accountant Term: Liable to retire by rotation	Indian	64	1. SMC Comtrade Limited <i>Partnership:</i> 1. Bubber Jindal & Co, Chartered Accountants
Mr. Satish Chandra Gupta Independent & Non-Executive Director Address: A-1/135, Inderpuri, New Delhi 110 012 DIN: 00025780 Occupation: Retired Banker Term: Liable to retire by rotation	Indian	65	1. Emmsons International Limited 2. Jai Balaji Industries Limited 3. ISMT Limited 4. Sagacious Financial Services Private Limited 5. Solar Industries India Limited 6. Gujarat Foils Limited 7. Brahmaputra Infraproject Limited 8. Brahmaputra Infrastructure Limited 9. Pug Securities Private Limited 10. Gita Energy Generation Private Limited 11. Orbit Corporation Limited 12. Prudent ARC Limited
Mr. Chandra Wadhwa Independent & Non-Executive Director Address: 705, IInd Floor, New Rajinder Nagar, New Delhi 110 060 DIN: 00764576 Occupation: Cost Accountant Term: Liable to retire by rotation	Indian	54	1. DSE Financial Services Limited 2. Wadhwa Financial Services (P) Limited
Mr. Ram Lakhan Sudhir Independent & Non-Executive Director Address: D-311, Ground Floor, Sarvodya Enclave, New Delhi 110 017 DIN: 02858029 Occupation: Retired IAS Term: Liable to retire by rotation	Indian	72	1. DSE Financial Services Limited

Name, Designation, Occupation, DIN, Address and Term	Nationality	Age (Years)	Other Directorships /Partnerships
Mr. Hari Das Khunteta Independent & Non-Executive Director Address: A-3, Jal Vidyut Apartments, Sector 21-C, Part-III, Faridabad, Haryana India 121001 DIN: 00061925 Occupation: Professional Term: Liable to retire by rotation	Indian	60	1. Altius Finserv Private Limited 2. Usher Eco Power Limited
Mr. Finney Cherian Nominee and Non-Executive Director Address: 159, South Drive, Manhasset Hills, New York 11040 DIN: 02011132 Occupation: Service Term: Liable to retire by rotation	American	48	1. Moneywise Financial Services Private Limited
Mr. Johannes Hendrik Petrus Van Der Merwe Non-Executive Director Address: TE 20, Aristeaalan, Bellville, South Africa-7536 DIN: 03048724 Occupation: Service Term: Liable to retire by rotation	South African	47	-

None of our Directors hold current and/ or past directorship(s) for a period of five years in listed companies whose shares have been or were suspended from being traded on the BSE or the NSE or in listed companies who have been / were delisted from stock exchanges.

Relationship between Directors

None of the Directors are related to each other.

Brief Profile of our Director:

Mr. Subhash Chand Aggarwal is the Chairman & Managing Director of our Company. He is one of our Promoters and has been a Director of our Company since December 19, 1994. He is a fellow member of the Institute of Chartered Accountants of India. He has over 23 years of experience in securities market and financial services. He is the chairman of the India European Union Business Promotion Council of ASSOCHAM, co-chairman of the National Council of Capital Markets and a senior member of the management committee of ASSOCHAM. He has also acted as a member of the expert group on behalf of ASSOCHAM Working Group constituted by the Ministry of Corporate Affairs and the Cost Accounting Board.

Mr. Mahesh Chand Gupta is the Vice Chairman and Managing Director of our Company. He did his bachelors in commerce from Delhi University and is a fellow member of the Institute of Chartered Accountants of India. He is one of our Promoters and is the managing director of our Company since September 1, 2007. He looks after the policy, vision and major part of the operational activities of the group. He has over 23 years of experience in securities market and financial services.

Mr. Pradeep Aggarwal is the Whole Time Director of our Company. He graduated from the University of Delhi with a Bachelor of Arts in 1992. He has over 17 years of experience in equity and commodity market.

Mr. Ajay Garg is the Whole Time Director of our Company. He is a member of the Institute of Chartered Accountants of India. He has over 15 years of experience in securities market and financial services.

Mr. Anurag Bansal is the Whole Time Director of our Company. He is a member of the Institute of Chartered Accountants of India. He has over 15 years of experience in securities market and financial services.

Mr. Narain Dass Gupta is an Independent and Non Executive Director of our Company. He is a fellow member of the Institute of Chartered Accountants of India. He has over 42 years of experience in corporate affairs and taxation. He is also the managing partner at Dass Gupta & Associates, Chartered Accountants. He was also president of the Institute of Chartered Accountants of India during 2001-2002.

Mr. Pawan Kumar Bansal is an Independent and Non Executive Director of our Company. He is a commerce graduate from Delhi University and has over 25 years of experience in the power sector.

Mr. Roop Chand Jindal is an Independent and Non Executive Director of our Company. He is a fellow member of the Institute of Chartered Accountants of India and has over 35 years of experience in auditing. He is also a partner at Bubber Jindal & Co, Chartered Accountants.

Mr. Kundan Mal Agarwal is an Independent and Non Executive Director of our Company. He is a fellow member of the Institute of Chartered Accountants of India and has over 35 years of experience in taxation and corporate matters including over 17 years experience in securities market.

Mr. Satish Chandra Gupta is an Independent and Non Executive Director of our Company. He is a commerce graduate from Agra university, master of commerce from Meerut university and also a certified associate of Indian Institute of Bankers. He has over 41 years of experience in banking. He was also a former Chairman & Managing Director of Punjab National Bank and Indian Overseas Bank.

Mr. Chandra Wadhwa is an Independent and Non Executive Director of our Company. He is a fellow member of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He is also a Bachelor of Laws and Master of Commerce from Delhi University. He has over 17 years of experience in financial, cost and management accounting including cost and management audits.

Mr. Ram Lakhan Sudhir is an Independent and Non Executive Director of our Company. He is Bachelor of Science from Allahabad University and also Master in Science (Botany) and Master of Art in Sociology from Allahabad University and Meerut University, respectively. He has retired from Indian Administrative Services and has over 48 years of experience in various capacities at Haryana Financial Corporation, Haryana Tourism, Haryana Breweries Limited and Haryana Agro Industries Corporation. He has also served as commissioner, Gurgaon division, Financial Commissioner Revenue (Appeal) and as chairman of M.R.T.P. Commission.

Mr. Hari Das Khunteta is a Non Executive Director of our Company. He is a member of the Institute of Chartered Accountants of India and holds a bachelor's degree in commerce from the University of Rajasthan. He has about 36 years of professional experience in the area of financial management including resource mobilization from domestic and international markets, investor servicing and corporate governance. He was a director of Finance of Rural Electrification Corporation Limited from May 2004 to July 2012 and served as chairman and managing director of Rural Electrification Corporation Limited from April 2011 to November 2011. He also served as Executive Director of Finance and Accounts at National Hydroelectric Power Corporation.

Mr. Finney Cherian is a Nominee and Non Executive Director of our Company. He holds a Bachelor of Arts degree in accounting information systems from Queens College, New York and Masters in Business Administration in international finance from St. John's University, New York. He has over 17 years of

experience in business restructuring, evaluating undervalued assets. He is the chief executive officer of Millennium India Acquisition Company Inc., USA.

Mr. Johannes Hendrik Petrus Van Der Merwe is a Non Executive Director of our Company. He holds a Master in Commerce from University of Cambridge, Master in Philosophy from University of Cambridge, Charter Accountant (South Africa) and attended advance management programme at Harvard Business School.

Borrowing Powers of the Board

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

The consent of the Shareholders was accorded, *vide* resolution passed through postal ballot held on September 29, 2010, authorizing the Board of Directors to borrow at any time amount not exceeding ₹ 900 Crore over and above our paid up capital and free reserves.

Details of Service Contracts

We have not entered into any service contracts with the present Board of Directors.

Remuneration of the Directors

During the fiscal year 2012, we have not paid any remuneration and sitting fees to the present Board of Directors, except as follows:

Name of the Director	Sitting Fees (₹)	Commission on profit (₹)	Remuneration and other allowances (₹)	Performance Linked Incentives (₹)	Monetary Value of Perquisites (₹)
Mr. Subhash Chand Aggarwal	Nil	Nil	65,00,000	Nil	Nil
Mr. Mahesh Chand Gupta	Nil	Nil	65,00,000	Nil	Nil
Mr. Pradeep Aggarwal	Nil	Nil	42,50,675	Nil	Nil
Mr. Ajay Garg	Nil	Nil	26,85,483	Nil	Nil
Mr. Anurag Bansal	Nil	Nil	30,00,000	Nil	Nil
Mr. Narain Dass Gupta	54,000	Nil	Nil	Nil	Nil
Mr. Roop Chand Jindal	67,000	Nil	Nil	Nil	Nil
Mr. Kundan Mal Agarwal	52,000	Nil	Nil	Nil	Nil
Mr. Satish Chandra Gupta	85,000	Nil	Nil	Nil	Nil
Mr. Pawan Kumar Bansal	54,000	Nil	Nil	Nil	Nil
Mr. Finney Cherian	Nil	Nil	Nil	Nil	Nil
Mr. Johannes Hendrik Petrus Van Der Merwe	Nil	Nil	Nil	Nil	Nil
Mr. Chandra Wadhwa	Nil	Nil	Nil	Nil	Nil

Name of the Director	Sitting Fees (₹)	Commission on profit (₹)	Remuneration and other allowances (₹)	Performance Linked Incentives (₹)	Monetary Value of Perquisites (₹)
Mr. Ram Lakhan Sudhir	Nil	Nil	Nil	Nil	Nil
Mr. Hari Das Khunteta	Nil	Nil	Nil	Nil	Nil
Mr. Rakesh Gupta*	Nil	Nil	42,00,252	Nil	Nil

* Since resigned

Shareholding of Directors in our Company

Except as disclosed below, none of our Directors hold any Equity Shares:

Name of the Directors	Number of Equity Shares held
1. Subhash Chand Aggarwal	1,00,95,500
2. Mahesh Chand Gupta	1,02,48,500
3. Pradeep Aggarwal	1,07,830
4. Ajay Garg	8,41,600
5. Anurag Bansal	2,50,000

None of the Directors hold qualification shares in our Company.

Payment or benefit to Directors

Except as disclosed in the “Annexure XVII - Related Party Transactions” under “Financial Statements” on page 182, 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 for services rendered as Directors, officers or employees.

Interest of the Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as our officer or employee. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to anybody corporate including companies and firms and trusts, in which they are interested as directors, members, partners or trustees.

There are no service contracts between us and any of the Directors for payment of benefit upon termination of employment.

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.

Some of our Directors also hold directorships in the Promoter Group. Except Mr. Finney Cherian and Mr. Johannes Hendrik Petrus Van Der Merwe, none of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

Except as stated in this section titled “Management” or “Annexure XVII - Related Party Transactions” under “Financial Statements” on page 182, 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 this Draft Red Herring Prospectus. Our Directors are not interested in the appointment of or acting as Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in the Board in the last three years

The following changes have occurred in Board of Directors in the last three years:

Name	Date of Appointment (Re-appointment)	Date of Cessation	Reason for change
Mr. K.C. Batra	September 24, 2008	January 30, 2009	Resignation
Mr. Ajay Garg	March 28, 2009	-	Appointment
Mr. Anurag Bansal	March 28, 2009	-	Appointment
Mr. D.P. Roy	May 27, 2010	October 19, 2011	Resignation
Mr. Rakesh Gupta	May 30, 2003	March 09, 2012	Resignation
Mr. Satish Chandra Gupta	May 30, 2011	-	Appointment
Mr. Johannes Hendrik Petrus Van Der Merwe	November 16, 2011	-	Appointment
Mr. Chandra Wadhwa	September 03, 2012	-	Appointment
Mr. Ram Lakhan Sudhir	September 03, 2012	-	Appointment
Mr. Haridas Khunteta	October 12, 2012	-	Appointment

Corporate Governance

We have complied with the provisions of the Listing Agreement including Clause 49 of the Listing Agreement and other requirements under the Listing Agreement in relation to the meetings of the Audit Committee and the Shareholders'/ Investor's Grievance Committee. The Board of Directors consists of a total of fifteen Directors of which eight are independent Directors (as defined under Clause 49), which constitutes over 50% of the Board of Directors. This is in compliance with the requirements of Clause 49.

The details of the Audit Committee, Remuneration/Compensation Committee, Shareholders'/Investors' Grievance Committee and FPO Committee are given below:

Committees of the Board

A. Audit Committee

The Audit Committee was originally constituted pursuant to the Board resolution dated May 30, 2003 and was last reconstituted on February 6, 2012. It presently comprises of the following members:

Name of the Directors	Designation
Mr. Narain Dass Gupta	Chairman
Mr. Kundan Mal Agarwal	Member
Mr. Pawan Kumar Bansal	Member
Mr. Roop Chand Jindal	Member
Mr. Satish Chandra Gupta	Member

Our Company Secretary is the secretary of the Audit Committee.

Scope and terms of reference: The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Equity Listing Agreements with the Stock Exchanges are as follows:

1. Oversight of the 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 auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's 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 transactions
 - g. Qualifications 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, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. 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.
9. Discussion with internal auditors any significant findings and follow up there on.
10. 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.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. 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.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Shareholders'/Investors' Grievance Committee:

The Shareholders'/ Investors' Grievance Committee was constituted pursuant to the Board resolution dated April 28, 2003 and was last reconstituted on May 25, 2007. The Shareholders'/ Investors' Grievance Committee presently comprises of the following members:

Name of the Directors	Designation
Mr. Pawan Kumar Bansal	Chairman
Mr. Roop Chand Jindal	Member
Mr. Kundan Mal Agarwal	Member

The Company Secretary is the secretary of the Shareholders'/ Investors' Grievance Committee.

Scope and terms of reference:

1. 'Shareholders/Investors Grievance Committee' under the chairmanship of a non-executive director shall be formed to specifically look into the redressal of shareholder and investors complaints like:
 - a) Transfer of shares
 - b) Non-receipt of balance sheet
 - c) Non-receipt of declared dividends
 - d) Issue of duplicate share certificate etc.
2. To expedite the process of share transfers, the Board of the company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.

C. Remuneration/ Compensation Committee

The Remuneration Committee was constituted pursuant to the Board resolution dated May 30, 2003 and was last reconstituted on May 25, 2007. It presently comprises of the following members:

Name of the Directors	Designation
Mr. Roop Chand Jindal	Chairman
Mr. Pawan Kumar Bansal	Member
Mr. Narain Dass Gupta	Member

The Company Secretary shall be the secretary of the Remuneration Committee.

Scope and terms of reference:

The terms of reference stipulated by the Board to the Remuneration Committee in terms of clause 49 of the Listing Agreement are as follows:

1. The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
2. To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors may comprise of at least three directors, all of whom should be non-executive directors, the Chairman of committee being an independent director.
3. All the members of the remuneration committee could be present at the meeting.
4. The Chairman of the remuneration committee could be present at the Annual General Meeting, to answer the shareholder queries. However, it would be up to the Chairman to decide who should answer the queries.

Further, The Remuneration Committee has been authorized to determine our Company's policy on remuneration of directors including compensation payment and other related issues.

D. FPO Committee

The role of the FPO Committee is to take all decisions relating to the FPO as it may, in its absolute discretion, deem fit and proper in the best interest of our Company, without requiring any further approval of the Board of Directors of our Company or its equity shareholders.

The FPO Committee was constituted pursuant to the Board resolution dated May 22, 2012. It presently comprises of the following members:

Name of the members	Designation
Mr. Subhash Chand Aggarwal	Chairman
Mr. Mahesh Chand Gupta	Vice-Chairman
Mr. Kundan Mal Agarwal	Member
Mr. Finny Cherian	Member
Mr. Satish Chandra Gupta	Member
Mr. Suhel Lal Kanuga	Member

The Company Secretary shall be the secretary of the FPO Committee.

Scope and terms of reference:

1. Evaluating the viability of the proposed FPO of our Company vis-à-vis market conditions, investors interest and recommend to the Board on the timing of the proposed FPO, the number of equity shares that may be offered under the Issue, the objects of the Issue, allocation of the equity shares to a specific category of persons and the estimated expenses on the Issue as a percentage of Issue size.
2. Identify, appoint and enter into necessary agreements/ arrangements with the book running lead managers, underwriters, syndicate members, brokers/ sub brokers, bankers, escrow collection bankers, registrars, legal advisors, placement agents, depositories, trustees, custodians, advertising agencies, monitoring agency, stabilization agent and all such persons or agencies as may be involved in or concerned with and to negotiate and finalize the terms of their appointment, including mandate letter, finalization and execution of the memorandum of understandings, etc.
3. Finalizing remuneration of all such intermediaries, advisors, agencies and persons as may be involved in or concerned with the Issue, if any, by way of commission, brokerage, fees or the like and opening bank accounts, share/ securities accounts, escrow or custodian accounts, in India or abroad.
4. Guiding the intermediaries in the preparation and finalization of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus and the preliminary and final international wrap and approving the same including any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto.
5. Finalizing and arranging for the submission of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to the SEBI, the Stock Exchanges, the Registrar of Companies and other appropriate Government and regulatory authorities, institutions or bodies.
6. Making applications for the listing of shares in one or more of the stock exchange(s) for the listing of equity shares of our Company and to execute and to deliver or arrange the delivery of necessary documentation to the stock exchange(s) concerned.
7. Seeking, if required, the consent of our Company's lenders, parties with whom our Company has entered into various commercial and other agreements, all concerned Government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue, if any.
8. Determining and finalizing the price band for the Issue, any revision to the price band and the final Issue price after bid closure, determining the bid opening and closing dates and determining the price at which the equity shares are offered or issued/ allotted to investors in the Issue.
9. Making applications to the Foreign Investment Promotion Board, the RBI and such other authorities as may be required for the purpose of allotment of shares to non-resident investors.
10. Opening with the bankers to the Issue such accounts as are required by the regulations issued by the SEBI.
11. To provide/grant/finalize or assist in alliance with prospective buyers to facilitate the exit route to Millennium India acquisition Company Inc., USA through FPO or any other possible means.
12. To carry out all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalize

the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules.

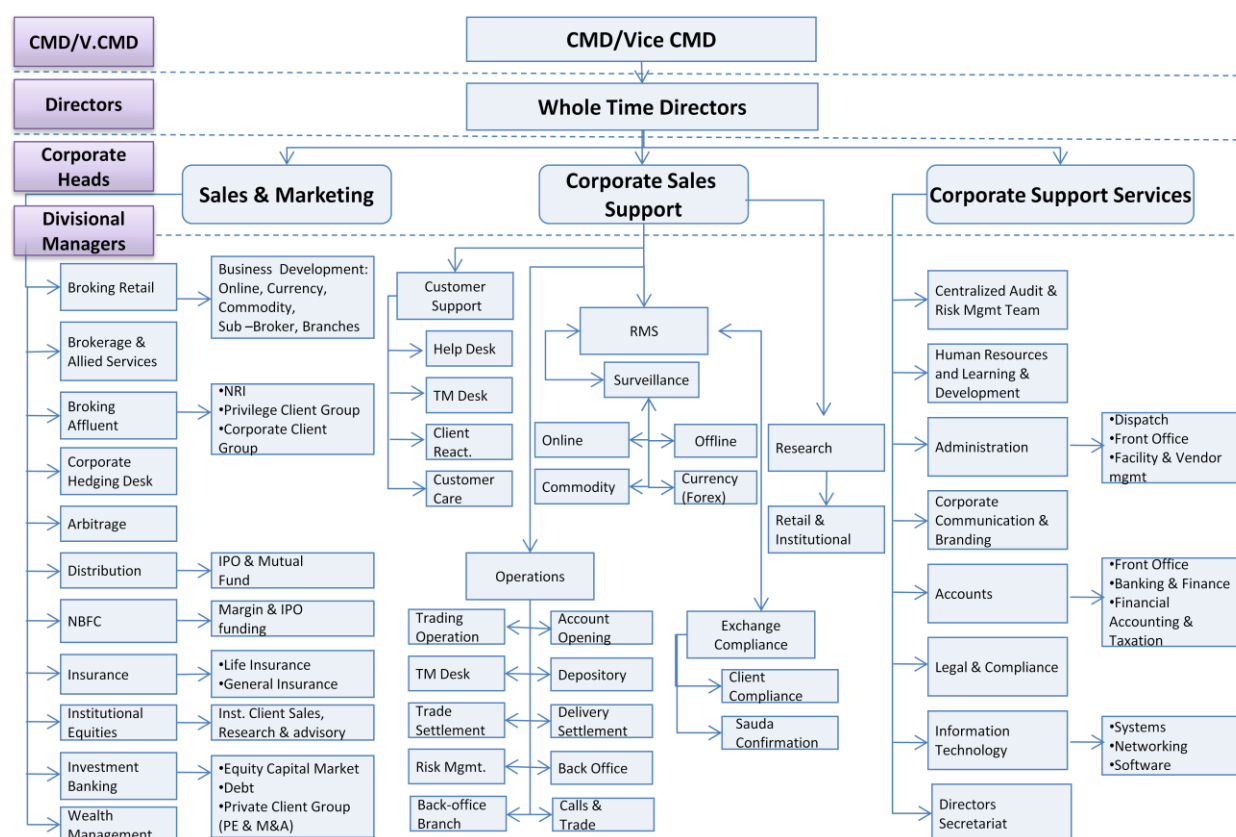
13. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.
14. To delegate any of the powers mentioned above to our Company executives.
15. The Company Secretary of our Company shall act as Secretary to the FPO Committee and shall keep the Board informed about the decisions of the Committee.
16. Any vacancy in the committee shall be provided by the Board provided that not less than two independent and non-executive directors shall be members of the committee.

Policy on Prevention of Insider Trading

We are in compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

Mr. Suman Kumar, Company Secretary & Head Legal and 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.

Managerial Organizational Structure



Key management personnel

All the key management personnel are permanent employees of our Company. In addition to the whole time Directors, whose details have been provided above under the section titled “Our Management – Brief Profile of the Directors” on page 155, the details of the other key management personnel, as of the date of this Draft Red Herring Prospectus, are set forth below:

Himanshu Gupta, aged 25 years, graduated with a B.Com (Hon’s) degree from Delhi University and is also a member of Institute of Chartered Accountants of India. He began his career with us in 2011 as senior vice president (operations) and looks after finance, accounts and surveillance functions. He also looks after the development of our finance business through our NBFC arm, Moneywise Financial Services Private Limited. He is also a director in SMC ARC Limited, our wholly owned subsidiary. The gross compensation paid to him for fiscal year 2012 was ₹ 0.16 crore.

Ashok Kumar Aggarwal, aged 56 years, is a fellow member of the Institute of Chartered Accountants of India. He has 32 years of experience in the field of audit, taxation and corporate matters. He is currently acting as senior vice president and looks after depository participant operations. Prior to joining our Company, he was practising as a chartered accountant. The gross compensation paid to him for fiscal year 2012 was Nil as he was appointed on August 1, 2012.

Vinod Kumar Jamar, aged 50 years, is member of Institute of Chartered Accountant of India. He is currently acting as Senior Vice President (Financial Accounting & Taxation) in our Company and has over 27 years of experience in taxation, finance, accounts, strategic planning, auditing and fund management. Prior to joining our Company, he was head taxation and chief risk officer at Bajaj Allianz General Insurance Company Limited. The gross compensation paid to him for fiscal year 2012 was ₹ 0.23 crore.

Suman Kumar, aged 37 years, holds an LL.B. degree from Delhi University. He has an experience of 11 years. He is currently acting as Company Secretary and head of our legal operations. Prior to joining our Company, he has worked with Elite Stock Management Limited as company secretary and manager of depository participant operations. The gross compensation paid to him for fiscal year 2012 was ₹ 0.15 crore.

Jagannadham Thunuguntla, aged 30 years, is member of Institute of Chartered Accountant of India and Institute of Cost Accountants of India. He has over 8 years of experience in the securities market. He is currently acting as our strategist and head of research. Mr. Jagannadham has been associated with SMC since 2007. Prior to joining our Company, he was head of the investment banking operations in SMC Capitals Limited. Before joining our group, he served at NDG management Consultants as a director and Morgan Stanley Capital Market & Financial Institution Group as an associate. The gross compensation paid to him for fiscal year 2012 was ₹ 0.38 crore.

Mohit Shyngle, aged 39 years, has a B.Com degree from Delhi University. He has 20 years of experience in the field of trading, operations and financial services marketing. He is currently acting as senior vice president and looks after sub-broker network and business development. Prior to joining our Company, he has worked with S&F Securities Private Limited as a manager. The gross compensation paid to him for fiscal year 2012 was ₹ 0.25 crore.

Mahesh Kumar Gupta, aged 44 years, holds B.Com degree from Maharshi Dayanand University, Rohtak and also has an M.B.A. (Finance & Marketing) from Sikkim Manipal University. He has over 23 years of experience in distribution of financial products. He is currently acting as senior vice president and looks after marketing financial products through our distribution network. Prior to joining our Company, he has worked with Edelweiss Financial Services Limited as vice president (syndication and retail distribution). The gross compensation paid to him for fiscal year 2012 was ₹ 0.27 crore.

Key Managerial Personnel of our Subsidiaries

Damodar Krishan Aggarwal, aged 50 years, is one of our Promoters. He is a fellow member of the Institute of Chartered Accountants of India. He has more than 20 years of experience in Equity and Commodity Broking and Arbitrage. Currently he is the Chairman of SMC Comtrade Limited, Chairman of SMC Investment & Advisors Limited and a director on the board of SMC Capitals Limited. The gross compensation paid to him for fiscal year 2012 was 0.49 crore.

Ravi Aggarwal, aged 35 years, is member of the Institute of Chartered Accountants of India. He has 12 years of experience in the field of equities, commodities and insurance broking. He is currently acting as a director on

the board of SMC Insurance Brokers Private Limited, our subsidiary company and is actively involved in the development of insurance broking business. Prior to joining us, he has worked with SAM Global Securities Limited as a director. The gross compensation paid to him for fiscal year 2012 was ₹ 0.24 crore.

Reema Garg, aged 35 years, holds a master of computer applications degree from Indira Gandhi National Open University. She has 6 years of experience in the field of human resources. She is currently in charge of our human resources and looks after our learning and development programs. Prior to joining our Company, she worked with SAM Global Securities Limited as a manager. The gross compensation paid to her for fiscal year 2012 was NIL as she was on a sabbatical and resumed her services on August 5, 2012.

Pravin Agarwal, aged 41 years, holds B.Com degree from Agra University. He has 10 years of experience in the field of insurance broking. He is currently acting as a director on the board of SMC Insurance Brokers Private Limited, our subsidiary company and is actively involved in the development of our insurance broking business. Prior to joining our Company, he has worked with A&M Insurance Brokers Private Limited as a director. The gross compensation paid to him for fiscal year 2012 was ₹ 0.24 crore.

Nature of any family relationship between the Key Managerial Personnel:

Sr. No.	Name	Relationship with Key Managerial Personnel	Relationship with Directors
Our Company			
1.	Himanshu Gupta	N.A.	Son of Mr. Mahesh Chand Gupta
2.	Ashok Kumar Aggarwal	N.A.	N.A.
3.	Vinod Kumar Jamar	N.A.	N.A.
4.	Suman Kumar	N.A.	N.A.
5.	Jagannadham Thunuguntla	N.A.	N.A.
6.	Mohit Shyngle	N.A.	N.A.
7.	Mahesh Kumar Gupta	N.A.	N.A.
Our Subsidiaries			
1.	Damodar Krishan Aggarwal	N.A.	Brother of Mr. Subhash Chand Aggarwal
2.	Reema Garg	N.A.	Wife of Mr. Ajay Garg
3.	Pravin Agarwal	N.A.	N.A.
4.	Ravi Aggarwal	N.A.	Brother of Mr. Pradeep Aggarwal

Shareholding of Key Managerial Personnel

Except as stated below none of the Key Managerial Personnel hold any Equity Shares:

Sr. No.	Name	No. of Shares
1.	Damodar Krishan Aggarwal	7,81,970
2.	Ravi Aggarwal	1,12,170
3.	Ashok Kumar Aggarwal	25,000

Employee Stock Option Plan

We do not have any employee stock option schemes as on the date of filing this Draft Red Herring Prospectus.

Service Contracts

We have not entered into any service contract with any of the key management personnel for provision of benefits or payments of any amount upon termination of employment.

Changes in Key Managerial Personnel

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

Sr. No.	Name of employee	Designation	Date of change	Reason
1.	Ashok Kumar Aggarwal	Senior Vice President - Taxation & Compliance	August 1, 2012	Appointment
2.	Himanshu Gupta	Senior Vice President - Operations	June 1, 2011	Appointment
3.	Vinod Kumar Jamar	Senior Vice President – Financial Accounting and Taxation	March 31, 2010	Appointment

Bonus or profit sharing plan for Directors and Key Managerial Personnel

We do not have a performance linked bonus or a profit sharing plan for our Directors and Key Managerial Personnel.

Interest of the key management personnel

Except as disclosed in the sections titled “Our Management” starting on page 155, none of the key management personnel has any interest in our Company and / or the Subsidiaries.

Except statutory benefits upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post-retirement benefits, no officer of our Company is entitled to any benefit upon termination of such officer’s employment in our Company or superannuation.

Payment of benefit to officers of our Company

No amount or benefit has been paid or given to any officer of our Company in last two years or is intended to be paid, other than in the ordinary course of their employment.

Loans taken by Directors / Key Managerial Personnel

None of the Directors / Key Managerial Personnel has taken loan from us.

PROMOTER AND GROUP COMPANIES

Our Promoters

Mr. Subhash Chand Aggarwal, Mr. Mahesh C Gupta, Ms. Sushma Gupta and Mr. D K Aggarwal are Promoters of our Company.

The details of our promoters are provided below:

Mr. Subhash Chand Aggarwal



Mr. Subhash Chand Aggarwal, aged 56 years, is the Chairman & Managing Director of our Company. He is a resident Indian National.

For details of Mr. Subhash Chand Aggarwal, please see the section titled “Our Management” beginning on page 155.

Address: C-335, Saraswati Vihar, Delhi-110034

Passport number : J0496657.

Voter ID number : DL/03/018/279803.

Driving license number : NA

Mr. Mahesh Chand Gupta



Mr. Mahesh Chand Gupta, aged 55 years, is the Vice-Chairman & Managing Director of our company. He is a resident Indian national.

For details of Mr. Mahesh Chand Gupta, please see the section titled “Our Management” beginning on page 155.

Address: C-39, Anand Vihar, I.P. Extension, Delhi-110092

Passport number : F2923909.

Voter ID No : DL/04/043/216191.

Driving license number : NA

Ms. Sushma Gupta



Ms. Sushma Gupta, aged 57 years, is one of the founder member of our Company. She holds post graduate degree in science. She has served our Company from 1995 to 2007 in various capacities. She is a whole time director in SMC Comtrade Limited. She is a resident Indian national.

Address: C-39, Anand Vihar, I.P. Extension, Delhi-110092

Passport number : J0935100

Voter ID No : DL/04/043/216204

Driving license number : NA

Mr. Damodar Krishan Aggarwal



Mr. Damodar Krishan Aggarwal, aged 50 years, is one of our Promoters. He is a fellow member of the Institute of Chartered Accountants of India. He has more than 20 years of experience in Equity and Commodity Broking and Arbitrage. Currently he is the Chairman of SMC Comtrade Limited, Chairman of SMC Investment & Advisors Limited and a director on the board of SMC Capitals Limited. He is a resident Indian national.

Address: C-335, Saraswati Vihar, Delhi-110034

Passport number : G8997919

Voter ID No : ACB0670729

Driving license number : DL-0820100048140 (P).

We confirm that the details of the permanent account number, bank account numbers and passport numbers of our Promoters have been submitted to the Stock Exchanges on which the Equity Shares are proposed to be listed at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Relationship amongst the promoters

Mr. Damodar Krishan Aggarwal is the brother of Mr. Subhash Chand Aggarwal and Ms. Sushma Gupta is wife of Mr. Mahesh Chand Gupta.

Change in the management and control

There has not been any change in the management or control of our Company.

Interest of Promoters

Our Promoters are interested in our Company to the extent of their respective shareholding. For details on the shareholding of our Promoters in our Company, please see the section titled “Capital Structure” on page 68

Further, our Promoters who are also our Directors and our subsidiaries’ directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. For further details please see the section titled “Our Management” on page 155.

Further, our Promoters are also directors on the boards, or are members, or are partners, of certain Promoter Group entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, please see the section titled “Financial Statements - Related Party Transactions” on page 182.

None of our Group Companies have any interest in the promotion of our Company.

None of our Group Companies is interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of this Draft Red Herring Prospectus.

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

Payment of benefits to Promoters

Except as stated in “Financial Statements - Related Party Transactions” on page 182 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

Confirmations

Further, our Promoters have not been debarred from accessing the capital markets by SEBI. Our Promoters have not been declared as willful defaulters by the RBI or any other government authority and there are no violations of securities laws (in India or overseas) committed by our Promoters in the past or are pending against them.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have disassociated with following companies in the last three years. The details of disassociation are as follows:

Name of Company	Relationship	Nature of Disassociation	Date of Disassociation
Agbros Polymers Private Limited	12.39% shares was held by our Promoter & Promoter Group	Sale of 9.32% of shareholding by members of our promoter group	September 27, 2012
Svan Securities Private Limited	37.89% shares was held by Agbros Polymers Private Limited	By virtue of disassociation with Agbros Polymers Private Limited	September 27, 2012
Sky High Finlease Private Limited	46.15% shares held by Svan Securities Private Limited	By virtue of disassociation with Agbros Polymers Private Limited and Svan Securities Private Limited	September 27, 2012

PROMOTER GROUP

In addition to our Promoters, the following natural persons (being the immediate relatives of our Promoters), HUFs, partnerships, companies and other entities shall form part of our Promoter Group:

a) Immediate Relatives of our Promoters

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mr. Subhash Chand Aggarwal	Mr. Madan Gopal Aggarwal	Father
	Ms. Ginni Devi	Mother
	Mr. Damodar Krishan Aggarwal	Brother
	Ms. Snehalata Aggarwal	Sister
	Ms. Hemlata Aggarwal	Spouse
	Mr. Pranay Aggarwal	Son
	Ms. Shweta Aggarwal	Daughter
	Ms. Aditi Aggarwal	Daughter
	Ms. Shruti Aggarwal	Daughter
	Mr. Ramavtar Tibrewal	Father of spouse
	Ms. Vimaldevi Tibrewal	Mother of spouse
	Mr. Hemant Tibrewal	Brother of spouse
	Mr. Lalit Tibrewal	Brother of spouse
	Ms Manju Saraf	Sister of spouse
Mr. Mahesh Chand Gupta	Mr. Shyam Sundar Gupta	Father
	Ms. Bhagwati Devi	Mother
	Ms. Sushma Gupta	Spouse
	Mr. Himanshu Gupta	Son
	Ms. Meetu Goel	Daughter
Ms. Sushma Gupta	Ms. Kalawati Devi Dadu	Mother
	Mr. Mahesh Chand Gupta	Spouse

Name of the Promoter	Name of the Relative	Relationship with the Promoter
	Mr. Sarvesh Dadu	Brother
	Mr. Mahesh Dadu	Brother
	Mr. Naresh Dadu	Brother
	Ms. Kusum Lata	Sister
	Ms. Savita Aggarwal	Sister
	Mr. Himanshu Gupta	Son
	Ms. Meetu Goel	Daughter
Mr. Damodar Krishan Aggarwal	Mr. Madan Gopal Aggarwal	Father
	Ms. Ginni Devi	Mother
	Mr. Subhash Chand Aggarwal	Brother
	Ms. Snehalata Aggarwal	Sister
	Ms. Archana Aggarwal	Wife
	Mr. Ayush Aggarwal	Son
	Ms. Anshika Aggarwal	Daughter
	Ms. Rama Mangla	Mother of spouse
	Mr. Arvind Mangla	Brother of spouse
	Mr. Abhay Mangla	Brother of spouse
	Mr. Anirudh Mangla	Brother of spouse
	Dr. Meenu Kumar	Sister of spouse
	Ms. Neeru Kumar	Sister of spouse

b) Companies, Firms and HUFs forming part of our promoter Group

The following companies form part of our Promoter Group

1. MVR Share Trading Private Limited
2. Pulin Investments Private Limited
3. Excellent Agencies Private Limited
4. Dee Faces Herbal Private Limited
5. Jai Ambey Share Broking Limited
6. SMC Share Brokers Limited
7. Abhichaya Investments Private Limited
8. Funny Time Finvest Private Limited
9. Shivraj Exim Private Limited
10. Sainty Financial Services Private Limited
11. ASM Pipes Private Limited
12. MAR Fashion Private Limited

The following Firms/HUFs form part of our Promoter Group

1. Mahesh Chand Gupta HUF

c) Any other entity who is indicated under Promoter group in the Clause 35A filings with Stock Exchanges other than mentioned in point (a) and (b) above

1. Mr. Ajay Garg
2. Mr. Anurag Bansal

Group Companies

Companies forming part of Group Companies

Unless otherwise stated, none of the companies forming part of our Group Companies is a sick company under the meaning of SICA and none of the companies are in the process of winding up. Further, all our Group

Companies are unlisted companies and they have not made any public issue of securities in the preceding three years.

Our Group Companies

1. MVR Share Trading Private Limited
2. Pulin Investments Private Limited
3. Dee Faces Herbal Private Limited
4. Jai Ambey Share Broking Limited
5. SMC Share Brokers Limited
6. Shivraj Exim Private Limited

The details of our Group Companies are set forth below:

1. MVR Share Trading Private Limited (“MVR”)

Corporate Information

MVR was originally incorporated as MVR Consultants Private Limited on December 9, 1991 under the provisions of the Companies Act, 1956 with the Registrar of Companies, New Delhi. The name of the company subsequently changed to MVR Share Trading Private Limited w.e.f. August 17, 2005. The registered office of MVR is at 3rd Floor, 11/6B, Shanti Chambers, Pusa Road, New Delhi 110005.

MVR is principally engaged in the business of Investment and dealing in shares.

Interest of our Promoters

Our Promoters are interested to the extent of their shareholding in MVR. The details of their shareholding, as on September 30, 2012 is as follows:

S.no.	Name of the shareholder	No. of shares held	In %
1	Subhash Chand Aggarwal	84,150	25.47
2	Mahesh Chand Gupta	85,250	25.80
3	Archana Aggarwal	80,000	24.21
4	Hemlata Aggarwal	1,000	0.30
5	Reema Garg	40,000	12.11
6	Anurag Bansal	40,000	12.11
Total		3,30,400	100.00

Financial Information

The summary audited financial statements of MVR for the last three years are as follows:

Particulars	(₹ in crore)		
	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity Share Capital (par value ₹ 10 per equity share)	0.33	0.33	0.33
Reserves and Surplus (excluding revaluation reserve if any)	1.71	1.71	1.71
Profit and Loss Account (debit balance)	(0.57)	(0.67)	(0.77)
Net Reserve	1.14	1.04	0.93
Total Income	0.01	0.03	0.01
Profit/(Loss) after Tax	(0.12)	(0.10)	(0.10)
Earnings Per Share (EPS) (basic and diluted) (in ₹)	(3.72)	(3.01)	(3.20)
Networth	1.02	1.07	1.27
Net Asset Value (NAV) per share (in ₹)	30.95	32.48	38.37

Interest in our Company

MVR does not have any interest, including any business or other interest, in our Company. Further, it has no interest in our promotion.

MVR does not have any interest in any property acquired by our Company within the last two years from the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

2. Pulin Investments Private Limited (“Pulin”)

Corporate Information

Pulin was incorporated on December 22, 1995 under the provisions of the Companies Act, 1956 with the Registrar of Companies, New Delhi. The registered office of Pulin is at 9B, Netaji Subhash Marg, Darya Ganj, New Delhi - 110002

The main objects of Pulin is to engage in the business of dealing in shares.

Interest of our Promoters

Our Promoters are interested to the extent of their shareholding in Pulin. The details of Pulin's shareholding, as on September 30, 2012 is as follows:

S.no.	Name of the shareholder	No. of shares held	%
1	Subhash Chand Aggarwal	1,05,300	25.80
2	Mahesh Chand Gupta	1,05,300	25.80
3	Damodar Krishan Aggarwal	66,690	16.34
4	Padam Chand Aggarwal	57,140	14.00
5	Ajay Garg	38,610	9.46
6	Anurag Bansal	35,100	8.60
Total		4,08,140	100.00

Financial Information

The summary audited financial statements of Pulin for the last three years are as follows:

(₹ in Crore)

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity Share Capital (par value ₹ 10 per equity share)	0.04	0.41	0.41
Reserves and Surplus (excluding revaluation reserve if any)	-	-	-
Profit & Loss Account (Debit Balance)	(0.01)	(0.02)	(0.13)
Net Reserve	(0.01)	(0.02)	(0.13)
Total Income	-	(0.01)	(0.11)
Profit/(Loss) after Tax	(0.0005)	(0.02)	(0.11)
Earnings Per Share (EPS) (basic and diluted) (in ₹)	(0.01)	(0.40)	(2.70)
Networth	0.03	0.38	0.27
Net Asset Value (NAV) per share (in ₹)	7.86	9.41	6.71

Interest in our Company

Pulin holds 53,18,860 equity shares constituting 4.70% of total paid up capital our Company. Besides that Pulin does not have any interest, including any business or other interest, in our Company. Further, it has no interest in our promotion.

Pulin does not have any interest in any property acquired by our Company within the last two years from the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

3. Dee Faces Herbal Private Limited (“Dee Faces”)

Corporate Information

Dee Faces was incorporated on April 29, 2005 under the provisions of the Companies Act, 1956 with the Registrar of Companies, New Delhi. The registered office of Dee Faces is at Road No. 47, 14A, 2nd Floor, West Punjabi Bagh, New Delhi - 110026

The main objects of Dee Faces is to engaged in the business of manufacturing and trading of herbal products. However the company is currently doing stock and commodity trading, which is its ancilliary object.

Interest of our Promoters

Our Promoters are interested to the extent of their shareholding in Dee Faces. The details of Dee Faces’s shareholding, as on September 30, 2012 is as follows:

Sr.no.	Name of the shareholder	No. of shares held	%
1	Damodar Krishan Aggarwal	5,000	50.00
2	Ajay Garg	5,000	50.00
Total		10,000	100.00

Financial Information

The summary audited financial statements of Dee Faces for the last three years are as follows:

(₹ in Crore)

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity Share Capital (par value ₹ 10 per equity share)	0.01	0.01	0.01
Share forfeiture account (Net)	0.001	0.001	0.001
Share Application Money	-	2.70	-
Reserves and Surplus (excluding revaluation reserve if any)	0.28	0.28	0.28
Profit and Loss Account (debit balance)	(0.02)	(0.01)	0.03
Net Reserve	0.26	0.27	0.31
Total Income	-	0.02	0.05
Profit/(Loss) after Tax	(0.01)	0.01	0.04
Earnings Per Share (EPS) (basic and diluted) (in ₹)	(5.43)	6.73	36.67
Networth	0.27	0.28	0.32
Net Asset Value (NAV) per share (in ₹)	274.75	281.50	318.16

*Net reserve after deducting debit blance of Profit & Loss account.

Interest in our Company

Dee Faces does not have any interest, including any business or other interest, in our Company. Further, it has no interest in our promotion.

Dee faces does not have any interest in any property acquired by our Company within the last two years from the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

4. Jai Ambey Share Broking Limited (“Jai Ambey”)

Corporate Information

Jai Ambey was incorporated on February 24, 1995 under the provisions of the Companies Act, 1956 with the Registrar of Companies, New Delhi. The registered office of Jai Ambey is at UG-3, Sasco Bhawan, Azadpur Commercial Complex, New Delhi – 110033.

Jai Ambey is engaged in the business of stock broker and is registered stock broker on Delhi Stock Exchange.

Interest of our Promoters

Our Promoters are interested to the extent of their shareholding in Jai Ambey. The details of Jai Ambey's shareholding, as on September 30, 2012 is as follows:

S.no.	Name of the shareholder	No. of shares held	%
1	Damodar Krishan Aggarwal	4,00,100	51.25
2	Subhash Chand Aggarwal	100	0.01
3	SMC Global Securities Limited	1,00,000*	12.81
4	Kamla Devi Aggarwal	100	0.01
5	Others (8 other non-Promoter members)	2,80,400	35.92
Total		7,80,700	100.00

* Our Company has sold equity shares of Jai Ambey on July 19, 2007, however the transferor has not effected the transfer.

Financial Information

The summary audited financial statements of Jai Ambey for the last three years are as follows:

(₹ in Crore)

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity Share Capital (par value ₹ 10 per equity share)	0.78	0.78	0.78
Share Application Money	0.01	0.01	-
Reserves and Surplus (excluding revaluation reserve if any)	0.09	0.12	0.14
Total Income	0.35	0.45	0.36
Profit/(Loss) after Tax	(0.06)	0.03	0.01
Earnings Per Share (EPS) (basic and diluted) (in ₹)	(0.80)	0.38	0.08
Networth	0.87	0.90	0.92
Net Asset Value (NAV) per share (in ₹)	11.17	11.55	11.78

Interest in our Company

Jai Ambey holds 16,16,670 equity shares constituting 1.43% of total paid up capital our Company. Besides that Jai Ambey does not have any interest, including any business or other interest, in us. Further, it has no interest in our promotion.

Jai Ambey does not have any interest in any property acquired by our Company within the last two years from the date of this Draft Red Herring Prospectus, or proposed to be acquired by our Company.

5. SMC Share Brokers Limited ("SMC Share Brokers")

Corporate Information

SMC Share Brokers was incorporated on July 13, 1995 under the provisions of the Companies Act, 1956 with the Registrar of Companies, New Delhi. The registered office of SMC Share Brokers is at 17, Netaji Subhash Marg, Darya Ganj, New Delhi – 110002

SMC Share Brokers is engaged in the business of stock broking and is registered stock broker on Delhi Stock Exchange.

Interest of our Promoters

Our Promoters are interested to the extent of their shareholding in SMC Share Brokers. The details of their shareholding, as on September 30, 2012 is as follows:

Sr.no.	Name Of The Shareholder	No. of shares held	%
1	Subhash Chand Aggarwal	2,49,700	35.66
2	Mahesh Chand Gupta	2,50,100	35.72
3	Sushma Gupta	50,000	7.14
4	Ginni Devi	100	0.01
5	Archana Aggarwal	100	0.01
6	Hemlata Aggarwal	50,000	7.14
7	SMC Comtrade Limited.	1,00,000	14.28
8	Alka Aggarwal	100	0.01
9	M.G. Aggarwal	100	0.01
Total		7,00,200	100.00

Financial Information

The summary audited financial statements of SMC Share Brokers for the last three years are as follows:
(₹ in Crore)

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity Share Capital (par value ₹ 10 per equity share)	0.70	0.70	0.70
Reserves and Surplus (excluding revaluation reserve if any)	1.97	1.93	1.89
Total Income	0.62	(0.02)	(0.002)
Profit/(Loss) after Tax	(0.01)	(0.04)	(0.03)
Earnings Per Share (EPS) (basic and diluted) (in ₹)	(0.14)	(0.60)	(0.50)
Networth	2.67	2.63	2.59
Net Asset Value (NAV) per share (in ₹)	38.15	37.55	37.05

Interest in our Company

SMC Share Brokers does not have any interest, including any business or other interest, in us. Further, it has no interest in our promotion.

SMC Share Brokers does not have any interest in any property acquired by our Company within the last two years or proposed to be acquired by our Company.

6. Shivraj Exim Private Limited ("Shivraj")

Corporate Information

Shivraj was incorporated on 29th April 2005 under the provisions of the Companies Act, 1956 with the Registrar of Companies, New Delhi. The registered office of Shivraj is at C-335, Saraswati Vihar, New Delhi – 110088.

The main objects of Shivraj is to engaged in the business of import and export of all kind of materials.

Interest of our Promoters

Our Promoters are interested to the extent of their shareholding in Shivraj. The details of their shareholding, as on September 30, 2012 is as follows:

S.no.	Name of the shareholder	No. of shares held	%
1	Archana Aggarwal	9,900	99.00
2	Anuradha Goel	100	1.00
Total		10,000	100.00

Financial Information

The summary audited financial statements of Shivraj for the last three years are as follows:

(₹ in Crore)

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity Share Capital (par value ₹ 10 per equity share)	0.01	0.01	0.01
Share forfeiture account (Net)	0.01	0.01	0.01
Reserves and Surplus (excluding revaluation reserve if any)	2.16	2.16	2.16
Profit and Loss Account (debit balance)	(0.14)	(0.14)	(0.15)
Net Reserves			
Total Income	(0.0002)	-	-
Profit/(Loss) after Tax	(0.01)	(0.0037)	(0.0009)
Earnings Per Share (EPS) (basic and diluted) (in ₹)	(5.88)	(3.75)	(0.92)
Networth	2.04	2.03	2.03
Net Asset Value (NAV) per share (in ₹)	2036.41	2031.67	2031.75

*Net reserve after deducting debit balance of Profit & Loss account.

Interest in our Company

Shivraj holds 43,01,210 equity shares constituting 3.80% of total paid up capital of our Company. Besides that Shivraj does not have any interest, including any business or other interest, in our Company. Further, it has no interest in our promotion.

Shivraj does not have any interest in any property acquired by our Company within the last two years from the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Group Companies with negative net worth

None of our Group Companies has negative net worth as on March 31, 2012.

Sick companies

None of the Group Companies listed above has been declared as a sick company under the SICA. There are no winding up proceedings against any of the Promoter Group companies. Further, no application has been made by any of them to RoC to strike off their names.

None of our Group Companies had remained defunct for a period preceeding five years from the date of filing this Draft Red Herring Prospectus.

Common Pursuits

Except for Jai Ambey Share Broking Limited and SMC Share Brokers Limited, which are registered as stock brokers and having a membership on the Delhi Stock Exchange Limited, none of our Group Companies have any interest in any venture that is involved in any activities similar to those conducted by our Company and our Subsidiaries. However, currently Jai Ambey Share Broking Limited and SMC Share Brokers Limited are members of a different stock exchange than of our Company and also not carrying any stock broking activity due to there being no activity on the Delhi Stock Exchange Limited. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

Litigation

For details regarding litigation involving Promoters, see the section titled “Outstanding Litigation and Material Developments”, beginning on page 318.

Related party transactions

For details of related party transactions, see the section titled “Financial Statements” beginning on page 182.

Public issue or rights issue

None of our Group Companies has made any public or rights issue in the last three years preceding the date of filing this Draft Red Herring Prospectus. Further, none of our Group Companies are listed on any stock exchanges.

DIVIDEND POLICY

The declaration and payment of any dividends in the future will be recommended by the Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including but not limited to our results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividend.

Our Company has no stated dividend policy and has not paid/ declared any dividends for Financial Year 2011-12, 2010-11, 2009-10, 2008-09, and 2007-08 and for four months ending July 31, 2012.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Restated Consolidated Summary Statement of Assets and Liabilities as at July 31, 2012, March 31, 2012, 2011, 2010, 2009 and 2008 and Profits and Loss and Cash Flow for four months period ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008 and for SMC Global Securities Limited and its Subsidiaries (collectively, the “Restated Consolidated Summary Statements”)

Auditors' report as required by Part II of Schedule II to the Companies Act, 1956

The Board of Directors
SMC Global Securities Limited,
11/6B, Shanti Chamber, Pusa Road,
New Delhi -110005.

Dear Sirs,

1. We have examined the restated consolidated financial information of SMC Global Securities Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) , as at July 31, 2012, March 31, 2012, 2011, 2010, 2009 and 2008 and for four months period ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008 annexed to this report for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Follow-on Public Offer (“FPO”). Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:
 - a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the “Act”); and
 - b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “Regulations”) issued by the Securities and Exchange Board of India (“SEBI”) on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
2. We have examined such restated financial information taking into consideration:
 - a) terms of our engagement agreed with you vide our engagement letter dated October 16, 2012, requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed FPO; and
 - b) the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
3. The Company proposes to make an FPO as offer for fresh issue together with offer for sale by investors of equity shares of ₹ 2 each at such premium, arrived at by the 100% book building process (referred to as the “Issue”), as may be decided by the Board of Directors of the Company.
4. The restated consolidated financial information has been compiled by the management from:
 - a) the audited consolidated financial statements of the Group as at July 31, 2012 and for the year ended March 31, 2012 which have been audited by us. We did not audit (i) the financial statements of SMC Capitals Limited, for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, whose financial statements reflect total revenue of ₹ 0.56 crore, total assets of ₹ 8.43 crore and cash inflow of ₹ 0.01 crore for the period from April 1, 2012 to July 31, 2012 and total revenue of ₹ 5.20 crore, total assets of ₹ 10.92 crore and cash outflow of ₹ 1.46 crore as at and for the year ended March 31, 2012, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on August 29, 2012 and May 18, 2012, respectively, and (ii) the financial statements of SMC Capitals Limited for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the

purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 13, 2012. These financial statements of SMC Capitals Limited have been audited by another firm of Chartered Accountants, SNMG & Co., whose auditors' reports on these financial statements have been relied upon by us;

We did not audit (i) the financial statements of Moneywise Financial Services Private Limited, for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, whose financial statements reflect total revenue of ₹ 1.04 crore, total assets of ₹ 74.94 crore and cash outflow of ₹ 0.86 crore for the period from April 1, 2012 to July 31, 2012 and total revenue of ₹ 6.31 crore, total assets of ₹ 69.42 crore and cash outflow of ₹ 1.06 crore as at and for the year ended March 31, 2012, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on August 29, 2012 and May 18, 2012, respectively, and (ii) the financial statements of Moneywise Financial Services Private Limited for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 18, 2012. These financial statements of Moneywise Financial Services Private Limited have been audited by another firm of Chartered Accountants, Sunil K. Mittal & Co. , whose auditors' reports on these financial statements have been relied upon by us;

We did not audit (i) the financial statements of SMC ARC Limited, for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, whose financial statements reflect total revenue of ₹ 0.10 crore, total assets of ₹ 2.43 crore and cash outflow of ₹ 0.01 crore for the period from April 1, 2012 to July 31, 2012 and total revenue of ₹ 0.25 crore, total assets of ₹ 2.39 crore and cash outflow of ₹ 0.99 crore as at and for the year ended March 31, 2012, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on August 28, 2012 and May 19, 2012, respectively, and (ii) the financial statements of SMC ARC Limited for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 18, 2012. These financial statements of SMC ARC Limited have been audited by another firm of Chartered Accountants, Padam Dinesh & Co. , whose auditors' reports on these financial statements have been relied upon by us;

We did not audit (i) the financial statements of SMC Comex International DMCC, for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, whose financial statements reflect total revenue of ₹ 2.16 crore, total assets of ₹ 58.95 crore and cash inflow of ₹ 9.00 crore for the period from April 1, 2012 to July 31, 2012 and total revenue of ₹ 4.84 crore, total assets of ₹ 77.40 crore and cash inflow of ₹ 10.57 crore as at and for the year ended March 31, 2012, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on August 27, 2012 and May 19, 2012, respectively, and (ii) the financial statements of SMC Comex International DMCC for the period from April 1, 2012 to July 31, 2012 and as at and for the year ended March 31, 2012, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 30, 2012. These financial statements of SMC Comex International DMCC have been audited by another firm of Chartered Accountants, Falcon International Consulting & Auditing , whose auditors' reports on these financial statements have been relied upon by us.

- b) the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2011 and March 31, 2010 which have been audited by us, and financial and other records of the Group, to the extent considered necessary by us, for the presentation of the restated consolidated summary statements under the requirements of Revised Schedule VI of the Act;

We did not audit (i) the financial statements of SMC Capitals Limited, as at and for the years ended March 31, 2011 and March 31, 2010, whose financial statements reflect total revenue of ₹ 4.59 crore, total assets of ₹ 11.34 crore and cash inflow of ₹ 1.08 crore as at and for the year ended 31, 2011 and total revenue of ₹ 1.20 crore, total assets of ₹ 6.47 crore and cash inflow of ₹ 0.37 crore as at and for the year ended March 31, 2010, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on May 20, 2011 and May 21, 2010, respectively, and (ii) the financial statements of SMC Capitals Limited as at and for each of the years ended March 31, 2011 and 2010, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 13, 2012. These financial statements of SMC Capitals Limited have been audited by another firm of Chartered Accountants, SNMG & Co., whose auditors' reports on these financial statements have been relied upon by us;

We did not audit (i) the financial statements of Moneywise Financial Services Private Limited, as at and for the years ended March 31, 2011 and March 31, 2010, whose financial statements reflect total revenue of ₹ 2.93 crore, total assets of ₹ 63.92 crore and cash inflow of ₹ 2.02 crore as at and for the year ended March 31, 2011 and total revenue of ₹ 0.81 crore, total assets of ₹ 51.21 crore and cash outflow of ₹ 1.08 crore as at and for the year ended March 31, 2010, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on May 20, 2011 and May 18, 2010, respectively, and (ii) the financial statements of Moneywise Financial Services Private Limited as at and for each of the years ended March 31, 2011 and 2010, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 18, 2012. These financial statements of Moneywise Financial Services Private Limited have been audited by another firm of Chartered Accountants, Sunil K. Mittal & Co. , whose auditors' reports on these financial statements have been relied upon by us;

We did not audit (i) the financial statements of SMC ARC Limited, as at and for the years ended March 31, 2011 and March 31, 2010, whose financial statements reflect total revenue of ₹ (0.09) crore, total assets of ₹ 2.50 crore and cash inflow of ₹ 0.01 crore as at and for the year ended March 31, 2011 and total revenue of ₹ 0.01 crore, total assets of ₹ 2.50 crore and cash inflow of ₹ 0.02 crore as at and for the year ended March 31, 2010, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on May 18, 2011 and May 18, 2010, respectively, and (ii) the financial statements of SMC ARC Limited as at and for each of the years ended March 31, 2011 and 2010, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 18, 2012. These financial statements of SMC ARC Limited have been audited by another firm of Chartered Accountants, Padam Dinesh & Co. , whose auditors' reports on these financial statements have been relied upon by us;

We did not audit (i) the financial statements of SMC Comex International DMCC, as at and for the years ended March 31, 2011 and March 31, 2010, whose financial statements reflect total revenue of ₹ 1.35 crore, total assets of ₹ 18.24 crore and cash outflow of ₹ 0.41 crore as at and for the year ended March 31, 2011 and total revenue of ₹ 1.16 crore, total assets of ₹ 20.79 crore and cash inflow of ₹ 0.93 crore as at and for the year ended March 31, 2010, which were prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the board in its board meeting held on May 28, 2011 and May 26, 2010, respectively, and (ii) the financial statements of SMC Comex International DMCC as at and for each of the years ended March 31, 2011 and 2010, prepared in accordance with accounting principles generally accepted in India at the relevant time and prepared for the purpose of presentation of the restated consolidated summary statements of the Group under the requirements of the revised schedule VI of the Act, approved by the board in its board meeting held on September 30, 2012. These financial statements of SMC Comex International DMCC have been audited by another firm of Chartered Accountants, Falcon International Consulting & Auditing , whose auditors' reports on these financial statements have been relied upon by us

Our opinion, in so far as it relates to the amounts related to SMC Capitals Limited, Moneywise Financial Services (P) Limited, SMC ARC Limited and SMC Comex International DMCC as at and for each of the years ended March 31, 2011 and 2010, included in these Restated Consolidated Summary Statements, are based solely on the reports of the other auditors as mentioned above; and

- c) the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2009 and 2008, prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the Company in its board meeting held on June 30, 2009 and June 23, 2008, respectively, all of which have been audited by the Company's previous auditor, Rajendra Chauhan & Co., and whose auditors' reports on the financial statements as aforementioned have been relied upon by us; and
 - d) the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2009 and 2008 prepared in accordance with accounting principles generally accepted in India at the relevant time, prepared for the purpose of presentation of the restated consolidated summary statements under the requirements of revised schedule VI of the Act, approved by the board in its board meeting held on October 23, 2012, all of which have been audited by the Company's previous auditor, Rajendra Chauhan & Co., and whose auditors' report on these financial statements have been relied upon by us.
 - e) Clarification dated October 16, 2012 from the Company's previous auditor, Rajendra Chauhan & Co., in relation to certain matters regarding their reports on the financial statements for the years ended March 31, 2009 and 2008 (Refer paragraph 6 (g)).-
5. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Regulations and terms of our engagement agreed with you, we report that:
- Read with paragraph 4 above, we have examined the restated consolidated summary statements of assets and liabilities of the Company as at July 31, 2012, March 31, 2012, 2011, 2010, 2009, and 2008 and the related restated consolidated summary statements of profit and loss and cash flow for each of the years/period ended July 31, 2012, March 31, 2012, 2011, 2010, 2009 and 2008 (collectively, the "Restated Consolidated Summary Statements") and as set out in Annexures I to III.
6. Based on our examination and the reliance placed on the reports of the predecessor auditors, as referred to in paragraph 4(c) and paragraph 4(d) above and on the reports of the auditors of the subsidiaries not audited by us as referred to in paragraph 4(a) and paragraph 4(b) above to the extent applicable, we further report that:
- a) The restated consolidated profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV B to this report;
 - b) The impact arising on account of changes in accounting policies adopted by the Group as at and for the period ended July 31, 2012 is applied with retrospective effect in the Restated Consolidated Summary Statements;
 - c) Adjustments for the material amounts in the respective financial years/period to which they relate have been adjusted in the attached Restated Consolidated Summary Statements;
 - d) There are no extraordinary items which need to be disclosed separately in the Restated Consolidated Summary Statements;
 - e) Read with clarification referred to in paragraph 4(e) above, there are no qualification except the following in the auditors' report on the consolidated financial statements of the company as at July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008 which require any adjustments to the Restated Consolidated Summary Statements;

Clause 4 and 6 of Auditors' Report for the financial year ended March 31, 2010

In the Clause 4 of auditors' report for the year ended March 31, 2010, the auditor had modified the report and included the following comments

“4. Based on the audit report of one of the subsidiary i.e. SMC Wealth Management Services Limited (“SMCW”), SMCW has accounted for deferred tax asset amounting to ₹ 31,103,279 as at March 31, 2010 and is confident that subsequent realization of DTA created is virtually certain in future years based on existing business model and future business plans. The same is not in line with the requirements of Accounting Standard (AS-22) for “Accounting for Taxes on Income” to determine virtual certainty. Had the observation made by the auditor is considered, the loss after taxes for the year would have been higher by ₹ 31,103,279 and ‘DTA’ would have been decreased by the similar amount.”

Further in Clause 6 of auditors’ report for the year ended March 31, 2010 the auditor had modified the report and stated that:-

“6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements subject to para 4 above give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
- (b) in the case of the consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flow of the Group for the year ended on that date.”

Adjustments pertaining to the above have been made in the restated consolidated summary statements.

- f) Other audit qualifications in the unconsolidated statements for the four months period ended July 31, 2012 and for the years ended March 31, 2012, 2011 and 2010, which does not require any corrective adjustment in the financial information, are as follows.

Annexure to auditor’s report for the Financial Year ended March 31, 2011

Clause 21

We have been informed that a manager/employee of company’s depository operations had misappropriated securities of amount of ₹ 0.24 crore from client accounts during the year under audit. Investigations are in progress and the manager has been dismissed. The company has withheld his terminal benefits and the company is also adequately covered by comprehensive crimes and liability policy with the insurers.

- g) Following are the accounting policies which have not been stated by the management in the consolidated financial statements and previous auditor have also not commented on the same for the previous years ended March 31, 2009 and 2008

In the audit reports for the years ended March 31, 2009 and 2008, the previous auditor had not commented on the following items of Revenue Recognition

- i) Whether revenue from broking activities is accounted for on the trade date of transaction.
- ii) Whether income from interest on fixed deposit is recognized on accrual basis.
- iii) Whether depository income is accounted for on accrual basis.
- iv) Whether in respect of other heads of income the company follows the practice of recognizing

income on accrual basis.

The Company has sought a clarification from the auditor whether the said clauses, not reported by him are qualificatory in nature. The previous auditor, vide his letter dated October 03, 2012, referred to in paragraph 4(d), clarified as follows:

“These clauses are not qualified and were omitted inadvertently by us while reporting.”

- h) In our opinion, the financial information as disclosed in the Annexures to this report and read with the respective significant accounting policies and notes disclosed in Annexure IV C, IV D, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IVA and IVB, have been prepared in accordance with Part II of Schedule II of the Act and the Regulations.
7. We have not audited any financial statements of the Group as of any date or for any period subsequent to July 31, 2012. Accordingly, we express no opinion on the financial position, results of operations or cash flow of the Group as of any date or for any period subsequent to July 31, 2012.

Other Financial Information:

8. At the Company's request, we have also examined the following consolidated financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Group as at July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008 :
- i. Restated Consolidated Statement of Reserves & Surplus, enclosed as Annexure V;
 - ii. Restated Consolidated Statement of Investments, enclosed as Annexure VI;
 - iii. Restated Consolidated Statement of Trade Receivables, enclosed as Annexure VII;
 - iv. Restated Consolidated Statement of Long-term Loans and Advances and Other Non-current assets, enclosed as Annexure VIII;
 - v. Restated Consolidated Statement of Short-term Loans and Advances and Other current Assets, enclosed as Annexure IX;
 - vi. Restated Consolidated Statement of Borrowings, enclosed as Annexure X;
 - vii. Restated Consolidated Statement of Other long-term liabilities and long-term provisions, enclosed as Annexure XI
 - viii. Restated Consolidated Statement of Trade Payables, Other current liabilities and Short term Provisions, enclosed as Annexure XII
 - ix. Restated Consolidated Statement of Revenue, enclosed as Annexure XIII
 - x. Restated Consolidated Statement of Other Income, enclosed as Annexure XIV
 - xi. Restated Consolidated Statement of Contingent Liabilities, enclosed as Annexure XV
 - xii. Restated Consolidated Statement of Dividend, enclosed as Annexure XVI
 - xiii. Restated Consolidated Statement of Accounting Ratios, enclosed as Annexure XVII
 - xiv. Restated Consolidated Capitalisation statement, as appearing in Annexure XVIII
 - xv. Restated Consolidated Statement of Related Party Transactions, enclosed as Annexure XIX
 - xvi. Restated Consolidated Statement of Segment Reporting disclosure, enclosed as Annexure-XX

9. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed FPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For ATUL & RAJINDER

Chartered Accountants

Firm Registration Number: 005402N

RAJINDER MALHOTRA

Proprietor,

Membership No.: F 83680

Place: New Delhi

Date: October 23, 2012

Annexure-I RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS & LIABILITIES

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A Non- Current Assets						
Fixed assets						
Tangible assets	34.88	36.29	40.21	42.44	30.74	15.55
Intangible assets	3.46	3.82	4.83	5.27	4.46	1.79
	38.34	40.11	45.04	47.71	35.20	17.34
Goodwill on consolidation	1.78	1.78	-	-	-	-
Non-current investments	25.39	25.31	35.96	24.39	5.92	3.85
Deferred tax Asset (Net)	14.44	13.86	12.13	8.74	1.16	-
Long-term loans and advances	69.03	85.10	98.56	79.89	83.39	5.03
Other non-current assets	-	-	0.02	1.02	2.01	2.95
Trade Receivables	36.28	37.36	33.21	32.20	14.16	13.43
	185.26	203.52	224.92	193.95	141.84	42.60
B Current assets						
Current investments	2.29	2.65	7.16	37.13	6.15	-
Inventories	199.41	137.03	129.72	220.39	101.88	89.52
Trade receivables	178.73	216.57	195.40	132.56	194.59	541.69
Cash and Bank balances	269.93	333.91	222.27	139.68	165.30	214.58
Short-term loans and advances	116.00	92.71	58.58	75.68	60.42	26.51
Other current assets	3.70	3.54	3.12	2.38	3.22	3.68
	770.06	786.41	616.25	607.82	531.56	875.98
C Total assets (C = A + B)	955.32	989.93	841.17	801.77	673.40	918.58
D Non-current liabilities						
Long-term borrowings	52.69	52.72	52.72	0.16	0.05	0.12
Deferred Tax Liability	-	-	-	-	-	1.79
Long-term provisions	3.00	3.24	2.49	1.92	0.96	0.28
Other Long Term Liabilities	0.03	0.03	0.05	0.02	0.02	0.01
	55.72	55.99	55.26	2.10	1.03	2.20
E Current liabilities						
Short-term borrowings	20.15	95.89	93.33	102.12	34.27	39.39
Other current liabilities	339.58	344.86	265.18	247.66	245.14	556.08
Short-term provisions	7.81	7.71	8.60	7.76	4.84	4.47
	367.54	448.46	367.11	357.54	284.25	599.94
F Total liabilities (F = D + E)	423.26	504.45	422.37	359.64	285.28	602.14
Net Worth (C – F)	532.06	485.48	418.80	442.13	388.12	316.44
Net Worth represented by						
G Shareholders' funds						
Share capital						
Equity share capital	11.31	10.95	10.48	10.48	8.99	8.80
Equity Share Suspense	-	-	-	-	1.38	1.33
Money Received against Convertible Equity Share Warrant	-	-	-	12.40	-	-
Total Share capital	11.31	10.95	10.48	22.88	10.37	10.13
Particulars	As at					
	31 July, 2012	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009	31 March, 2008
H Reserves and surplus						

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Securities Premium Reserve	355.83	315.19	268.79	268.79	237.90	163.34
Capital Reserves (On Amalgamation)	10.41	10.41	10.41	10.41	10.41	9.82
Capital Reserves (On Consolidation)	24.95	24.95	24.95	24.95	21.55	17.00
Capital Reserves (On Forfeiture)	12.40	12.40	12.40	-	-	-
Foreign Currency Fluctuation Reserve	1.66	1.31	0.94	0.95	1.32	(0.01)
Statutory Reserves (Reserve Fund u/s 45- IC of RBI Act 1934)	0.20	0.13	0.08	0.01	0.01	-
General Reserve	62.63	62.63	62.63	62.63	62.63	62.63
Net Surplus in the statement of profit and loss	17.51	12.12	12.59	24.80	38.99	53.53
Total Reserves and surplus	485.59	439.14	392.79	392.54	372.81	306.31
I Share Application Money	1.00	1.00	0.60	1.05	0.78	-
J Non controlling interest	34.16	34.39	14.93	25.66	4.16	-
Net Worth (G + H + I + J)	532.06	485.48	418.80	442.13	388.12	316.44

Note:

- The above statement should be read with the notes to the restated Consolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flows as appearing in Annexure IV A, IV B , IV C & IV D.

For Atul & Rajinder
Chartered Accountants
Firm Registration No.: 005402N

For and on behalf of Board of Directors

Rajinder Malhotra
Proprietor
Membership No.: F83680

Place: New Delhi
Date: October 23, 2012

Subhash Chand
Aggarwal
Chairman & Mg.
Director

Mahesh Chand
Gupta
Vice-Chairman & Mg.
Director

Suman Kumar
Company Secretary

Annexure-II RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT & LOSS

₹ crore

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Incomes:						
Revenue from operations	96.30	280.94	291.83	264.84	170.65	202.04
Other income	2.13	11.30	7.47	3.41	0.68	2.41
Total Revenue	98.43	292.24	299.30	268.25	171.33	204.45
Expenses:						
Stock Exchange & Other Regulatory Expenses	31.27	101.39	109.18	121.85	77.73	72.67
Employee benefits expense	28.19	93.48	111.68	90.54	49.15	23.84
Other expenses	21.80	67.91	71.64	56.60	43.23	19.06
	81.26	262.78	292.50	268.99	170.11	115.57
Earnings before interest, tax, depreciation and amortization (EBITDA)	17.17	29.46	6.80	(0.74)	1.22	88.88
Depreciation and amortization expense	2.72	9.52	10.35	9.71	6.74	3.12
Finance costs	6.45	22.51	18.79	9.91	10.47	9.42
	9.17	32.03	29.14	19.62	17.21	12.54
Restated Profit/(Loss) Before Tax	8.00	(2.57)	(22.34)	(20.36)	(15.99)	76.34
Tax expense/(income)						
(1) Current tax	3.36	2.95	3.90	4.12	0.75	22.83
(2) Deferred tax	(0.57)	(1.73)	(3.39)	(7.55)	(2.96)	0.92
(3) Wealth tax	-	0.01	-	-	0.01	0.01
(4) Fringe benefit tax	-	-	-	-	0.40	0.18
(5) MAT Credit Entitlement	(0.02)	-	-	-	-	-
(6) Unconsumed STT written off	-	-	-	-	-	15.85
Total tax expense	2.77	1.23	0.51	(3.43)	(1.80)	39.79
Restated Profit/(Loss) After Tax before minority interests	5.23	(3.80)	(22.85)	(16.93)	(14.19)	36.55
Share in loss of minority interest	(0.23)	(3.38)	(10.72)	(2.74)	0.31	-
Restated Profit/(Loss) After Tax	5.46	(0.42)	(12.13)	(14.19)	(14.50)	36.55

Note:

- The above statement should be read with the Notes to the Restated Consolidated Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flows as appearing in Annexure IV A, IV B , IV C & IV D.

For Atul & Rajinder
Chartered Accountants
Firm Registration No.: 005402N

For and on behalf of Board of Directors

Rajinder Malhotra
Proprietor
Membership No.: F83680

Subhash Chand Aggarwal
Chairman & Mg. Director

Mahesh Chand Gupta
Vice-Chairman & Mg. Director

Place: New Delhi
Date: October 23, 2012

Suman Kumar
Company Secretary

Annexure-III RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOW
₹ crore

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit before Tax	8.00	(2.57)	(22.34)	(20.36)	(15.99)	76.34
Non Cash adjustments to reconcile profit before tax to net cash flows						
Depreciation	2.72	9.52	10.35	9.71	6.74	3.12
Deferred revenue expenses written off	0.01	1.00	1.03	1.09	1.03	0.93
Provision for Doubtful Debts	0.49	4.78	1.88	0.71	3.25	1.25
Bad Debts Written off	-	0.01	0.29	0.01	0.04	0.10
Interest Expenses	5.31	19.05	15.81	2.07	7.58	7.41
Loss on Sale of Fixed Assets	0.22	0.87	0.15	0.17	0.07	0.06
Provision for Leave Encashment	0.13	0.37	0.23	-	-	-
Provision for Gratuity	0.07	0.39	0.43	0.91	0.74	0.30
Provision for Contingencies	-	0.05	0.03	-	-	-
Provision for NPA	-	0.20	-	-	-	-
Cenvat Credit Unavailed	0.02	0.19	0.11	-	-	-
Liability no Longer Required	(0.02)	(0.55)	(0.09)	(0.17)	(0.06)	-
Foreign exchange fluctuations	-	-	-	0.04	-	-
Interest Income	(8.23)	(21.89)	(14.03)	(14.57)	(19.79)	(13.02)
Profit on Sale of Investments/Fixed Assets	0.06	(0.32)	(1.06)	0.64	0.09	-
Dividend on Long Term Investments	(0.04)	(0.65)	(0.15)	(0.05)	-	-
Operating Profit before Working Capital changes (as restated)	8.74	10.45	(7.36)	(19.80)	(16.30)	76.49
Movement in working capital						
Increase/(Decrease) in Long Term Provisions	(0.44)	-	(0.10)	0.05	(0.06)	(0.02)
Increase/(decrease) in Other Long Term Liabilities	-	(0.01)	0.03	-	0.01	0.01
Increase/(Decrease) in Other Current Liabilities	(5.25)	80.17	17.59	2.68	(310.88)	372.00
Increase/(decrease) in Short term Provisions	0.09	(0.89)	0.84	2.92	0.37	3.68
(Increase)/decrease in Other Non Current Assets	-	0.02	1.00	0.99	0.94	(2.95)
(Increase)/decrease in Trade Receivable(Non Current)	0.58	(8.94)	(3.17)	(18.76)	(0.77)	(4.98)
Change in Deferred Tax	-	-	-	(0.02)	(0.01)	0.07
(Increase)/decrease in Long term Loans & Advances	16.06	13.05	(18.77)	3.49	(78.36)	(0.97)
(Increase) /decrease in Stock in Trade	(62.38)	(7.31)	90.67	(118.51)	(12.35)	(31.93)
(Increase)/decrease in Short term	(23.29)	(34.14)	17.09	(15.26)	(33.91)	(20.31)

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Loans & Advances						
(Increase)/decrease in Trade Receivable (Current)	37.84	(21.17)	(62.83)	62.03	343.84	(434.98)
(Increase)/decrease in Other Current Assets	(0.17)	(1.42)	(1.78)	(0.25)	0.46	(3.98)
(Increase)/decrease in Other Bank Balances	39.05	(73.69)	(77.14)	27.92	27.81	(99.58)
Cash flow from /(used in) Operations	10.83	(43.88)	(43.93)	(72.52)	(79.21)	(147.45)
Direct Taxes Paid including FBT (net of refunds)	3.34	2.96	3.90	4.12	1.16	38.87
Net Cash Generated/ (used in) Operating Activities (A)	7.49	(46.84)	(47.83)	(76.64)	(80.37)	(186.32)
B CASH FLOW FROM (USED IN) INVESTING ACTIVITIES						
Purchase of Fixed Assets (net)	(1.17)	(5.46)	(7.83)	(22.38)	(24.68)	(12.48)
Interest received	8.23	21.89	14.03	14.57	19.79	13.02
Foreign Exchange Fluctuation Reserve	0.35	0.37	(0.02)	(0.37)	1.33	(0.01)
Dividend on Long Term Investments	0.04	0.65	0.15	0.05	-	-
(Increase)/decrease in Investments	0.22	15.48	19.46	(50.08)	(8.31)	(3.41)
Goodwill on Consolidation	-	(1.78)	-	-	-	-
Change in Deferred Revenue Expenditure	-	-	-	-	(1.02)	-
Net Cash flow from (used in) Investing Activities (B)	7.67	31.15	25.79	(58.21)	(12.89)	(2.88)
C CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES						
Proceeds from Issue of Share Capital (including premium)	41.00	46.87	-	43.40	74.79	161.62
Proceed from share application money	-	0.40	(0.45)	0.27	0.78	-
General reserve	-	-	-	-	0.59	42.36
Opening P & L A/c	-	-	-	-	-	(0.29)
Amalgamation Reserve	-	-	-	-	-	9.82
Capital Reserve on Consolidation	-	-	-	3.40	4.55	17.00
Interest Expenses	(5.31)	(19.05)	(15.81)	(2.07)	(7.58)	(7.41)
Proceeds from Long Term Borrowings from Banks (Net)	(0.03)	-	52.55	0.11	(0.07)	0.10
Proceeds from Short Term Borrowings	(75.75)	2.57	(8.79)	67.85	(5.11)	(8.69)
Net cash generated from/(used in) financing activities (C)	(40.09)	30.79	27.50	112.96	67.95	214.51
Increase/ (Decrease) in Cash & Cash Equivalent (A+B+C)	(24.93)	15.10	5.46	(21.89)	(25.31)	25.31
Adjustment on account of Change in Minority Interest	-	22.84	-	24.23	3.85	-
Net Increase/ (Decrease) in Cash & Cash Equivalent	(24.93)	37.94	5.46	2.34	(21.46)	25.31
Cash and Cash Equivalent at the beginning of the year/period	51.48	13.54	8.08	5.78	27.24	1.93
Effect of exchange differences on	-	-	-	(0.04)	-	-

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
restatement of foreign currency						
Cash and cash Equivalent at the end of the year/period	26.55	51.48	13.54	8.08	5.78	27.24

₹ crore

Components of cash and bank balances	As at		As at			
	31 July, 2012	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009	31 March, 2008
Cash and cash equivalents						
Cash on hand	0.46	0.53	0.35	0.62	0.52	0.22
Balance with scheduled banks:						
Current account	26.04	20.79	11.56	7.21	5.15	26.88
Foreign Currency in hand	-	0.01	0.02	0.01	0.02	-
Fixed deposit less than three months	0.05	30.15	1.61	0.24	0.09	0.14
	26.55	51.48	13.54	8.08	5.78	27.24
Other bank balances						
Bank deposits with maturity of more than 3 months but less than 12 month	17.00	23.51	16.50	18.57	12.82	0.01
Bank deposits with maturity of more than 12 months	1.80	36.38	1.35	1.35	0.47	1.14
Margins Deposited with Exchanges or against guarantees and other commitments	224.58	222.54	190.88	111.68	146.23	186.19
	243.38	282.43	208.73	131.60	159.52	187.34
Total cash and bank balances	269.93	333.91	222.27	139.68	165.30	214.58

Note:

1. Restated Consolidated Cash Flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard – 3 on Cash Flow Statement as notified by Companies (Accounting Standards) Rules, 2006.
2. The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flows of SMC Global Securities Limited, as restated appearing in Annexure IV A, IV B, IV C & IV D.

For Atul & Rajinder
Chartered Accountants
Firm Registration No.: 005402N

For and on behalf of Board of Directors

Rajinder Malhotra
Proprietor
Membership No.: F83680

Place: New Delhi
Date: October 23, 2012

Subhash Chand Aggarwal
Chairman & Mg. Director

Mahesh Chand Gupta
Vice-Chairman & Mg. Director

Suman Kumar
Company Secretary

Annexure-IV A: Notes on Material Adjustments:

The Summary of results of restatement made in the consolidated audited financial statements for the respective years and its impact on the profit/ (loss) of the Group is as follows:

₹ crore

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
(A) Net Profit /(Loss) as per audited financial Statements	5.22	(4.92)	(27.30)	(17.24)	(11.22)	35.83
Adjustments due to change in accounting policies						
Change in accounting policies	-	1.17	1.77	1.75	(1.37)	(2.01)
Other adjustments						
Prior period items	0.01	0.07	(0.11)	0.13	(0.11)	0.53
(B) Total adjustments	0.01	1.24	1.66	1.88	(1.48)	(1.48)
(C) Tax impact of adjustments	-	(0.40)	(0.55)	(0.64)	0.50	0.50
(D) Tax under provision / over provision	-	0.26	0.17	0.09	0.55	(0.27)
(E) Adjustment due to correction in deferred tax treatment	-	0.02	3.17	(1.02)	(2.54)	1.97
Restated Profit (A+B+C+D+E)	5.23	(3.80)	(22.85)	(16.93)	(14.19)	36.55

Notes:

- 1) The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV B, IV C & IV D
- 2) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI of the Companies Act, 1956 does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Annexure-IV B

1. a. Change in Accounting Policies:

- i) During the year 2007-08 and 2008-09, in case of the company inventory was valued at cost of acquisition on FIFO basis. During the year 2009-10, method of valuation of inventory was changed and the same was valued at cost or market value whichever lower. Further from year 2010-11 onwards, inventory is valued at market price.
- ii) During the year 2011-12, the company has changed its method of recognizing income from Depository business from “receipt basis” to “accrual basis”.
- iii) Since year 2009-10 onwards, the company has changed its method of recognizing dividend income from “receipt basis” to “when right to receive dividend is established”.
- iv) Since year 2010-11 onwards one of the subsidiaries has changed its method of accounting of insurance brokerage from “Annualized Premium” basis to “Weighted Receipt Premium” basis.

b. Presentation and disclosure of financial statements

Financial statements for the year ended March 31, 2012 are prepared in accordance with Revised Schedule VI of the Companies Act, 1956. The adoption of revised Schedule VI of the Companies Act, 1956 does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. Other Adjustments

a. Prior period items

In the financial statements for the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008, certain items of income/ expenses have been identified as prior period adjustments. These adjustments were recorded in the year when identified. However, for the purpose of Restated Consolidated Summary Statements, such prior period adjustments have been appropriately adjusted in the respective years to which the transactions pertain to.

b. Income tax adjustments for earlier years

Short or excess provision of prior period taxes provided in each of the accounting year has been adjusted in the respective financial years for which the taxes were under / over provided.

c. Deferred Tax adjustment for earlier years

Similarly on review of deferred tax asset for absence of virtual certainty supported by convincing evidence for availability of future taxable, if any deferred tax asset has been derecognized and the same has been adjusted in the respective financial years for which DTA was created.

Also adjustment on account of change in accounting policies or for correction under /over provision has been made in the respective financial years.

3. Material regroupings

Appropriate adjustments have been made in the restated Consolidated summary statements of Assets and Liabilities, Statement of Profits and Loss and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Group for the year ended March 31, 2012, prepared in accordance with revised Schedule VI, and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

Annexure IV C: Notes to the restated Consolidated summary statement of assets and liabilities, Statement of profits and loss and cash flow for the four months ended July 31, 2012 and year ended March 31, 2012, 2011, 2010, 2009 and 2008.

1) Background

SMC Global Securities Limited (the “Company” or “SMC Global”) is a limited liability company incorporated and domiciled in India. The Company is a trading member of the National Stock Exchange of India Limited (“NSE”) in the capital market and trading and clearing member in the futures and options market. Further, the Company is trading and clearing member of NSE, MCX and USE Stock Exchange Limited in currency segment of the Exchange. Pursuant to amalgamation of SAM Global Securities Limited (“SAM”) with the Company, now the Company is also a trading member of the BSE Limited (“BSE”) in the capital market, trading and clearing member in the futures and options market and also provides depository participant services through Central Depository Services (India) Limited and National Securities Depository Limited.

Its wholly owned subsidiary, SMC Comtrade is a trading and clearing member of National Commodity and Derivatives Exchange Limited (“NCDEX”), Multi Commodity Exchange of India (“MCX”), Indian Commodity Exchange Limited (“ICEX”), Ace Derivatives and Commodity Exchange Limited (“ACE”), National Multi Commodity Exchange of India Limited (“NMCE”) and National Spot Exchange Limited (“NSEL”) in the commodity market. SMC Comex International, DMCC (“SMC Comex”), a wholly owned subsidiary of SMC Comtrade Limited holds trading and clearing membership for Dubai Gold Commodity Exchange (“DGCX”) and SMC Insurance Brokers Private Limited is also wholly owned subsidiary of SMC Comtrade Limited and holds direct broking license from IRDA (Insurance & Regulatory Development Authority of India) in the life and non life insurance.

The Company is a holding company of SMC Investments and Advisors Limited (formerly known as Sanlam Investments and Advisors (India) Limited) which is engaged in the business of portfolio management and consultancy. The Company is also holding company of SMC Capitals Limited, registered as Category I Merchant Banker with SEBI (Securities and Exchange Board of India) and of Moneywise Financial Services Private Limited, registered as Non- Banking financial Company with Reserve Bank of India (“RBI”). The Company has also formed a wholly owned subsidiary, SMC ARC Limited. The Company is holding company of SMC Finvest Limited (formerly known as Sanlam Investment Management (India) Limited) and Moneywise Finvest Limited (formerly known as Sanlam Trustee Company (India) Limited) engaged in the business of Financing and Investments.

The Company’s shares are listed on the Delhi Stock Exchange, Ludhiana Stock Exchange, Ahmedabad Stock Exchange and Calcutta Stock Exchange in India. Pursuant to amalgamation of SAM with the Company, now the Company is also listed on the Guwahati Stock Exchange in India.

The Company engages in proprietary transactions and offers a wide range of services to meet client’s needs including brokerage services, clearing member services, distribution of financial products such as mutual funds and initial public offerings.

2) Basis of preparation

The restated consolidated summary statement of assets and liabilities of the Company as at July 31 2012, March 31,2012, 2011, 2010, 2009 and 2008 and the related restated consolidated summary statement of profits and loss and cash flows for the four month ended July 31,2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009, and 2008 [herein collectively referred to as ‘Restated Consolidated summary statements’] relate to the Group and have been prepared specifically for the inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India (‘SEBI’) in connection with its proposed Follow-on Public Offer (FPO).

The restated consolidated summary statements have been prepared to comply in all material respects with the requirements of Schedule II to Companies Act, 1956 (‘the Act’) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (‘the Regulations’).

Consolidated Financial statements for the year ended March 31, 2012 are prepared in accordance with Revised Schedule VI of the Companies Act 1956. The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of

consolidated financial statements as laid down under Accounting Standard (AS) 21 Consolidated Financial Statements' notified by Companies (Accounting Rules) 2006 (as amended). The consolidated financial statements have been prepared using uniform accounting policies. The financial statements of the Company and its subsidiaries are consolidated on a line by line basis by cumulating the individual items of assets, liabilities, income and expenses after eliminating intra-group transactions.

The Revenue and expenses of the non-integral subsidiary are translated into Indian rupees at the average exchange rate during the period. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency fluctuation reserve.

The consolidated financial statements are presented to the extent possible, in the same format as that adopted by the parent for its separate financial statements. The significant accounting policies adopted by the Group for the purpose of Consolidated Financial Statements are consistent with those used in the previous year, except for changes in accounting policy explained in note 1 (a) of Annexure IV B

The Consolidated Financial Statements comprise the results of the Company, its subsidiaries and step down subsidiaries which have been listed as below:-

Name of Subsidiary	Date of Acquisition/Change	Country of Incorporation	Proportion of ownership interest
Subsidiary of SMC Global Securities Limited			
SMC Comtrade Limited	26.04.2007	India	100%
SMC Investments and Advisors Limited	01.04.2008/23.07.2009	India	50% +1share
Moneywise Financial Services (P) Limited	01.08.2008/01.07.2009	India	100%
SMC Capitals Limited	16.08.2008/02.03.2010	India	100%
SMC ARC Limited	25.05.2009	India	100%
SMC Finvest Limited *	06.11.2009	India	39%
Moneywise Finvest Limited *	06.11.2009	India	39%
Subsidiaries of SMC Comtrade Limited			
SMC Insurance Brokers (P) Limited	23.04.2007	India	97.58%
SMC Comex International DMCC UAE	16.11.2005	Dubai, UAE	100%

* have been consolidated as a group undertaking w.e.f. FY 2011-12 on the basis of a shareholder agreement that gives the group control over the board of directors.

3) Consolidation Procedure

- 3.1 The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" as notified under the Companies (Accounting Standard) Rules, 2006. The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses (including taxes) and after eliminating intra-group balances/ transactions.
- 3.2 The Financial Statements of foreign step down subsidiary are prepared by them on the basis of generally accepted accounting principles, local laws and regulations as prevalent in the respective country and such financial statements are considered for consolidation. The effect of adjustments on account of variance in accounting policies of such foreign step down subsidiary vis -à-vis those of the parent is not material, and accordingly, not considered.
- 3.3 Subsidiaries are consolidated on the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. And where financial statements are not available as on that date, financial statements for the immediately preceding period are used as a basis for consolidation.
- 3.4 The separate financial statements of the company, its subsidiaries and step-down subsidiaries have been drawn for the period from beginning of the financial year or date of incorporation / acquisition, whichever is later, to end of the financial year/period and have been consolidated on the basis of their audited financial statements.

- 3.5 The Company's cost of its investment in its subsidiaries has been eliminated against the Company's portion of equity of each subsidiary as on the date of investment in that subsidiary. Similarly, in the case of step-down subsidiary, a subsidiary's cost of its investment in its subsidiaries has been eliminated against the subsidiary's portion of equity of each subsidiary as on the date of investment in that subsidiary. The excess/short is recognized as 'Goodwill' or 'Capital Reserve' as the case may be.
- 3.6 Minority interest, if any, in the net profit of consolidated subsidiaries for the reporting period is identified and adjusted against the income of the group in order to arrive at the net income attributed to the owners of the parents; and the minority interest in the net assets of consolidated subsidiaries is identified and presented in the CFS separately from liabilities and the equity of the Company's shareholders. Minority interests in the net assets consist of:
- (i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - (ii) the minorities' share of movements in equity since the date the parents – subsidiary relationship came in existence.
- 3.7 For the purpose of compilation of the CFS, the foreign currency assets, liabilities, income and expenditure are translated as per Accounting Standard (AS-11) on 'Accounting for the Effects of Changes in Foreign Exchange Rates', as notified under the Companies (Accounting Standard) Rules, 2006. Exchange differences arising are recognized in the Foreign Currency Fluctuation Reserve classified under Reserves and Surplus.
- 3.8 As far as possible, the consolidated financial statement is being prepared using uniform accounting policies (except for the depreciation) for like transactions and other events in similar circumstances and is presented in the same manner as the Company's separate financial statements.

4) Statement of Significant Accounting Policies

4.1 USE OF ESTIMATES

The presentation of Consolidated Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as at date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates. Adjustment as a result of differences between actual results and estimates are recognized prospectively.

4.2 FIXED ASSETS

In accordance with AS-10 'Accounting for Fixed Assets', fixed assets (including intangible assets) are stated at cost of acquisition including taxes, duties, identifiable direct expenses and expenses on installation, and are net of CENVAT Credit claimed thereon.

Additions to the fixed assets have been accounted for on the date of installation and its use irrespective of date of invoice.

4.3 DEPRECIATION

In accordance with AS-6 on 'Depreciation Accounting', depreciation on fixed assets (including intangible assets) is computed on written down value method, except for two Indian Subsidiaries namely SMC Capitals Limited and SMC Insurance Brokers Private Limited, where it has been computed on straight line method in accordance with the rates prescribed in Schedule-XIV of the Companies Act, 1956 and is on the pro-rata basis with respect to the date of addition/installation/put to use. No depreciation has been provided on Goodwill.

In case of foreign subsidiary:

Depreciation on tangible fixed assets has been provided on straight line basis as under:-

SMC Comex International DMCC, UAE : Office Equipments : 20 %

Following the principal of materiality, depreciation on Plant & Machinery of value not exceeding ₹ 5,000/- is being provided at the normal rate prescribed in the schedule except a subsidiary SMC Investments and Advisors Limited, where the same is written off at 100% rate.

4.4 **INVESTMENTS**

Investments are classified into non-current investments and current investments based on intent of management at the time of making the investments which are intended to be held for more than one year are classified as non-current and those which are intended to be held for less than one year are classified as current investments.

Non-current investments are valued at cost unless there is diminution, other than temporary, in their value. Diminution is considered other than temporary based on criteria that include the extent to which cost exceeds the market value, the duration of the market decline and the financial health of and specific prospects for the issuer. Diminution in value of long term investments when considered to be other than temporary is fully provided for and reflected as a provision for diminution in investment.

Current investments are valued at lower of cost and market value. Market value for quoted shares is determined after adjusting quoted price of shares for management estimate of impact of market parameters affecting the actual sale value e.g. volume of sale, frequency of sale etc.

During FY 2009-10 and 2010-11, Investments in associates have been accounted for in accordance with AS – 13 instead of equity method as defined in AS – 23 on “Accounting for Investments in Associates in Consolidated Financial Statements” for the reason that the associates operates under severe long term restrictions that significantly impair its ability to transfer funds to the investors.

4.5 **INVENTORIES**

Inventories or stock-in-trade are valued at lower of cost and market value except inventory of the Company and one of its subsidiary SMC Comtrade Limited, where it has been valued at market value/net realizable value. Cost comprises expenditure incurred in the normal course of business in bringing such stock to their location and conditions and includes appropriate overheads and has been determined following the cost formula on FIFO Basis. Closing stock of shares includes stocks pledged against secured loan from banks and kept as margin/securities with stock exchange and does not include stock held on behalf of its clients/constituents.

4.6 **REVENUE RECOGNITION**

- a) Revenue on account of trading in securities and commodities is recognized on the basis of each trade executed at the stock/commodity exchange during the financial year.
- b) In respect of non delivery based transactions such as derivatives, the profit & loss is accounted for at the completion of each settlement, however in case of an open settlement the net result of transactions which are squared up on FIFO Basis is recognized as Profit/Loss in the account.
- c) The Company recognizes its income from rendering insurance broking business on the logging in/placement of policies with the respective insurance Company on or before the date of policy or renewal thereof, however in case of Life insurance business broking income is recognized on WRP basis.
- d) Interest income from financing activities is recognized on accrual basis. In terms of the RBI Direction, interest income on Non-Performing assets (‘NPA’), if any is recognized only when it is actually realized.
- e) Revenue from broking activities is accounted for on the trade date of transaction.
- f) Income from interest on fixed deposits is recognized on accrual basis.
- g) Dividend from investment is accounted for as income when the right to receive dividend is established.

- h) Depository income is accounted for on accrual basis.
- i) Profit or loss on sale of units of mutual funds is determined on the basis of the first in first out (FIFO) method.
- j) Profit/loss in the case of balance in Portfolio Management account has been accounted for as business profit/loss on its accrual when the transaction takes place and is on the basis of monthly statement received from portfolio manager.
- k) In respect of other heads of income, the Company follows the practice of recognizing income on accrual basis.
- l) Revenue excludes service tax.

4.7 **FOREIGN CURRENCY TRANSACTIONS**

Revenue and expenses are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are recognized in the Statement of Profit and Loss. In case of one of the subsidiary M/s SMC Comtrade Limited, exchange difference on loan receivable in foreign currency has been adjusted against specific reserve created for the purpose.

4.8 **EMPLOYEE BENEFITS**

- a) Provident Fund is a defined contribution scheme and the contribution wherever required by the statute are charged to the Statement of Profit and Loss as incurred.
- b) Gratuity Liability is a defined obligation and is partly funded. The Group accounts for liability for future gratuity benefits based on an actuarial valuation as at the Balance Sheet date except for subsidiaries (Moneywise Financials Services Private Limited, SMC Capitals Limited, SMC ARC Limited, SMC Finvest Limited, Moneywise Finvest Limited) and step-down subsidiary (SMC Comex International DMCC UAE) where the liability for Gratuity is being accounted on payment basis wherever required by the statute.
- c) Unavailed Leave Liability is a defined obligation and is not funded. The Group accounts for liability for future leave benefits based on an actuarial valuation as at the Balance Sheet date except for subsidiaries (Moneywise Financials Services Private Limited, SMC Capitals Limited, SMC ARC Limited, SMC Finvest Limited, Moneywise Finvest Limited) and step-down subsidiary (SMC Comex International DMCC UAE) where the liability for unavailed leave is being accounted on payment basis wherever required by the statute.

4.9 **LEASES**

Lease Rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with the Accounting Standard –19 on Accounting for Leases issued by the Institute of Chartered Accountants of India.

4.10 **MISCELLANEOUS EXPENDITURE**

Deferred revenue expenditures are being written off in equal installment over a period of 5 years.

4.11 **PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

4.12 **BORROWING COSTS**

In accordance with AS-16 'Borrowing Cost', borrowing cost that are attributable to acquisition, construction or production of qualifying assets, are capitalized as part of the cost of such qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of profit and loss.

4.13 **IMPAIRMENT OF ASSETS**

Wherever events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, such assets are being subject to a test of recoverability based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the Company recognizes an impairment loss as a difference between the carrying value and fair value net of cost of sale in accordance with AS-28 'Impairment of Assets'. None of the Company's fixed assets are considered for impairment as on the balance sheet date.

4.14 **TAXATION**

a) Provision of current Tax has been measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

b) Wealth tax has been calculated as per applicable tax regulations applicable during the year.

c) The Company has provided for deferred tax charge/credit that reflects the tax differences because of timing differences between accounting income and taxation income for the year. The deferred tax charge or credit and corresponding deferred tax liability or asset are recognized using the tax rates laid down by the law, that has been enacted or substantially enacted by the balance sheet date, in accordance with AS-22 'Accounting for Taxes on Income'.

4.15 **RESERVE BANK OF INDIA PRUDENTIAL NORMS**

Moneywise Financials Services Private Limited, subsidiary of the Company, is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) and thus complies with the prudential norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for standard, sub-standard and bad and doubtful debts, specified in the directions issued by the RBI in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007 ('Prudential Norms'), as applicable to it.

Provision for non-performing assets is booked as per the Prudential Norms. In accordance with Para 10 of Prudential Norms, the Company has separately shown provision for loans under short-term provisions.

Provision on standard assets has been provided at the rate of 0.25% on outstanding balance in accordance with the Prudential Norms.

4.16 **OTHER ACCOUNTING POLICIES**

Accounting policies not referred to otherwise are consistent with generally accepted accounting principles in India.

5) **Details of Change in Share Capital:**

5.1 In the FY 2008-09, Equity Share Suspense account represents 13,75,240 equity shares of ₹ 10 each which were issued pursuant to scheme of amalgamation to the shareholders of SAM Global Securities Limited, the amalgamating company, without payment being received in cash.

5.2 In the FY 2009-10, Convertible equity share warrant represents 4,67,371 convertible equity share warrant issued to Sanlam International Investment Partners Limited at ₹ 265.31 each & convertible into equity

shares of ₹ 10 each at the opinion of investor after a further payment of ₹ 2,387.83 at the time of conversion.

- 5.3 During the FY 2010-11, Convertible Equity share warrant which were issued during the FY 2009-10, to Sanlam international Investment Partners Limited for amounting 467,371 at ₹ 265.31 each having option of conversion into equity share of ₹ 10 each were forfeited during the year due to inability of the investor to make payment before the expiry of last date of further payment of ₹ 2,387 each and hence the forfeited amount of ₹ 12.40 has been transferred to Capital Reserve (on forfeiture).
- 5.4 The company has allotted 467,371 equity shares of ₹ 10 each at premium of ₹ 992.95 per share, total consideration of ₹ 46.87 crore, on November 30, 2011 to Sanlam International Investment Partners Limited.
- 5.5 The company has allotted 367,687 equity shares of ₹ 10 each at premium of ₹ 1,105.10 per share, total consideration of ₹ 41.00 crore, on June 29, 2012 to Sanlam International Investment Partners Limited, pursuant to share subscription agreement dated May 30, 2011.
- 5.6 The shares of the company, having face value of ₹ 10 each were sub-divided into five shares of ₹ 2 each on August 10, 2012. Consequently 1,13,13,445 shares of ₹ 10 each were converted into 5,65,67,225 shares of ₹ 2 each on the record date i.e., August 10, 2012.
- 5.7 The company had allotted Bonus shares in the ratio of 1:1 by capitalizing Securities Premium Reserve on August 11, 2012. Consequently subscribed share capital was increased from ₹ 11.31 crore (5,65,67,225 shares of ₹ 2 each) to subscribed share capital of ₹ 22.63 crore (1,31,34,450 shares of ₹ 2 each)

6) Merger Scheme:

Sam Global Securities Limited (SAM), a member of Mumbai Stock exchange engaged in the business of stock broking and depository has been amalgamated with the company vide the scheme of amalgamation sanctioned by the Hon'ble Delhi High Court vide its order dated 26th of February 2009, and the scheme became effective on 1st of January 2008 i.e., the appointed date of the scheme. Pursuant to the scheme:

- 6.1 13,33,346 equity shares (1 share of the company for every 6 shares) of ₹ 10/- each, after extinguishment of the equity shares held in the amalgamating company, were issued as fully paid up to the shareholders of erstwhile SAM, whose names were registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense".
- 6.2 All the assets and liabilities, rights and obligations of erstwhile SAM has been vested with the company with effect from January 01, 2008 and have been recorded at their respective Book Value under "Pooling of Interest Method" of accounting for amalgamation as prescribed by Accounting Standard-14 issued by the Institute of Chartered Accountants of India.
- 6.3 The Book Value of 9, 70,000 Equity shares of SAM which were held by the company as Investment has been cancelled in accordance with the scheme.
- 6.4 The net amount of ₹ 9.82 crore being excess of value of net assets of SAM as appearing in the books of SAM over the paid up value of the shares of the company to be issued to the shareholders of erstwhile SAM has been transferred to the Amalgamation Reserve.
- 6.5 In the Previous Year (2007-08), pursuant to the scheme of amalgamation, Additions to the fixed assets being acquired on amalgamation has been stated at the written down value of the respective fixed assets as on the effective date of amalgamation.
- 6.6 Pending completion of the relevant formalities for transfer of certain assets, investments and liabilities acquired pursuant to the scheme of amalgamation, such assets, investments and liabilities remains included in the books of the company under the name of the amalgamating company i.e SAM.

- 6.7 Accounting Policy relating to provision of Depreciation on Fixed Assets of amalgamating company has been recasted to achieve uniformity with the accounting policies of the company , and the resultant amount of ₹ 0.59 crore has been provided as below the line item in the Statement of Profit and Loss.
- 6.8 As the effective date falls after March 31, 2007, and figures of the current year includes the figures for the erstwhile amalgamating company SAM for the period from 01st January 2008 to March 31, 2008, therefore the previous year's figures of the company does not includes the figures in respect of amalgamating company SAM.
- 6.9 In terms of the scheme of amalgamation, all permanent employees of SAM stand transferred to the company, the respective accumulated funds e.g Provident fund, gratuity fund etc will also be transferred to the company's fund as and when the statutory formalities for such are complied with.

Annexure-IV D : Other Significant Notes**a.) COMMITMENTS****₹ crore**

Particulars	As at											
	July 2012	31, March 2012	31, March 2011	31, March 2010	31, March 2009	31, March 2008						
Contracts remaining to be executed on account of capital												
-For investment in subsidiaries	52.60	52.60	-	4.80	-	-						

b.) EARNING AND EXPENDITURE IN FOREIGN CURRENCY**₹ crore**

Particulars	For the Period		For the Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	
a) Earning in Foreign Currency	-	-	-	-	-	-	
b) Expenditure in Foreign Currency							
- Expenses on Foreign Travelling	0.02	-	1.34	3.75	0.04	0.02	
- Management & Advisory Services	-	4.43	-	-	-	-	

c.) FIXED DEPOSITS INCLUDE:**₹ crore**

Particulars	As at											
	July 2012	31, March 2012	31, March 2011	31, March 2010	31, March 2009	31, March 2008						
Fixed Deposit with Schedule Banks under lien in favour of the Bank as margin Deposit for the guarantees issued/credit facilities or otherwise	162.22	172.97	124.05	80.35	80.38	153.51						
Fixed Deposits under lien with Sales Tax Authorities	0.06	0.06	0.06	0.05	0.05	0.06						
Fixed Deposits pledge with stock and commodity exchanges as margin	62.18	49.39	66.65	31.16	65.68	32.50						
Fixed Deposits under lien with IRDA	0.12	0.12	0.12	0.12	0.12	0.12						
Total	224.58	222.54	190.88	111.68	146.23	186.19						

d.) PROVISION FOR DOUBTFUL DEBTS

₹ crore

Particulars			As at									
			July 2012	31, March 2012	31, March 2011	31, March 2010	31, March 2009	31, March 2008	31, March 2007			
Provision for doubtful debts (Gross)			1.07	4.87	2.64	2.42	4.50	1.25				
Bad debts written off			0.20	4.29	2.55	1.67	2.79	-				
Provision for doubtful debts (Net)			0.87	0.58	0.09	0.75	1.71	1.25				
Non-current Trade receivables (Overdue) *			36.28	37.36	33.21	32.20	14.16	13.43				

* Note: In respect of above overdue debtors, provision has not been made in books of accounts since the company has taken suitable measures to recover the said dues including filing of legal cases wherever considered appropriate.

e.) SEGMENT REPORTING

Business Segment:

The Group's business comprises of dealing in shares, commodities, securities and derivatives either on its own behalf or on behalf of its constituents, Insurance broking services, wealth management services and other related ancillary services. Therefore reportable segments for the current year are as under:

- Capital Market:** Comprises of brokerage income earned on primary and secondary market, transactions done on behalf of clients, services rendered as depository participant and proprietary trading in securities, commodities and derivatives.
- Insurance Broking Services:** Comprises of selling of insurance products as Licensed Direct Broker.
- Wealth Management Services:** Comprises of rendering of wealth management services for its constituents.

The Group is also carrying out NBFC activities and in accordance with Accounting Standard (AS) – 17, since the revenue, results and assets of these activities is less than the threshold limit for separate disclosure, the same is not shown separately.

Geographical Segment:

The geographical segments have been identified by the location of the customers and business operations of the group and the same have been considered as secondary segments viz within India and Outside India.

Segment information is annexed and marked as **Annexure-XX**

f.) Details of Provision of Gratuity

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Gross Liability	3.15	2.98	2.86	2.41	1.38	0.59
Contribution	0.12	0.05	-	0.06	0.04	0.24
Value of Funds	0.31	0.20	0.47	0.46	0.34	0.29
Provision debited to Statement of Profit & Loss	0.07	0.39	0.43	0.91	0.74	0.30

g.) EARNING PER SHARE

In accordance with AS-20 "Earning per Share", issued by the Institute of Chartered Accountants of India, the basic & diluted earning per share is being calculated as under:-

(i) Pre - Split and Bonus Issue

₹ crore

Particulars	Period ended		Year ended							
	July 2012	31, March 2012	31, March 2011	31, March 2010	31, March 2009	31, March 2008	31, March 2007	31, March 2006	31, March 2005	31, March 2004
Net Restated Profit/(Loss) attributable to Equity Shareholders	5.46	(0.42)	(12.13)	(14.19)	(14.50)	36.55				
Weighted Average No. of Equity Shares										
- For Basic EPS	1,10,45,214	1,06,35,454	1,04,78,387	1,04,42,503	1,03,45,911	80,72,734				
- For Diluted EPS	1,10,45,214	1,06,35,454	1,04,78,387	1,07,58,783	1,03,45,911	80,72,734				
Nominal Value per share	₹ 10	₹ 10	₹ 10	₹ 10	₹ 10	₹ 10				
Basic EPS (₹)	4.95	(0.40)	(11.58)	(13.59)	(14.04)	45.28				
Diluted EPS (₹)	4.95	(0.40)	(11.58)	(13.19)	(14.04)	45.28				

(ii) Post - Split and Bonus Issue

₹ crore

Particulars	Period ended		Year ended							
	31 July, 2012	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009	31 March, 2008	31 March, 2007	31 March, 2006	31 March, 2005	31 March, 2004
Net Restated Profit/(Loss) attributable to Equity Shareholders	5.46	(0.42)	(12.13)	(14.19)	(14.50)	36.55				
Weighted Average No. of Equity Shares										
- For Basic EPS	11,04,52,140	10,63,54,540	10,47,83,870	10,44,25,030	10,34,59,110	8,07,27,340				
- For Diluted EPS	11,04,52,140	10,63,54,540	10,47,83,870	10,75,87,830	10,34,59,110	8,07,27,340				
Nominal Value per share	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2				
Basic EPS (₹)	0.49	(0.04)	(1.16)	(1.36)	(1.40)	4.53				
Diluted EPS (₹)	0.49	(0.04)	(1.16)	(1.32)	(1.40)	4.53				

Note: Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended. As per AS 20, in case of bonus shares, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

h.) In the opinion of the board of Directors and to the best of their knowledge and belief the realizable value of Current assets, Loans and Advances in ordinary course of business is not less than the value stated in the Balance Sheet.

Annexure-V Restated Consolidated Statement of Reserve & Surplus:**₹ crore**

Particulars	As at						
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	
Securities Premium Reserve	355.83	315.19	268.79	268.79	237.90	163.34	
Capital Reserves (On Amalgamation)	10.41	10.41	10.41	10.41	10.41	9.82	
Capital Reserves (On Consolidation)	24.95	24.95	24.95	24.95	21.55	17.00	
Capital Reserves (On Forfeiture)	12.40	12.40	12.40	-	-	-	
Foreign Currency Fluctuation Reserve	1.66	1.31	0.94	0.95	1.32	(0.01)	
Statutory Reserves (Reserve Fund u/s 45- IC of RBI Act 1934)	0.20	0.13	0.08	0.01	0.01	-	
General Reserve	62.63	62.63	62.63	62.63	62.63	62.63	
Net Surplus in the statement of profit and loss	17.51	12.12	12.59	24.80	38.99	53.53	
Total	485.59	439.14	392.79	392.54	372.81	306.31	

Notes:

- 1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
- 2) The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IVD

Annexure-VI

a.) Restated Consolidated Statement of Non-Current Investments:

₹ crore

Particulars	As at											
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
	Numbers						Amount					
TRADE INVESTMENTS (Valued At Cost)												
INVESTMENT IN EQUITY INSTRUMENTS (UNQUOTED)												
Investments In Associates:												
Face value of ₹ 10 each, fully paid up												
Money Wise Financial Services (P) Limited	-	-	-	-	-	-	-	-	-	-	-	-
Moneywise Finvest Limited	-	-	390,000	390,000	-	-	-	-	0.39	0.39	-	-
SMC Finvest Limited	-	-	15,990,000	15,990,000	-	-	-	-	15.99	15.99	-	-
SMC Share Brokers Private Limited	100,000	100,000	100,000	100,000	100,000	100,000	1.00	1.00	1.00	1.00	1.00	1.00
Pulin Investment Private Limited	-	-	-	-	-	23,400	-	-	-	-	-	0.02
Abhichhaya Investment Private Limited	-	-	-	-	-	30,400	-	-	-	-	-	0.03
NEXGEN Capitals Limited	-	-	-	-	-	69,600	-	-	-	-	-	0.05
Sub- Total	100,000	100,000	16,480,000	16,480,000	100,000	223,400	1.00	1.00	17.38	17.38	1.00	1.10
NON-TRADE INVESTMENTS (Valued at Cost)												
INVESTMENT IN EQUITY INSTRUMENTS (QUOTED)												
Face value of ₹ 10 each,												

Particulars			As at											
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
fully paid up														
NHPC Limited			534,059	534,059	534,059	534,059	-	-	2.29	2.29	2.29	2.29	-	-
Manganese Ore India Limited			38,618	38,618	38,618	-	-	-	2.21	2.21	2.21	-	-	-
Shipping Corporation of India Limited			305,721	305,721	305,721	-	-	-	4.32	4.32	4.32	-	-	-
Punjab & Sind Bank Limited			10,569	10,569	10,569	-	-	-	0.15	0.15	0.15	-	-	-
SJVN LTD			1,719,506	1,719,506	1,719,506	-	-	-	4.46	4.46	4.46	-	-	-
Hamiltion Shoes Limited			-	-	-	400	400	400	-	-	-	-	-	-
HINDUSTAN ENGG&66)			-	-	-	-	-	66	-	-	-	-	-	-
Inter State Finance Limited			-	-	-	2,100	2,100	2,100	-	-	-	-	-	-
Jay Rapid Roller Limited			-	-	-	4,400	4,400	4,400	-	-	-	0.01	0.01	0.01
K.R. Rubberite Limited			-	-	-	2,700	2,700	2,700	-	-	-	0.01	0.01	0.01
Majestic Industries Limited			-	-	-	1,100	1,100	1,100	-	-	-	0.01	0.01	0.01
Malanpur Steels Limited			-	-	-	233	233	233	-	-	-	-	-	-
Paam Drugs Limited			-	-	-	1,300	1,300	1,300	-	-	-	-	-	-
Rajasthan Ball & Bearings Limited			-	-	-	500	500	500	-	-	-	-	-	-
Shilpax Laboratories Limited			-	-	-	500	500	500	-	-	-	-	-	-
Somdatt Finance Corp. Limited			-	-	-	1,600	1,600	1,600	-	-	-	0.01	0.01	0.01
SSI (India) Limited			-	-	-	5,000	5,000	5,000	-	-	-	0.01	0.01	0.01
Suraj Securities Limited			-	-	-	900	900	900	-	-	-	-	-	-
T.N. Steel Limited			-	-	-	100	100	100	-	-	-	-	-	-
Wilway Fort (India), Limited			-	-	-	100	100	100	-	-	-	-	-	-
Face value of ₹ 2 each, fully paid up														
Dairy Den (Anmol Dairy Limited)			-	-	-	1	1	1	-	-	-	-	-	-
INVESTMENT PORTFOLIO MANAGEMENT SERVICE (QUOTED)	IN		68,365,561	65,456,623	-	-	-	-	5.82	5.74	-	-	-	-

Particulars	As at											
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Sub- Total	70,974,034	68,065,096	2,608,473	554,993	20,934	21,000	19.25	19.17	13.43	2.34	0.05	0.05
INVESTMENT IN EQUITY INSTRUMENTS (UNQUOTED)												
Face value of ₹ 10 each, fully paid up												
Trackon Telematics Private Limited	49,000	49,000	49,000	49,000	49,000	-	2.16	2.16	2.16	2.16	2.16	-
Priknit Retails Limited	250,000	250,000	250,000	250,000	250,000	250,000	2.50	2.50	2.50	2.50	2.50	2.50
The Great Logistic & Parking Services Private Limited	100,000	100,000	100,000	-	-	-	0.47	0.47	0.47	-	-	-
Face value of ₹ 1 each, fully paid up												
Bombay Stock Exchange	-	-	-	-	11,401	877	-	-	-	-	0.20	0.20
Ludhiana Stock Exchange Association Limited	2,000	2,000	2,000	2,000	2,000	1,000	0.01	0.01	0.01	0.01	0.01	-
Sub- Total	401,000	401,000	401,000	301,000	312,401	251,877	5.14	5.14	5.14	4.67	4.87	2.70
INVESTMENTS IN DERIVATIVES	-	-	-	-	-	-	-	-	0.01	-	-	-
	71,475,034	68,566,096	19,489,473	17,335,993	433,335	496,277	25.39	25.31	35.96	24.39	5.92	3.85

Note:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.
2. These investments are in the name of Group.
3. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D

Annexure-VI

b.) Restated Consolidated Statement of Current Investments:

₹ Crore												
Particulars			As at									
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010
Number						Amount						
OTHER INVESTMENT (NON- TRADE)												
INVESTMENTS IN UNITS OF MUTUAL FUNDS (QUOTED)												
Reliance Money Manager Fund-Retail	1,566	1,242	926	1,705	-	-	0.22	0.17	0.12	0.21	-	-
LIC Liquid Fund	-	-	-	13,340,300	-	-	-	-	-	35.93	-	-
Birla Cotsyn (India) Limited,	-	-	-	-	4,395,068	-	-	-	-	-	6.15	-
UTI Liquid Cash Plan	6,105	-	93,415	-	-	-	1.11	-	5.99	-	-	-
HDFC Cash management Fund Plan	-	673,989	-	-	-	-	-	1.50	-	-	-	-
Sub- Total	7,671	675,231	94,341	13,342,005	4,395,068	-	1.33	1.67	6.11	36.14	6.15	-
INVESTMENT IN PORTFOLIO MANAGEMENT SERVICE (QUOTED)	48,042	48,622	41,159	49,890	-	-	0.93	0.98	1.05	0.97	-	-

Particulars		As at											
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Cash & Cash Equivalent	Cash	-	-	-	-	-	-	0.03	-	-	0.02	-	-
		55,713	723,853	135,500	13,391,895	4,395,068	-	2.29	2.65	7.16	37.13	6.15	-

Note:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.
2. These investments are in the name of Group.
3. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D

Annexure-VII
a. (i) Restated Consolidated Statement of Trade Receivables (Non-Current):
₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Trade receivables						
Outstanding for a period exceeding six months						
Unsecured, considered good	36.28	37.36	33.21	32.20	14.16	13.43
Unsecured, considered doubtful	0.87	0.58	0.09	0.75	1.71	1.25
Less: Provision for doubtful debts	(0.87)	(0.58)	(0.09)	(0.75)	(1.71)	(1.25)
Total	36.28	37.36	33.21	32.20	14.16	13.43

(ii) Amount due from Parent Company / Group Company / Directors / Relative of directors

Particulars	As at					
	July 2012	31, March 2012	31, March 2011	31, March 2010	31, March 2009	31, March 2008
From Promoters	-	-	-	-	-	-
Group Companies	-	-	-	-	-	-
Directors	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.
2. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D
3. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure-VII (Cont...)

b. (i) Restated Consolidated Statement of Trade Receivables (Current):

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Others						
Unsecured, considered good	178.73	216.57	195.40	132.56	194.59	541.69
Total	178.73	216.57	195.40	132.56	194.59	541.69

(ii) Amount due from Parent Company / Group Company / Directors / Relative of directors

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
From Promoters	-	-	0.01	0.47	0.09	0.04
Group Companies	-	-	-	-	-	-
Directors	-	-	-	0.04	-	-
Total	-	-	0.01	0.51	0.09	0.04

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.
2. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D
3. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure-VIII Restated Consolidated Statement of Long-term Loans and Advances and Other Non-Current Assets:

₹ crore

Particulars	As at						
	July 2012	31, March 2012	31, March 2011	31, March 2010	31, March 2009	31, March 2008	31, March 2008
A. Long-term loans and advances							
Security Deposits	4.95	5.26	9.42	6.01	5.77	1.85	
Advances Recoverable in cash or in kind	44.81	58.94	69.22	69.95	70.27	3.18	
Loans and advances to Others	19.27	20.90	19.92	3.93	7.35	-	
Total Long-term loans and advances (A)	69.03	85.10	98.56	79.89	83.39	5.03	
B. Other non-current assets							
Unamortized Expenses	-	-	0.02	1.02	2.01	2.95	
Non Current bank balances	-	-	-	-	-	-	
Total Other non-current assets (B)	-	-	0.02	1.02	2.01	2.95	

Amount due from Parent Company / Group Company / Directors / Relative of directors

Particulars	As at						
	July 2012	31, March 2012	31, March 2011	31, March 2010	31, March 2009	31, March 2008	31, March 2008
From Promoters	-	-	-	-	-	-	
Group Companies	-	-	-	-	-	-	
Directors	-	-	-	-	-	-	
Total	-	-	-	-	-	-	

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.
2. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D
3. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure-IX Restated Consolidated Statement of Short-term Loans and Advances and Other Current Assets:

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A. Short-term loans and advances						
Security Deposit	32.00	21.62	4.59	3.33	1.38	0.43
Loans and advances to Employees	0.04	0.06	0.02	0.02	0.02	-
Loans and advances to Others	46.59	36.58	19.40	33.43	19.01	0.46
Balance with Statutory Authorities	2.73	2.35	2.26	3.16	1.03	0.37
Advance tax, TDS (Net of Provision for Income Tax)	6.88	4.95	4.41	8.76	14.50	10.80
Advances Recoverable in cash or in kind	21.99	20.57	21.46	24.39	21.80	12.22
Prepaid Expenses	5.77	6.58	6.44	2.59	2.68	2.23
Total Short-term loans and advances (A)	116.00	92.71	58.58	75.68	60.42	26.51
B. Other current assets						
Accrued Interest on FDR	3.06	2.96	1.75	1.24	1.89	2.67
Unamortized Expenses	0.01	0.01	1.00	1.03	1.11	1.01
TDS Receivable	0.63	0.57	0.37	0.11	0.22	
Total Other current assets (B)	3.70	3.54	3.12	2.38	3.22	3.68

Amount due from Parent Company / Group Company / Directors / Relative of directors

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
From Promoters	-	-	-	-	-	-
Group Companies	-	-	-	-	-	-
Directors	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.
2. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D.
3. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure-X
a.) Restated Consolidated Statement of Long-term borrowings:
₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Term Loans* (Secured Against Vehicles)						
From Banks	0.34	0.34	0.13	0.15	0.11	0.13
From Other than Banks	0.05	0.08	0.26	0.11	0.05	0.13
Less: Current Maturities disclosed under the head "Other Current Liabilities"	(0.20)	(0.20)	(0.17)	(0.10)	(0.11)	(0.14)
Sub total	0.19	0.22	0.22	0.16	0.05	0.12
Secured Term loans**						
Term loan from Banks	52.50	52.50	52.50	-	-	-
Total	52.69	52.72	52.72	0.16	0.05	0.12

b.) Restated Consolidated Statement of Short-term borrowings:
₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Secured						
Short Term Loan from Banks secured against Stock in Trade	0.37	25.33	26.64	32.62	3.04	0.45
Short Term Loan from Banks secured against Vehicle	-	0.05	0.07	-	-	-
Short Term Loan from Banks secured against FDR	19.78	33.70	66.00	24.25	23.25	38.71
Short Term Loan from other parties secured against Shares	-	10.00	0.62	45.25	2.45	-
Overdraft from Bank	-	26.81	-	-	-	-
Unsecured						
-from Related Parties	-	-	-	-	5.53	0.23
Total	20.15	95.89	93.33	102.12	34.27	39.39

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.
2. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D.
3. There are no unsecured loans outstanding from Directors / Promoters / Promoter Group Companies / Group Companies / Relatives of Promoters / Relatives of Directors / Subsidiary Companies except in the year ended March 31, 2008 and 2009

4. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure-XI Restated Consolidated Statement of Long-term provisions and Other Long-term liabilities:
₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A. Long Term Provisions						
Provision for employee benefits						
Provision for Gratuity	2.22	2.57	2.21	1.80	0.96	0.28
Provision for Leave Encashment	0.70	0.59	0.25	0.04	-	-
Provision for Contingent Liability	0.08	0.08	0.03	0.08	-	-
Total Long Term Provisions (A)	3.00	3.24	2.49	1.92	0.96	0.28
B. Other Long Term Liabilities						
Advance from Customers	0.03	0.03	0.05	0.02	0.02	0.01
Total Other Long Term Liabilities (B)	0.03	0.03	0.05	0.02	0.02	0.01

Notes:

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IVD.

Annexure-XII Restated Consolidated Statement of Trade Payables, Other Current Liabilities and Short – Term Provisions:

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Current Liabilities						
A. Trade payables						
Total outstanding dues of micro and small enterprises	-	0.02	0.02	-	-	-
Total outstanding dues of trade payables other than micro and small enterprises	169.35	180.68	125.10	114.81	141.86	451.27
Sub- Total (A)	169.35	180.70	125.12	114.81	141.86	451.27
B. Other Current Liabilities						
Bank Overdraft from Bank	3.47	27.11	17.35	13.91	13.28	32.37
Current Maturities of Long Term Borrowings	0.20	0.20	0.17	0.10	0.11	0.14
Security & Deposits Received from clients	2.53	2.49	3.15	2.60	2.82	2.72
Advances /Margin Received from Clients	159.20	128.90	113.54	110.40	81.99	68.06
Expenses Payables	0.58	0.54	0.25	2.16	0.83	0.42
Other Liabilities	(0.09)	0.80	-	-	1.89	-
Unearned Income	1.60	0.69	1.65	0.98	0.36	-
Payable to Statutory authorities	2.74	3.43	3.95	2.70	2.00	1.10
Sub- Total (B)	170.23	164.16	140.06	132.85	103.28	104.81
Total Other Current Liabilities (A+B)	339.58	344.86	265.18	247.66	245.14	556.08
C. Short Term Provisions						
Provision for employee benefits						
Salary and Perquisites	5.52	7.45	8.31	7.38	4.66	3.96
Provision For Gratuity	0.62	0.20	0.18	0.15	0.08	0.02
Provision For Leave Encashment	0.07	0.05	0.02	-	-	-
Others						
Provision For Fringe Benefit Tax	-	-	-	-	0.04	0.01
Provision for Income Tax(Net)	1.59	-	0.09	0.23	0.05	0.47
Provision For Wealth Tax	0.01	0.01	-	-	0.01	0.01
Sub- Total (C)	7.81	7.71	8.60	7.76	4.84	4.47
Total Current Liabilities (A+B+C)	347.39	352.57	273.78	255.42	249.98	560.55

Notes:

- 1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.
- 2) The above statement should be read with the notes to restated Consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D.

Annexure-XIII Restated Consolidated Statement of Revenue:

₹ crore

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Revenue from operations:						
Income From Proprietary Trading	38.48	101.97	104.90	99.03	65.21	110.65
Interest Income from Financing Activities	1.03	5.21	2.91	1.37	0.46	-
Income From Brokerage	43.03	130.26	144.38	134.25	70.54	71.30
Income From Distribution of Financial products	1.90	5.54	6.33	4.76	4.29	4.31
Income From Depository Business	1.22	5.38	4.85	4.84	2.83	1.07
Treasury Income	7.91	20.19	13.41	14.54	19.77	12.97
Income From management and advisory services	0.56	5.07	4.59	1.17	0.90	-
Other Operating Income						
Profit/ Loss on sale of Investment	(0.06)	0.32	1.06	(0.63)	(0.09)	-
Delay Payment Charges	2.23	7.00	9.40	5.51	6.74	1.74
Total Revenue from operations	96.30	280.94	291.83	264.84	170.65	202.04

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

Annexure-XIV Restated Consolidated Statement of Other income:

₹ crore

Particulars		Period ended	Year ended					Nature	
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	Recurring / Non-Recurring	Related / Not Related to business activities
Income Dividend	From	0.04	0.65	0.15	0.05	-	-	Non-recurring	Not related
Interest Deposits	on	0.32	1.70	0.62	0.03	0.02	0.05	Non-recurring	Not related
Liability Longer Required written back	no	0.02	0.51	0.10	0.19	0.04	0.01	Non-recurring	Not related
Stale w/off	Cheque	-	0.57	-	-	-	-	Non-recurring	Not related
Cheque w/off	Suspense	-	-	0.13	-	-	-	Non-recurring	Not related
Charges for Logo display on website		-	1.53	0.87	-	0.16	-	Non-recurring	Not related
Interest on Income Tax Refund		-	0.16	0.74	0.35	0.12	-	Non-recurring	Not related
Profit on sale of investment		-	-	-	0.19	0.03	-	Recurring	Related
Income Reverse Building	From Book	0.01	0.18	0.24	0.14	0.19	-	Recurring	Related
Income Arbitrage Activities	from	-	-	1.43	1.46	-	-	Recurring	Related
Consultancy service charges		1.39	5.40	2.56	0.55	-	2.03	Recurring	Related
Research services		0.03	0.19	-	-	-	-	Non-recurring	Not related
Commission on FD procurement		0.09	0.39	-	-	-	-	Non-recurring	Not related
Other Income	Misc.	0.23	0.02	0.63	0.45	0.12	0.32	Non-recurring	Not related
Total Income	Other	2.13	11.30	7.47	3.41	0.68	2.41		

Notes:

1. The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activity of the Group as determined by the management.
2. The amounts disclosed above are based on the Restated Consolidated Statement of Profit and Loss of the Group.

Annexure-XV Restated Consolidated Statement of Contingent Liabilities:**₹ crore**

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
ESI demand in dispute	0.31	0.31	0.31	-	-	-
On Account of Sales tax demand	0.61	0.53	0.53	0.50	3.15	0.50
Total	0.92	0.84	0.84	0.50	3.15	0.50

Notes:

- 1) The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D.
- 2) An ESI demand of ₹ 0.31 crore is being agitated by the company before Additional Senior Civil Judge (Central) Delhi.
- 3) Sales Tax demand is being agitated by the company before Assessing Officer (Deputy Commissioner), Commercial Taxes, Sector-3, Noida.
- 4) Management believes that, based on legal advice, the outcome of these contingencies will be favorable and that outflow of economic resources is not probable.

Annexure-XVI Restated Consolidated Statement of Dividend:

The Company has not paid dividend for the four months period ended July 31, 2012 and years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

Annexure-XVII Restated Consolidated Statement of Accounting Ratios:
₹ crore

Particulars			Period ended	Year ended				
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Basic Earning Per Share	A/B		0.49	(0.04)	(1.16)	(1.36)	(1.40)	4.53
Diluted Earning Per Share	A/C		0.49	(0.04)	(1.16)	(1.32)	(1.40)	4.53
(See Note 4 below)								
Net Profit after Tax (after preference dividend and related tax) as restated attributable to equity shareholders	A		5.46	(0.42)	(12.13)	(14.19)	(14.50)	36.55
Weighted average no. of equity shares outstanding during the Year / Period	B		110,452,140	106,354,540	104,783,870	104,425,030	103,459,110	80,727,340
Weighted average no. of equity shares which should be considered for Diluted EPS	C		110,452,140	106,354,540	104,783,870	107,587,830	103,459,110	80,727,340
No. of equity shares outstanding at the end of Period / Year	E		11,313,445	10,945,758	10,478,387	10,478,387	8,992,146	8,803,500
Net worth at the end of Year / Period	D		532.06	485.48	418.80	442.13	388.12	316.44
Net Asset Value Per Share	D/E		470.28	443.52	399.68	421.94	431.62	359.45
Net worth at the end of Year / Period (after considering share splits and bonus issue)	F		532.06	485.48	418.80	442.13	388.12	316.44
No. of equity shares outstanding at	G		113,134,450	109,457,580	104,783,870	104,783,870	89,921,460	88,035,000

Particulars			Period ended	Year ended				
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
the end of Period / Year (after considering share splits and bonus issue)								
Net Asset Value Per Share (after considering share splits and bonus issue)	F/G		47.03	44.35	39.97	42.19	43.16	35.94
Return on Net worth - in %	A/D*100		1.03	(0.09)	(2.90)	(3.21)	(3.74)	11.55

Notes:

1. The ratios have been computed as below:

- a) Basic Earnings Per Share (₹)
$$\frac{\text{Net Profit after Tax (as restated) attributable to shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$
- b) Diluted Earnings Per Share (₹) :
$$\frac{\text{Net Profit after Tax (as restated) attributable to shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year}}$$
- c) Return on net worth (%):
$$\frac{\text{Net Profit after Tax (after preference dividend and related tax) as restated}}{\text{Net worth at the end of the year excluding preference share capital and Cumulative preference dividend}}$$
- d) Net asset value per share (₹):
$$\frac{\text{Net worth at the end of the year excluding preference share capital}}{\text{Total number of equity shares outstanding at the end of the year}}$$

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/ period.
3. Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital, Reserves and Surplus (other than revaluation reserve, if any).
4. Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended. As per AS 20, in case of bonus shares, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.
5. The figures disclosed above are based on the Restated Consolidated Summary Statements of the Company.

6. The above statement should be read with the notes to restated consolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and Cash flows as appearing in Annexure IV A, IV B, IV C & IV D.

Annexure-XVIII Restated Consolidated Capitalisation Statement:

₹ crore

Particulars	Pre-Split & Pre - Bonus Issue	Post-Split & Post - Bonus Issue	As adjusted for FPO (Refer below note 2)
	As at July 31, 2012	As at July 31, 2012	As at July 31, 2012
Debt			
Long Term Borrowings (A)	52.69	52.69	NA
Short Term Borrowings (B)	20.15	20.15	NA
Total Debt (C)	72.84	72.84	NA
Shareholders' Funds:			
Equity Share Capital	11.31	22.63	NA
Reserves & Surplus	485.59	474.27	NA
Total Shareholder's Funds (D)	496.90	496.90	NA
Long Term Debt/Equity (A/D)	0.11	0.11	NA

Note:

1. The above has been computed on the basis of the Restated Consolidated Summary Statements of the Company.
2. The corresponding post FPO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement

Annexure-XIX Restated Consolidated Statement of Related Party Transactions:

List of related parties and transactions as per requirements of Accounting Standard – 18, ‘Related Party Disclosures’ issued by the Institute of Chartered Accountants of India

A. Related parties

Particulars		Period ended		Year ended			
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Key Management Personnel	a) Mr. Subhash Chand Aggarwal	a) Mr. Subhash Chand Aggarwal	a) Mr. Subhash Chand Aggarwal	a) Mr. Subhash Chand Aggarwal	a) Mr. Subhash Chand Aggarwal	a) Mr. Subhash Chand Aggarwal	a) Mr. Subhash Chand Aggarwal
	b) Mr. Mahesh Chand Gupta	b) Mr. Mahesh Chand Gupta	b) Mr. Mahesh Chand Gupta	b) Mr. Mahesh Chand Gupta	b) Mr. Mahesh Chand Gupta	b) Mr. Mahesh Chand Gupta	b) Mr. Mahesh Chand Gupta
	c) Mr. Ajay Garg	c) Mr. Ajay Garg	c) Mr. Ajay Garg	c) Mr. Ajay Garg	c) Mr. Ajay Garg	c) Mr. Ajay Garg	c) Mr. Ajay Garg
	d) Mr. Pradeep Aggarwal	d) Mr. Rakesh Gupta	d) Mr. Rakesh Gupta	d) Mr. Rakesh Gupta	d) Mr. Rakesh Gupta	d) Mr. Rakesh Gupta	d) Mr. Rakesh Gupta
	e) Mr. Anurag Bansal	e) Mr. Pradeep Aggarwal	e) Mr. Pradeep Aggarwal	e) Mr. Pradeep Aggarwal	e) Mr. Pradeep Aggarwal	e) Mr. Pradeep Aggarwal	e) Mr. Pradeep Aggarwal
	f) Mr. Ravi Aggarwal	f) Mr. Anurag Bansal	f) Mr. Anurag Bansal	f) Mr. Anurag Bansal	f) Mr. Anurag Bansal	f) Mr. Anurag Bansal	f) Mr. Anurag Bansal
	g) Mr. Damodar Krishan Aggarwal	g) Mr. Ravi Aggarwal	g) Mr. Damodar Krishan Aggarwal	g) Mr. Damodar Krishan Aggarwal	g) Mr. Damodar Krishan Aggarwal	g) Mr. Damodar Krishan Aggarwal	g) Mr. Damodar Krishan Aggarwal
	h) Ms. Hemlata Aggarwal	h) Mr. Damodar Krishan Aggarwal	h) Ms. Hemlata Aggarwal	h) Ms. Hemlata Aggarwal	h) Ms. Hemlata Aggarwal	h) Ms. Hemlata Aggarwal	h) Ms. Hemlata Aggarwal
	i) Ms. Sushma Gupta	i) Ms. Hemlata Aggarwal	i) Ms. Sushma Gupta	i) Ms. Sushma Gupta	i) Ms. Sushma Gupta	i) Ms. Sushma Gupta	i) Ms. Sushma Gupta
	j) Mr. Pravin Agarwal	j) Ms. Sushma Gupta	j) Mr. Pravin Agarwal	j) Mr. Pravin Agarwal	j) Mr. Pravin Agarwal	j) Mr. Pravin Agarwal	j) Mr. Pravin Agarwal
	k) Ms. Reema Garg	k) Mr. Pravin Agarwal	k) Ms. Reema Garg	k) Ms. Reema Garg	k) Ms. Reema Garg	k) Ms. Reema Garg	k) Ms. Reema Garg
	l) Mr. Lalit Kumar Aggarwal	l) Ms. Reema Garg	l) Mr. Lalit Kumar Aggarwal	l) Mr. Lalit Kumar Aggarwal	l) Mr. Lalit Kumar Aggarwal	l) Mr. Lalit Kumar Aggarwal	l) Mr. Lalit Kumar Aggarwal
	m) Mr. O.P. Agarwal	m) Mr. Lalit Kumar Aggarwal	m) Mr. Ravi Aggarwal	m) Mr. Ravi Aggarwal	m) Ms. Reema Garg	m) Ms. Shweta Aggarwal	m) Mr. S.S. Bansal
	n) Ms. Aditi Aggarwal	n) Mr. O.P. Agarwal	n) Mr. O.P. Agarwal	n) Mr. O.P. Agarwal	n) Mr. Lalit Kumar Aggarwal	n) Mr. Lalit Kumar Aggarwal	n) Mr. Lalit Kumar Aggarwal
	o) Ms. Shweta Aggarwal	o) Ms. Aditi Aggarwal	o) Ms. Aditi Aggarwal	o) Ms. Aditi Aggarwal	o) Ms. Shweta Aggarwal	o) Mr. S.S. Bansal	o) Mr. S.S. Bansal
	p) Mr. Himanshu Gupta	p) Ms. Shweta Aggarwal	p) Ms. Shweta Aggarwal	p) Ms. Shweta Aggarwal	p) Mr. Himanshu Gupta	p) Mr. Lalit Kumar Aggarwal	p) Mr. Lalit Kumar Aggarwal
	q) Mr. Narendra Balasia	q) Mr. Himanshu Gupta	q) Mr. Himanshu Gupta	q) Mr. Himanshu Gupta	q) Mr. Narendra Balasia	q) Mr. Jai Gopal	q) Mr. Jai Gopal
		r) Mr. Narendra Balasia	r) Mr. Narendra Balasia	r) Mr. Narendra Balasia		r) Mr. Ashok Kumar Aggarwal	r) Mr. Ashok Kumar Aggarwal

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Associate Companies*			a) Moneywise Finvest Limited* b) SMC Finvest Limited*	a) Moneywise Finvest Limited* b) SMC Finvest Limited*		

* have been consolidated as a group undertaking w.e.f. FY 2011-12 on the basis of a shareholder agreement that gives the group control over the board of directors.

B. Details of Transactions with Related Parties:

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Investments in Associates*						
Moneywise Finvest Limited (formerly known as Sanlam Trustee Company (India) Limited)*	-	-	-	0.39	-	-
SMC Finvest Limited (formerly known as Sanlam Investment Management (India) Limited)*	-	-	-	15.99	-	-
Key Management Personnel						
Share Application money						
Pravin Agarwal	-	0.40	-	0.60	-	-
Director Remuneration						
Mr. Subhash Chand Aggarwal	0.20	0.65	0.65	0.57	0.48	0.56
Mr. Mahesh Chand Gupta	0.20	0.65	0.65	0.57	0.48	0.56
Mr. Rakesh Gupta	-	0.42	0.42	0.35	0.22	0.23
Mr. Pradeep Aggarwal	0.13	0.43	0.43	0.33	0.13	0.21
Mr. Anurag Bansal	0.10	0.30	0.33	0.29	0.18	0.10
Mr. Ajay Garg	0.10	0.27	0.30	0.29	0.18	0.08
Mr. Damodar Krishan Aggarwal	0.15	0.49	0.49	0.43	0.36	0.27
Smt. Hemlata Aggarwal	0.10	0.33	0.33	0.29	0.24	0.28
Smt. Sushma Gupta	0.10	0.33	0.33	0.29	0.24	0.28
Mr. Pravin Agarwal	0.08	0.24	0.24	0.24	0.10	-
Mr. O.P. Agrawal	0.05	0.16	0.15	0.18	0.10	-
Mr. Ravi Aggarwal	0.08	0.24	0.24	0.17	0.09	0.04
Smt. Reema Garg	-	-	0.01	0.09	0.04	-
Mr. S.S. Bansal	-	-	-	0.25	0.16	-

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Mr. Ashok Aggarwal	-	-	-	-	0.07	-
Mr. Narendra Balasia	0.04	0.13	0.13	0.06	-	-
Remuneration						
Mr. Himanshu Gupta	0.06	0.16	-	-	-	-
Ms. Shweta Aggarwal	0.06	0.20	0.21	0.16	-	-
Ms. Aditi Aggarwal	-	0.12	-	-	-	-
Mr. Lalit Kumar Aggarwal	0.06	0.20	0.21	0.16	-	-
Net Reimbursement of Expenses received						
Moneywise Finvest Limited (formerly known as Sanlam Trustee Company (India) Limited)*	-	-	-	0.13	-	-
SMC Finvest Limited(formerly known as Sanlam Investment Management (India) Limited)*	-	-	0.29	5.00	-	-

* have been consolidated as a group undertaking w.e.f. FY 2011-12 on the basis of a shareholder agreement that gives the group control over the board of directors.

C. Balance Outstandings

							₹ crore
Particulars	Included in	As at					
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Moneywise Finvest Limited (formerly known as Sanlam Trustee Company (India) Limited)*	Short Term Loans and advances	-	-	-	0.13	-	-
SMC Finvest Limited(formerly known as Sanlam Investment Management (India) Limited)*	Short Term Loans and advances	-	-	-	1.00	-	-

* have been consolidated as a group undertaking w.e.f. FY 2011-12 on the basis of a shareholder agreement that gives the group control over the board of directors.
Note:

1. We certify that profits from related party transactions have arisen from legitimate business transactions.

Annexure-XX

Segment reporting disclosure

The business segments are the basis on which the Group reports its primary operational information to Management. The Group's business comprises of dealing in shares, commodities, securities and derivatives either on its own behalf or on behalf of its constituents, Insurance broking services, wealth management services and other related ancillary services.

For the period of four months ended July 31, 2012

					₹ crore
Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
I. Primary Segment-Business					
Revenue					
External revenue	88.41	7.53	0.69	1.16	97.79
Inter segment revenue	0.01	-	0.63	-	0.64
Total	88.42	7.53	1.32	1.16	98.43
Segment Profit/(Loss) {before tax}					
Income taxes (Current tax , Deferred tax & FBT)					2.77
Wealth tax and Unconsumed STT written off					-
Profit after tax					5.23
Other Information					
Segment assets	834.77	11.96	17.77	-	864.50
Other unallocated assets	-	-	-	76.38	76.38
Total Assets	834.77	11.96	17.77	76.38	940.88
Segment liabilities	421.48	1.99	9.94	-	433.41
Other unallocated liabilities	-	-	-	24.01	24.01
Total Liabilities	421.48	1.99	9.94	24.01	457.42
II. Secondary Segment-Geographical					
Description			Within India	Outside India	Total
Revenue					
External revenue			95.72	2.07	97.79
Inter segment revenue			0.64	-	0.64
Total			96.36	2.07	98.43
Segment Profit/(Loss) {before tax}			7.81	0.19	8.00
Income taxes (Current tax , Deferred tax & FBT)					2.77
Wealth tax and Unconsumed STT written off					-
Profit after tax					5.23
Other Information					
Segment assets			805.60	58.90	864.50
Other unallocated assets			76.38	-	76.38

Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
Total Assets			881.98	58.90	940.88
Segment liabilities			379.00	54.41	433.41
Other unallocated liabilities			24.01	-	24.01
Total Liabilities			403.01	54.41	457.42

For the Year ended March 31, 2012

₹ crore

Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
I. Primary Segment-Business					
<u>Revenue</u>					
External revenue	259.07	20.62	3.14	6.63	289.46
Inter segment revenue	0.86	-	1.92	-	2.78
Total	259.93	20.62	5.06	6.63	292.24
<u>Segment Profit/(Loss) {before tax}</u>					
	6.06	0.32	(9.43)	0.48	(2.57)
Income taxes (Current tax , Deferred tax & FBT)					1.22
Wealth tax and Unconsumed STT written off					0.01
Loss after tax					(3.80)
<u>Other Information</u>					
Segment assets	874.71	13.08	19.54	68.74	976.07
Other unallocated assets	-	-	-	-	-
Total Assets	874.71	13.08	19.54	68.74	976.07
Segment liabilities	524.12	1.83	11.10	1.79	538.84
Other unallocated liabilities	-	-	-	-	-
Total Liabilities	524.12	1.83	11.10	1.79	538.84

Description	Within India	Outside India	Total
II. Secondary Segment-Geographical			
<u>Revenue</u>			
External revenue	284.94	4.52	289.46
Inter segment revenue	2.78	-	2.78
Total	287.72	4.52	292.24
<u>Segment Profit/(Loss) {before tax}</u>			
	(4.27)	1.70	(2.57)
Income taxes (Current tax , Deferred tax & FBT)			1.22
Wealth tax and Unconsumed STT written off			0.01
Loss after tax			(3.80)

Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
<u>Other Information</u>					
Segment assets			898.69	77.38	976.07
Other unallocated assets			-	-	-
Total Assets			898.69	77.38	976.07
Segment liabilities			465.42	73.42	538.84
Other unallocated liabilities			-	-	-
Total Liabilities			465.42	73.42	538.84

For the Year ended March 31, 2011

₹ crore

Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
I. Primary Segment-Business					
<u>Revenue</u>					
External revenue	264.00	24.89	4.82	2.84	296.55
Inter segment revenue	1.03	-	1.72	-	2.75
Total	265.03	24.89	6.54	2.84	299.30
<u>Segment Profit/(Loss) {before tax}</u>					
Income taxes (Current tax , Deferred tax & FBT)					0.51
Wealth tax and Unconsumed STT written off					-
Loss after tax					(22.85)
<u>Other Information</u>					
Segment assets	730.09	15.18	30.78	52.99	829.04
Other unallocated assets	-	-	-	-	-
Total Assets	730.09	15.18	30.78	52.99	829.04
Segment liabilities	405.16	14.62	17.36	0.16	437.30
Other unallocated liabilities	-	-	-	-	-
Total Liabilities	405.16	14.62	17.36	0.16	437.30
Description					
			Within India	Outside India	Total
II. Secondary Segment-Geographical					
<u>Revenue</u>					
External revenue			295.19	1.36	296.55
Inter segment revenue			2.75	-	2.75
Total			297.94	1.36	299.30
<u>Segment Profit/(Loss) {before tax}</u>					
Income taxes (Current tax , Deferred tax & FBT)					0.51
Wealth tax and Unconsumed STT written off					-
Loss after tax					(22.85)
<u>Other Information</u>					
Segment assets			819.72	9.32	829.04
Other unallocated assets			-	-	-
Total Assets			819.72	9.32	829.04
Segment liabilities			429.84	7.46	437.30
Other unallocated liabilities			-	-	-
Total Liabilities			429.84	7.46	437.30

For the Year ended March 31, 2010

₹ crore

Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
I. Primary Segment-Business					
<u>Revenue</u>					
External revenue	242.34	22.05	3.06	0.80	268.25
Inter segment revenue	-	-	-	-	-
Total	242.34	22.05	3.06	0.80	268.25
<u>Segment Profit/(Loss) {before tax}</u>					
Income taxes (Current tax , Deferred tax & FBT)					(3.43)
Wealth tax and Unconsumed STT written off					-
Loss after tax					(16.93)
<u>Other Information</u>					
Segment assets	684.32	16.66	51.86	-	752.84
Other unallocated assets	-	-	-	40.19	40.19
Total Assets	684.32	16.66	51.86	40.19	793.03
Segment liabilities	348.62	8.76	27.28	-	384.66
Other unallocated liabilities	-	-	-	0.64	0.64
Total Liabilities	348.62	8.76	27.28	0.64	385.30
II. Secondary Segment-Geographical					
<u>Revenue</u>					
External revenue			267.00	1.26	268.26
Inter segment revenue			-	-	-
Total			267.00	1.26	268.26
<u>Segment Profit/(Loss) {before tax}</u>					
Income taxes (Current tax , Deferred tax & FBT)					(3.43)
Wealth tax and Unconsumed STT written off					-
Loss after tax					(16.93)
<u>Other Information</u>					
Segment assets			740.75	12.09	752.84
Other unallocated assets			40.19	-	40.19
Total Assets			780.94	12.09	793.03
Segment liabilities			374.75	9.91	384.66
Other unallocated liabilities			0.64	-	0.64
Total Liabilities			375.39	9.91	385.30

For the Year ended March 31, 2009

₹ crore

Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
I. Primary Segment-Business					
<u>Revenue</u>					
External revenue	161.43	7.28	0.19	2.43	171.33
Inter segment revenue	-	-	-	-	-
Total	161.43	7.28	0.19	2.43	171.33
<u>Segment Profit/(Loss) {before tax}</u>					
Income taxes (Current tax , Deferred tax & FBT)					(1.81)
Wealth tax and Unconsumed STT written off					0.01
Loss after tax					(14.19)
<u>Other Information</u>					
Segment assets	626.58	9.09	4.55	-	640.22
Other unallocated assets	-	-	-	32.02	32.02
Total Assets	626.58	9.09	4.55	32.02	672.24
Segment liabilities	270.28	8.52	0.78	-	279.58
Other unallocated liabilities	-	-	-	9.86	9.86
Total Liabilities	270.28	8.52	0.78	9.86	289.44
II. Secondary Segment-Geographical					
<u>Revenue</u>					
External revenue			177.32	(5.99)	171.33
Inter segment revenue			-	-	-
Total			177.32	(5.99)	171.33
<u>Segment Profit/(Loss) {before tax}</u>					
Income taxes (Current tax , Deferred tax & FBT)					(1.81)
Wealth tax and Unconsumed STT written off					0.01
Loss after tax					(14.19)
<u>Other Information</u>					
Segment assets			663.62	8.62	672.24
Other unallocated assets			-	-	-
Total Assets			663.62	8.62	672.24
Segment liabilities			283.96	5.48	289.44
Other unallocated liabilities			-	-	-
Total Liabilities			283.96	5.48	289.44

For the Year ended March 31, 2008

₹ crore

Descriptions	Capital Market	Insurance Broking Services	Wealth Management Services	Unallocated	Total
I. Primary Segment-Business					
Revenue					
External revenue	202.82	1.63	-	-	204.45
Inter segment revenue	-	-	-	-	-
Total	202.82	1.63	-	-	204.45
Segment Profit/(Loss) {before tax}					
	76.57	(0.23)	-	-	76.34
Income taxes (Current tax , Deferred tax & FBT)					23.93
Wealth tax and Unconsumed STT written off					15.86
Profit after tax					36.55
Other Information					
Segment assets	917.36	1.22	-	-	918.58
Other unallocated assets	-	-	-	-	-
Total Assets	917.36	1.22	-	-	918.58
Segment liabilities	599.56	0.79	-	-	600.35
Other unallocated liabilities	-	-	-	-	-
Total Liabilities	599.56	0.79	-	-	600.35
II. Secondary Segment-Geographical					
Revenue					
External revenue			204.70	(0.25)	204.45
Inter segment revenue			-	-	-
Total			204.70	(0.25)	204.45
Segment Profit/(Loss) {before tax}					
			77.55	(1.21)	76.34
Income taxes (Current tax , Deferred tax & FBT)					23.93
Wealth tax and Unconsumed STT written off					15.86
Profit after tax					36.55
Other Information					
Segment assets			912.68	5.90	918.58
Other unallocated assets			-	-	-
Total Assets			912.68	5.90	918.58
Segment liabilities			596.54	3.81	600.35
Other unallocated liabilities			-	-	-
Total Liabilities			596.54	3.81	600.35
Rajinder Malhotra Proprietor Membership No.: F83680			Subhash Chand Aggarwal Chairman & Mg. Director	Mahesh Chand Gupta Vice-Chairman & Mg. Director	
Place: New Delhi Date: October 23, 2012				Suman Kumar Company Secretary	

Auditor's Report on Restated Unconsolidated Financial Statements

Restated Unconsolidated Summary Statement of Assets and Liabilities as at July 31, 2012, March 31, 2012, 2011, 2010, 2009 and 2008 and Statement of Profits and Loss and Cash Flows for four months period ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008 for SMC Global Securities Limited (collectively, the "Restated Unconsolidated Summary Statements")

Auditors' report as required by Part II of Schedule II to the Companies Act, 1956

The Board of Directors
SMC Global Securities Limited
11/6B Shanti Chambers,
Pusa Road,
New Delhi - 110005

Dear Sirs,

1. We have examined the restated unconsolidated financial information of SMC Global Securities Limited (the "Company") as at July 31, 2012, March 31, 2012, 2011, 2010, 2009 and 2008 and for four months period ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008 annexed to this report for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Follow-On Public Offer ("FPO"). Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:
 - b) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act"); and
 - c) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
2. We have examined such restated financial information taking into consideration:
 - a) the terms of our engagement agreed with you vide our engagement letter dated October 16, 2012 , requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed FPO; and
 - b) the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
3. The Company proposes to make an FPO as offer for fresh issue together with offer for sale by investors of equity shares of ₹ 2 each at such premium, arrived at by the 100% book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.
4. The restated unconsolidated financial information has been compiled by the management from:
 - a) the audited unconsolidated financial statements of the Company as at and for the four months period ended July 31, 2012 and for each of the years ended March 31, 2012, 2011 and 2010 which have been audited by us, and other financial and other records of the Company, to the extent considered necessary by us, for the presentation of the restated unconsolidated summary statements under the requirements of the revised schedule VI of the Act in relation to the years ended March 31, 2011 and 2010;
 - b) the audited unconsolidated financial statements of the Company as at and for each of the years ended March 31, 2009 and March 31, 2008 prepared in accordance with accounting principles generally accepted in India at the relevant time and originally approved by the Company in its board meetings held on June 30, 2009 and May 8, 2009 , respectively, all of which have been audited by the Company's previous

auditor, Rajendra Chauhan & Co., and whose auditors' reports on these financial statements have been relied upon by us;

- c) the audited unconsolidated financial statements of the Company as at and for each of the years ended March 31, 2009 and 2008, prepared in accordance with accounting principles generally accepted in India at the relevant time, prepared for the purpose of presentation of the restated unconsolidated summary statements under the requirements of Revised Schedule VI of the Act and approved by the Company in its board meeting held on October 23, 2012, all of which have been audited by the Company's previous auditor, Rajendra Chauhan & Co., and whose auditors' reports on the financial statements as aforementioned have been relied upon by us; and
- d) Clarification dated October 16, 2012 from the Company's previous auditor, Rajendra Chauhan & Co., in relation to certain matters regarding their reports on the financial statements for the years ended March 31, 2009 and 2008 (Refer paragraph 6 (g)).

5. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Regulations and terms of our engagement agreed with you, we report that:

Read with paragraph 4 above, we have examined the restated unconsolidated summary statements of assets and liabilities of the Company as at July 31, 2012, March 31, 2012, 2011, 2010, 2009, and 2008 and the related restated unconsolidated summary statements of profits and loss and cash flows for four months period ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008 (collectively, the "Restated Unconsolidated Summary Statements") and as set out in Annexures I to III.

6. Based on our examination and the reliance placed on the reports of the auditors, as referred to in paragraph 4(b) and paragraph 4(c) above to the extent applicable and based on the clarification received from previous auditor referred to in paragraph 4(d) above, we further report that:

- a) The restated unconsolidated profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV(B) to this report;
- b) The impact arising on account of changes in accounting policies adopted by the Company as at and for the four months period ended July 31, 2012 is applied with retrospective effect in the Restated Unconsolidated Summary Statements;
- c) Adjustments for the material amounts in the respective financial years/period to which they relate have been adjusted in the attached Restated Unconsolidated Summary Statements;
- d) There are no extraordinary items which need to be disclosed separately in the Restated Unconsolidated Summary Statements;
- e) Read with clarification referred to in paragraph 4(d) above, there are no qualifications in the auditors' reports on the unconsolidated financial statements of the Company as at and for the four months period ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008, which require any adjustments to the Restated Unconsolidated Summary Statements;
- f) Other audit qualifications in the unconsolidated statements for the four months period ended July 31, 2012 and for the years ended March 31, 2012, 2011 and 2010, which does not require any corrective adjustment in the financial information, are as follows.

Annexure to auditor's report for the Financial Year ended March 31, 2011

Clause 21

We have been informed that a manager/employee of company's depository operations had misappropriated securities of amount of ₹ 0.24 crore from client accounts during the year under audit. Investigations are in progress and the manager has been dismissed. The company has withheld his terminal benefits and the company is also adequately covered by comprehensive crimes and liability policy with the insurers.

- g) Following are the accounting policies which have not been stated by the management in the unconsolidated financial statements and previous auditor have also not commented on the same for the previous years ended March 31, 2009 and 2008

In the audit reports for the years ended March 31, 2009 and 2008, the previous auditor had not commented on the following items of Revenue Recognition

- i) Whether revenue from broking activities is accounted for on the trade date of transaction.
- ii) Whether income from interest on fixed deposit is recognized on accrual basis.
- iii) Whether depository income is accounted for on accrual basis.
- iv) Whether in respect of other heads of income the company follows the practice of recognizing income on accrual basis.

The Company has sought a clarification from the auditor whether the said clauses, not reported by him are qualificatory in nature. The previous auditor, vide his letter dated 03.10.2012, referred to in paragraph 4(d), clarified as follows:

“These clauses are not qualified and were omitted inadvertently by us while reporting.”

7. We have not audited any financial statements of the Company as of any date or for any period subsequent to July 31, 2012. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any period subsequent to July 31, 2012.

Other Financial Information:

8. At the Company's request, we have also examined the following unconsolidated financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for the four months period ended July 31, 2012 and each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008:
- i. Restated Unconsolidated Statement of Reserves & Surplus, enclosed as Annexure V;
 - ii. Restated Unconsolidated Statement of Non-Current Investments, enclosed as Annexure VI;
 - iii. Restated Unconsolidated Statement of Trade Receivables, enclosed as Annexure VII;
 - iv. Restated Unconsolidated Statement of Long-term Loans and Advances and Other Non-current assets, enclosed as Annexure VIII;
 - v. Restated Unconsolidated Statement of Short-term Loans and Advances and Other current Assets, enclosed as Annexure IX;
 - vi. Restated Unconsolidated Statement of Borrowings, enclosed as Annexure X;

- vii. Restated Unconsolidated Statement of Long-term provisions, enclosed as Annexure XI
 - viii. Restated Unconsolidated Statement of Trade Payables, Other current liabilities and Short term Provisions, enclosed as Annexure XII
 - ix. Restated Unconsolidated Statement of Revenue, enclosed as Annexure XIII
 - x. Restated Unconsolidated Statement of Other Income, enclosed as Annexure XIV
 - xi. Restated Unconsolidated Statement of Contingent Liabilities, enclosed as Annexure XV
 - xii. Restated Unconsolidated Statement of Dividend, enclosed as Annexure XVI
 - xiii. Restated Unconsolidated Statement of Accounting Ratios, enclosed as Annexure XVII
 - xiv. Restated Unconsolidated Statement of Capitalisation statement, as appearing in Annexure XVIII
 - xv. Restated Unconsolidated Statement of Related Party Transactions, enclosed as Annexure XIX
 - xvi. Restated Unconsolidated Tax Shelter Statement, enclosed as Annexure XX
9. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed FPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Atul & Rajinder
Firm registration number: 005402N
Chartered Accountants

Rajinder Malhotra
Proprietor
Membership No. F 83680
Place : Delhi
Date: October 23, 2012

ANNEXURE-I - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES
₹ crore

	Particulars	As at				
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
A	Non- Current Assets					
	Fixed assets					
	Tangible assets	23.39	24.45	28.03	31.16	25.37
	Intangible assets	2.20	2.39	2.74	3.09	1.99
		25.59	26.84	30.77	34.25	27.36
	Deferred Tax assets (Net)	0.90	0.80	-	-	-
	Non-current investments	166.26	166.19	157.50	125.23	42.43
	Long-term loans and advances	45.88	59.35	74.27	72.11	72.46
	Other non-current assets	-	-	0.02	1.00	1.99
	Trade Receivables	31.99	35.69	30.82	31.16	13.43
		270.62	288.87	293.38	263.75	157.67
B	Current assets					
	Inventories	101.85	97.40	101.69	167.29	100.02
	Trade receivables	152.01	209.98	175.99	112.10	131.43
	Cash and Bank balances	184.44	171.45	172.03	115.23	144.76
	Short-term loans and advances	96.56	29.07	36.08	79.40	37.97
	Other current assets	2.44	1.81	2.26	2.00	2.69
		537.30	509.71	488.05	476.02	416.87
C	Total assets (C = A + B)	807.92	798.58	781.43	739.77	574.54
D	Non-current liabilities					
	Long-term borrowings	52.57	52.59	52.57	-	0.02
	Deferred tax liabilities (Net)	-	-	0.31	0.91	1.28
	Long-term provisions	1.71	2.40	1.84	1.64	0.96
		54.28	54.99	54.72	2.55	2.26
E	Current liabilities					
	Short-term borrowings	20.15	60.30	92.63	102.12	28.75
	Other current liabilities	216.89	207.61	207.06	213.60	173.32
	Short-term provisions	3.24	5.98	5.88	4.30	2.64
		240.28	273.89	305.57	320.02	204.71
F	Total liabilities (F = D + E)	294.56	328.88	360.29	322.57	206.97
	Net Worth (C – F)	513.36	469.70	421.14	417.20	367.57
	Net Worth represented by					
G	Shareholders' funds					
	Share capital					
	Equity share capital	11.31	10.95	10.48	10.48	8.99
	Equity Share Suspense	-	-	-	-	1.38
	Money received against Convertible Equity Share Warrant	-	-	-	12.40	-
	Total Share Capital	11.31	10.95	10.48	22.88	10.37

Particulars	As at

	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
H Reserves and surplus						
Securities Premium Reserve	355.75	315.12	268.72	268.72	237.83	163.27
Capital Reserves (On Amalgamation)	10.41	10.41	10.41	10.41	10.41	9.82
Capital Reserves (On Forfeiture)	12.40	12.40	12.40	-	-	-
General Reserve	60.90	60.90	60.90	60.90	60.90	60.90
Net Surplus in the statement of profit and loss	62.59	59.92	58.23	54.29	48.06	48.54
Total Reserves and Surplus	502.05	458.75	410.66	394.32	357.20	282.53
Net Worth (G + H)	513.36	469.70	421.14	417.20	367.57	292.66

Note:

- The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and cash Flows as appearing in Annexure - IV A, IV B , IV C & IV D.

For Atul & Rajinder
Chartered Accountants
Firm Registration No.: 005402N

For and on behalf of Board of Directors

Rajinder Malhotra
Proprietor
Membership No.: F83680

Subhash Chand Aggarwal
Chairman & Mg.
Director

Mahesh Chand Gupta
Vice-Chairman & Mg.
Director

Place: New Delhi
Date: October 23, 2012

Suman Kumar
Company Secretary

ANNEXURE – II - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

₹ crore

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Incomes:						
Revenue from operations	56.03	171.26	205.59	212.58	143.86	179.74
Other income	0.19	2.28	2.43	1.22	0.62	0.26
	56.22	173.54	208.02	213.80	144.48	180.00
Expenses:						
Stock Exchange & Other Regulatory Expenses	23.21	77.76	93.15	111.87	71.70	67.39
Employee benefits expense	11.79	40.02	53.76	47.88	34.88	20.10
Other expenses	9.68	26.60	30.05	28.04	22.46	15.76
	44.68	144.38	176.96	187.79	129.04	103.25
Earnings before interest, tax, depreciation and amortization (EBITDA)	11.54	29.16	31.06	26.01	15.44	76.75
Depreciation and amortization expense	1.65	6.25	7.31	7.24	5.77	2.72
Finance costs	5.94	20.40	17.73	9.38	9.81	7.84
	7.59	26.65	25.04	16.62	15.58	10.56
Restated Profit Before Tax	3.95	2.51	6.02	9.39	(0.14)	66.19
Tax expense/(income)						
(1) Current tax	1.38	1.93	2.68	3.53	0.52	19.45
(2) Deferred tax	(0.10)	(1.11)	(0.60)	(0.37)	(0.47)	0.95
(3) Fringe Benefit Tax	-	-	-	-	0.28	0.16
(4) Wealth tax	-	-	-	-	0.01	0.01
(5) Unconsumed STT	-	-	-	-	-	15.83
Total tax expense	1.28	0.82	2.08	3.16	0.34	36.40
Restated Profit After Tax	2.67	1.69	3.94	6.23	(0.48)	29.79

Note:

- The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Statement of Profit and Loss and cash Flows as appearing in Annexure - IV A, IV B, IV C & IV D.

For Atul & Rajinder
Chartered Accountants
Firm Registration No.: 005402N

For and on behalf of Board of Directors

Rajinder Malhotra
Proprietor
Membership No.: F83680

Subhash Chand Aggarwal
Chairman & Mg.
Director

Mahesh Chand Gupta
Vice-Chairman & Mg.
Director

Place: New Delhi
Date: October 23, 2012

Suman Kumar
Company Secretary

ANNEXURE – III - RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

₹ crore

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit before Tax	3.95	2.51	6.02	9.39	(0.14)	66.19
Non Cash adjustments to reconcile profit before tax to net cash flows						
Depreciation & Amortization expense	1.65	6.25	7.31	7.24	5.77	2.72
Deferred revenue expenses amortized	0.01	0.99	0.99	0.99	0.99	0.91
Provision for Gratuity	(0.51)	0.18	0.14	0.74	0.74	0.30
Provision for Leave encashment	(0.04)	0.43	0.08	-	-	-
Loss on sale of Fixed assets	0.08	0.52	-	-	0.07	0.06
Provision for Doubtful Debts	0.49	4.25	1.43	0.50	2.50	1.25
Interest Expenses on Secured Loans	4.96	17.37	15.09	7.53	7.27	6.19
Profit on sale of Investments	-	-	-	(0.20)	-	(0.01)
Interest Income	(5.80)	(15.73)	(11.88)	(13.03)	(18.25)	(11.23)
Operating Profit before Working Capital changes (as restated)	4.79	16.77	19.18	13.16	(1.05)	66.38
Movements in working capital						
Increase/(Decrease) in Long Term Provisions	(0.14)	(0.05)	(0.02)	(0.06)	(0.06)	(0.02)
Increase/(Decrease) in Short Term Provisions	(2.73)	0.10	1.58	1.66	(0.91)	2.58
Increase/(Decrease) in Other Current Liabilities	9.27	0.56	(6.54)	40.28	(333.34)	322.58
(Increase)/Decrease in Long Term Loans and Advances	13.47	14.92	(2.16)	0.35	(68.33)	(0.06)
(Increase)/Decrease in Trade Receivables (Non-current)	3.70	(4.87)	0.34	(17.74)	(0.53)	(3.10)
(Increase)/Decrease in Other Non-Current Assets	-	0.02	0.99	0.99	0.91	(2.90)
(Increase)/Decrease in Inventory	(4.45)	4.29	65.60	(67.27)	(12.36)	(30.06)
(Increase)/Decrease in Trade Receivables (Current)	57.48	(38.24)	(65.33)	18.83	355.19	(383.66)
(Increase)/Decrease in Short Term Loans and Advances	(67.50)	7.00	43.31	(41.44)	(14.51)	(17.08)
(Increase)/Decrease in Other Current Assets	(0.63)	(0.55)	(1.25)	(0.30)	(0.27)	(3.69)
(Increase)/Decrease in Other	(14.53)	0.82	(56.29)	30.87	25.79	(80.49)

Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Bank Balances						
Cash flow from / (used in) Operations	(1.27)	0.77	(0.59)	(20.67)	(49.47)	(129.52)
Direct Taxes Paid including FBT (net of refunds)	(1.38)	(1.93)	(2.68)	(3.53)	(0.81)	(35.45)
Net Cash Generated/ (used in) Operating Activities (A)	(2.65)	(1.16)	(3.27)	(24.20)	(50.28)	(164.97)
B CASH FLOW FROM/ (USED) IN INVESTING ACTIVITIES						
Purchase of Fixed Assets (net basis)	(0.48)	(2.83)	(3.82)	(14.12)	(17.01)	(10.93)
Interest received	5.80	15.73	11.88	13.03	18.25	11.22
(Increase)/decrease in non-current Investments	(0.06)	(8.70)	(32.27)	(82.60)	(30.61)	(11.37)
Net Cash generated/ (used in) Investing Activities (B)	5.26	4.20	(24.21)	(83.69)	(29.37)	(11.08)
C CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES						
Proceeds from Issue of Share Capital (including premium)	41.00	46.87	-	43.40	74.79	213.50
Change in General & Capital Reservation on Amalgamation	-	-	-	-	0.59	-
Interest on Secured Loans	(4.96)	(17.37)	(15.09)	(7.53)	(7.27)	(6.19)
Proceeds from short-term borrowings	(40.15)	(32.33)	(9.48)	73.37	(10.41)	(8.92)
Proceeds from Long Term Borrowings from Banks	(0.03)	0.02	52.57	(0.01)	-	-
Net cash generated from/(used in) financing activities (C)	(4.14)	(2.81)	28.00	109.23	57.70	198.39
Net Increase/ (Decrease) in Cash & Cash Equivalent (A+B+C)	(1.53)	0.23	0.52	1.33	(21.95)	22.34
Cash and Cash Equivalent at the beginning of the year/period	4.40	4.17	3.65	2.32	24.27	1.93
Cash and cash Equivalent at the end of the year/period	2.87	4.40	4.17	3.65	2.32	24.27

₹ crore

Components of cash and bank balances	As at		As at			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Cash and cash equivalents						
Cash on hand	0.24	0.29	0.14	0.37	0.38	0.14
Balance with scheduled banks:						
Current account	2.57	3.96	3.38	3.05	1.85	24.00
Foreign Currency in hand	-	-	-	-	-	-
Fixed deposit less than three months	0.06	0.15	0.65	0.23	0.09	0.13
	2.87	4.40	4.17	3.65	2.32	24.27
Other bank balances						
Bank deposits with maturity of more than 3 months but less than 12 month	4.50	-	-	5.50	9.95	-
Margins Deposited with Exchanges or against guarantees and other commitments	177.07	167.05	167.86	106.08	132.49	168.24
	181.57	167.05	167.86	111.58	142.44	168.24
Total cash and bank balances	184.44	171.45	172.03	115.23	144.76	192.51

Notes:

1. Restated Unconsolidated Cash Flows statement of SMC Global Securities Limited has been prepared under the 'Indirect method' as set out in Accounting Standard – 3 on Cash Flow Statements as notified by Companies (Accounting Standards) Rules, 2006.
2. The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets & Liabilities, Statement of Profit and Loss and Cash Flows as appearing in Annexure IV A, IV B, IV C & IV D.

For Atul & Rajinder
Chartered Accountants
Firm Registration No.: 005402N
Rajinder Malhotra
Proprietor
Membership No.: F83680

Place: New Delhi
Date: October 23, 2012

For and on behalf of Board of Directors

Subhash Chand
Aggarwal
Chairman & Mg.
Director

Mahesh Chand
Gupta
Vice-Chairman &
Mg. Director

Suman Kumar
Company Secretary

Annexure IV A: Notes on Material Adjustments

The Summary of results of restatement made in the unconsolidated financial statements for the respective years and its impact on the profit/ (loss) of the company is as follows:

₹ crore						
Particulars	Period ended	Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
(A) Net Profit /(Loss) as per audited financial Statements	2.67	0.78	3.71	2.96	1.12	28.98
Adjustments due to change in accounting policies						
Change in accounting policies	-	1.17	(0.19)	3.11	(0.86)	(1.96)
Other adjustments						
Prior period items	-	(0.04)	0.01	0.02	(0.01)	0.60
(B) Total adjustments	-	1.13	(0.18)	3.13	(0.87)	(1.36)
(C) Tax impact of adjustments	-	(0.37)	0.06	(1.07)	0.30	0.46
(D) Tax under provision / over provision	-	0.17	0.24	0.13	0.53	(0.26)
(E) Adjustment due to correction in deferred tax treatment	-	(0.02)	0.11	1.08	(1.56)	1.97
Re-stated Profit (A+B+C+D+E)	2.67	1.69	3.94	6.23	(0.48)	29.79

Notes:

1. The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV B, IV C & IV D.
2. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI of the Companies Act, 1956 does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Annexure IV B

1. a. Change in Accounting Policies:

1. During the year 2007-08 and 2008-09, inventory was valued at cost of acquisition on FIFO basis. During the year 2009-10, method of valuation of inventory was changed and the same was valued at cost or market value whichever lower. Further from year 2010-11 onwards, inventory is valued at market price.
2. During the year 2011-12, the company has changed its method of recognizing income from Depository business from "receipt basis" to "accrual basis".
3. Since year 2009-10 onwards, the company has changed its method of recognizing dividend income from "receipt basis" to "when right to receive dividend is established".

b. Presentation and disclosure of financial statements

Financial statements for the year ended March 31, 2012 are prepared in accordance with Revised Schedule VI of the Companies Act, 1956. The adoption of revised Schedule VI of the Companies Act, 1956 does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. Other Adjustments

a. Prior period items

In the financial statements for the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008, certain items of income/ expenses have been identified as prior period adjustments. These adjustments were recorded in the year when identified. However, for the purpose of Restated Unconsolidated Summary Statements, such prior period adjustments have been appropriately adjusted in the respective years to which the transactions pertain to.

b. Income tax adjustments for earlier years

Short or excess provision of prior taxes provided in each of the accounting year has been adjusted in the respective financial years for which the taxes were under / over provided. The above change to the accounting policy has resulted in net deferred tax assets in the restated financial statements. A major proportion of such deferred tax assets emanate from tax paid by the Company on its collected revenue in the previous financial years.

3. Material regroupings

Appropriate adjustments have been made in the restated unconsolidated summary statements of Assets and Liabilities, Statement of Profits and Loss and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the year ended March 31, 2012, prepared in accordance with revised Schedule VI, and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended)

Annexure IV C: Notes to the restated Unconsolidated summary statement of assets and liabilities, Statement of profits and loss and cash flow for the four months ended July 31, 2012 and year ended March 31, 2012, 2011, 2010, 2009 and 2008.

1. Background

SMC Global Securities Limited (the “Company” or “SMC Global”) is a limited liability company incorporated and domiciled in India. The Company is a trading member of the National Stock Exchange of India Limited (“NSE”) in the capital market and trading and clearing member in the futures and options market. Further, the Company is trading and clearing member of NSE, MCX and USE Stock Exchange Limited in currency segment of the Exchange. Pursuant to amalgamation of SAM Global Securities Limited (“SAM”) with the Company, now the Company is also a trading member of the BSE Limited (“BSE”) in the capital market, trading and clearing member in the futures and options market and also provides depository participant services through Central Depository Services (India) Limited and National Securities Depository Limited.

The Company’s shares are listed on the Delhi Stock Exchange, Ludhiana Stock Exchange, Ahmedabad Stock Exchange, Calcutta Stock Exchange in India. Pursuant to amalgamation of SAM with the Company, now the Company is also listed on the Guwahati Stock Exchange in India.

The Company engages in proprietary transactions and offers a wide range of services to meet client’s needs including brokerage services, clearing member services, distribution of financial products such as mutual funds and initial public offerings.

2. Basis of preparation

The restated unconsolidated summary statement of assets and liabilities of the Company as at July 31, March 31, 2012, 2011, 2010, 2009 and 2008 and the related restated unconsolidated summary statement of profits and loss and cash flows for the four month ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009, and 2008 [herein collectively referred to as ‘Restated unconsolidated summary statements’)] have been extracted by the management from the financial statements of the Company for the four month ended July 31, 2012 and for each of the years ended March 31, 2012, 2011, 2010, 2009 and 2008.

These restated unconsolidated summary statements have been prepared to comply in all material respects with the requirements of Schedule II to Companies Act, 1956 (‘the Act’) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (‘the Regulations’).

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for changes in accounting policy explained in note 1 of Annexure IV B

Financial statements for the year ended March 31, 2012 are prepared in accordance with Revised Schedule VI of the Companies Act 1956.

3. Statement of Significant Accounting Policies:

3.1 BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention following the going concern concept and on accrual basis of accounting, in conformity with the accounting principles generally accepted in India and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

3.2 USE OF ESTIMATES

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

3.3 FIXED ASSETS

In accordance with AS-10 'Accounting for Fixed Assets', fixed assets including intangible assets are stated at cost of acquisition including taxes, duties, identifiable direct expenses and expenses on installation, and are net of CENVAT Credit claimed thereon. Additions to the fixed assets have been accounted for on the date of installation and its use irrespective of date of invoice.

3.4 DEPRECIATION

In accordance with AS-6 'Depreciation', depreciation on fixed assets including intangible assets is computed on Written down value method in accordance with the rates prescribed in schedule-XIV of the Companies Act, 1956 and is on the pro-rata basis with respect to the date of addition/installation/its put to use. No depreciation has been provided on Goodwill. Depreciation on Assets of value not exceeding ₹ 5,000/- is being provided at the normal rate prescribed in the schedule.

3.5 INVESTMENTS

In accordance with AS-13 'Accounting for Investments', investments are classified into non-current investments and current investments. Non-current investments are stated at cost and provision, wherever required, has been made to recognize any decline other than temporary in the value of such investments. Current investments if any are carried at lower of the cost and fair value and provision, wherever required, has been made to recognize any decline in carrying value.

3.6 INVENTORIES

- a. Inventories of stocks and shares are valued at market value.
- b. Closing stock of shares includes stocks Pledged against secured loan from banks and kept as margin/securities with stock exchange and does not include stocks held on behalf of clients/constituents.

3.7 REVENUE RECOGNITION (AS-9)

- a. Revenue on account of trading in securities is recognized on the basis of each trade executed at the stock exchange during the financial year.
- b. In respect of non delivery based transactions such as derivatives, the profit & loss is accounted for at the completion of each settlement, however in case of an open settlement the net result of transactions which are squared up on FIFO Basis is recognized as Profit/Loss in the account.
- c. Revenue from broking activities is accounted for on the trade date of transaction.
- d. Income from interest on fixed deposits is recognized on accrual basis.
- e. Dividend from investment is accounted for as income when the right to receive dividend is established.
- f. Depository income is accounted for on accrual basis.
- g. In respect of other heads of income the company follows the practice of recognizing income on accrual basis.
- h. Revenue excludes service tax.

3.8 FOREIGN CURRENCY TRANSACTIONS

Revenue and expenses are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are recognized in the Statement of Profit and Loss.

3.9 EMPLOYEE BENEFITS

- a) Provident Fund is a defined contribution scheme and the contributions as required by the statute are charged to the Statement of Profit and Loss as incurred.
- b) Gratuity Liability is a defined obligation and is partly funded. The Company accounts for liability for future gratuity benefits based on an actuarial valuation as at the Balance Sheet date.
- c) The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by an employee is recognized during the period when the employee renders the services.
- d) Unavailed Leave Liability is a defined obligation and is not funded. The company accounts for liability for future benefits based on actuarial valuation as at the Balance Sheet date.

3.10 LEASES

- a) Lease Rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with the Accounting Standard – 19 on Accounting for Leases issued by the Institute of Chartered Accountants of India.

3.11 MISCELLANEOUS EXPENDITURE

- a) Deferred revenue expenditures are being written off in equal installment over a period of 5 years.

3.12 PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- a) Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes to the Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

3.13 BORROWING COSTS

In accordance with AS-16 on “Borrowing Cost”, borrowing costs that are attributable to acquisition, construction or production of qualifying assets, are capitalized as part of the cost of such qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of profit and loss.

3.14 IMPAIRMENT OF ASSET

Wherever events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, such assets are being subject to a test of recoverability based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the company recognizes an impairment loss as a difference between the carrying value and fair value net of cost of sale in accordance with AS-28 ‘Impairment of Assets’. None of the company’s fixed assets are considered for impairment as on the balance sheet date.

3.15 TAXATION

- a) Provision of current Income Tax has been measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.
- b) Wealth tax has been calculated as per applicable tax regulations applicable during the year.

- c) The company has provided for deferred tax charge/credit that reflects the tax differences because of timing differences between accounting income and taxation income for the year. The deferred tax charge or credit and corresponding deferred tax liability or asset are recognized using the tax rates laid down by the law, that has been enacted or substantially enacted by the balance sheet date, in accordance with AS-22 'Accounting for Taxes on Income'.

3.16 OTHER ACCOUNTING POLICIES

Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

4. Details of Change in Share Capital:

- 4.1 In the year 2008-09, Equity Share Suspense account represents 13,75,240 equity shares of ₹ 10 each which were issued pursuant to scheme of amalgamation to the shareholders of SAM Global Securities Limited, the amalgamating company, without payment being received in cash.
- 4.2 In the 2009-10, Convertible equity share warrant represents 467,371 convertible equity share warrant issued to Sanlam International Investment Partners Limited at ₹ 265.31 each & convertible into equity shares of ₹10 each at the opinion of investor after a further payment of ₹ 2,387.83 each at the time of conversion.
- 4.3 During previous year 2010-11, 467,371 Convertible Equity share warrant which were issued during the previous year 2009-10, to Sanlam international Investment Partners Limited for ₹ 265.31 each having option of conversion into equity share of ₹ 10 each were forfeited during the year due to inability of the investor to make payment before the expiry of last date of further payment of ₹ 2,387 each and hence the forfeited amount of ₹ 12.40 crore has been transferred to Capital Reserve.
- 4.4 The company has allotted 467,371 equity shares of ₹ 10 each at premium of ₹ 992.95 per share, total consideration of ₹ 46.87 crore, on November 30, 2011 to Sanlam International Investment Partners Limited.
- 4.5 The company has allotted 367,687 equity shares of ₹ 10 each at premium of ₹ 1,105.10 per share, total consideration of ₹ 41.00 crore, on June 29, 2012 to Sanlam International Investment Partners Limited, pursuant to share subscription agreement dated May 30, 2011.
- 4.6 The shares of the company, having face value of ₹ 10 each were sub-divided into five shares of ₹ 2 each on August 10, 2012. Consequently 1,13,13,445 shares of ₹ 10 each were converted into 5,65,67,225 shares of ₹ 2 each on the record date i.e., August 10, 2012.
- 4.7 The company had allotted Bonus shares in the ratio of 1:1 by capitalizing Securities Premium Reserve on August 11, 2012. Consequently subscribed share capital was increased from ₹ 11.31 crore (5,65,67,225 shares of ₹ 2 each) to subscribed share capital of ₹ 22.63 crore (1,31,34,450 shares of ₹ 2 each)

5. Merger Scheme:

SAM Global securities Limited (SAM), a member of Mumbai Stock exchange engaged in the business of stock broking and depository has been amalgamated with the company vide the scheme of amalgamation sanctioned by the Hon'ble Delhi High Court vide its order dated February 26, 2009, and the scheme became effective on January 1, 2008 i.e., the appointed date of the scheme. Pursuant to the scheme:

- 5.1 13,33,346 equity shares (1 share of the company for every 6 shares) of ₹ 10/- each, after extinguishment of the equity shares held in the amalgamating company, were issued as fully paid up to the shareholders of erstwhile SAM, whose names were registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense".

- 5.2 All the assets and liabilities, rights and obligations of erstwhile SAM has been vested with the company with effect from January 01, 2008 and have been recorded at their respective Book Value under “Pooling of Interest Method” of accounting for amalgamation as prescribed by Accounting Standard-14 issued by the Institute of Chartered Accountants of India.
- 5.3 The Book Value of 9,70,000 Equity shares of SAM which were held by the company as Investment has been cancelled in accordance with the scheme.
- 5.4 The net amount of ₹ 9.82 crore being excess of value of net assets of SAM as appearing in the books of SAM over the paid up value of the shares of the company to be issued to the shareholders of erstwhile SAM has been transferred to the Amalgamation Reserve.
- 5.5 In the Previous Year (2007-08), pursuant to the scheme of amalgamation, Additions to the fixed assets being acquired on amalgamation has been stated at the written down value of the respective fixed assets as on the effective date of amalgamation.
- 5.6 Pending completion of the relevant formalities for transfer of certain assets, investments and liabilities acquired pursuant to the scheme of amalgamation, such assets, investments and liabilities remains included in the books of the company under the name of the amalgamating company i.e SAM.
- 5.7 Accounting Policy relating to provision of Depreciation on Fixed Assets of amalgamating company has been recasted to achieve uniformity with the accounting policies of the company , and the resultant amount of ₹ 0.59 crore has been provided as below the line item in the Statement of Profit and Loss.
- 5.8 As the effective date falls after March 31, 2007, and figures of the current year includes the figures for the erstwhile amalgamating company SAM for the period from January 01, 2008 to March 31, 2008, therefore the previous year’s figures of the company does not includes the figures in respect of amalgamating company SAM.
- 5.9 In terms of the scheme of amalgamation, all permanent employees of SAM stand transferred to the company, the respective accumulated funds e.g Provident fund, gratuity fund etc will also be transferred to the company’s fund as and when the statutory formalities for such are complied with.

Annexure IV D: Other Significant Notes

a.) COMMITMENTS

As At

₹ crore

Particulars	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Contracts remaining to be executed on account of capital						
-For investment in subsidiaries	52.60	52.60	-	4.80	-	-

b.) EARNING AND EXPENDITURE IN FOREIGN CURRENCY

₹ crore

Particulars	For the Period Ended	For the Year Ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
a. Earning in Foreign Currency	-	-	-	-	-	-
b. Expenditure in Foreign Currency						
- Expenses on Foreign Travelling	0.01	-	0.01	0.04	0.04	0.02
- Management & Advisory Services	-	4.43	-	-	-	-

c.) FIXED DEPOSITS INCLUDE :

As At

₹ crore

Particulars	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Fixed Deposit with Schedule Banks under lien in favour of the Bank as margin Deposit for the guarantees issued/credit facilities or otherwise	130.54	120.66	101.71	74.97	66.81	135.74
Fixed Deposits pledge with stock exchanges as margin	46.53	46.39	66.15	31.11	65.68	32.50

d.) PROVISION FOR DOUBTFUL DEBTS

₹ crore

Particulars	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Provision for doubtful debts (Gross)	0.59	4.26	1.76	1.46	3.75	1.25
Bad debts written off	0.17	4.16	1.75	1.13	2.79	-
Provision for doubtful debts (Net)	0.42	0.10	0.01	0.33	0.96	1.25
*Non-current Trade receivables (Over due)	31.99	35.69	30.82	31.16	13.43	12.90

*Note: In respect of above overdue debtors, provision has not been made in books of accounts since the company has taken suitable measures to recover the said dues including filing of legal cases wherever considered appropriate.

e.) SEGMENT ACCOUNTING**i. Business Segment**

- i) The business segment has been considered as the primary segment.
- ii) The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.
- iii) The Company's primary business comprises of dealing in shares, securities and derivatives either on its own or on behalf of its constituents and other related ancillary services.

Accordingly the primary business segment has been identified as below:

- Capital Markets: comprises of brokerage income earned on secondary market transactions done on behalf of clients, services rendered as depository participant and proprietary trading in securities and derivatives.

ii. Geographical Segment

The Company operates in one Geographical Segment namely "within India" and hence no separate information for geographic segment wise disclosure is required.

f.) GRATUITY

As At

₹ crore

Particulars	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Gross Liability	1.83	2.24	2.32	2.20	1.33	0.59
Contribution	0.12	0.04	-	0.05	0.03	0.22
Value of Funds	0.24	0.14	0.40	0.42	0.29	0.29

Particulars	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Provision debited to Statement of Profit & Loss	(0.51)	0.18	0.14	0.74	0.74	0.30

g.) EARNING PER SHARE

In accordance with AS-20 "Earning per Share", issued by the Institute of Chartered Accountants Of India, the basic & diluted earning per share is being calculated as under:-

i) Pre - Split and Bonus Issue

₹ crore

Particulars	For the Period Ended	For the Year Ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Net Profit attributable to Equity Shareholders	2.67	1.69	3.94	6.23	(0.48)	29.79
Weighted Average No. of Equity Shares						
- For Basic EPS	1,10,45,214	1,06,35,454	1,04,78,387	1,04,42,503	1,03,45,911	80,72,734
- For Diluted EPS	1,10,45,214	1,06,35,454	1,04,78,387	1,07,58,783	1,03,45,911	80,72,734
Nominal Value per share	₹ 10	₹ 10	₹ 10	₹ 10	₹ 10	₹ 10
Basic EPS (₹)	2.41	1.59	3.76	5.97	(0.48)	36.90
Diluted EPS (₹)	2.41	1.59	3.76	5.80	(0.48)	36.90

ii) Post - Split and Bonus Issue

₹ crore

Particulars	For the Period Ended	For the Year Ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Net Profit attributable to Equity Shareholders	2.67	1.69	3.94	6.23	(0.48)	29.79
Weighted Average No. of Equity Shares						
- For Basic EPS	11,04,52,140	10,63,54,540	10,47,83,870	10,44,25,030	10,34,59,110	8,07,27,340
- For Diluted EPS	11,04,52,140	10,63,54,540	10,47,83,870	10,75,87,830	10,34,59,110	8,07,27,340
Nominal Value per share	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2	₹ 2
Basic EPS (₹)	0.24	0.16	0.38	0.60	(0.05)	3.69
Diluted EPS (₹)	0.24	0.16	0.38	0.58	(0.05)	3.69

Note: Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended. As per AS 20, in case of bonus shares, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

h.) In the opinion of the board of Directors and to the best of their knowledge and belief the realizable value of Current assets, Loans and Advances in ordinary course of business is not less than the value stated in the Balance Sheet.

Annexure – V Restated Unconsolidated Statement of Reserve & Surplus:

₹ crore						
Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Securities Premium Reserve	355.75	315.12	268.72	268.72	237.83	163.27
Capital Reserves (On Amalgamation)	10.41	10.41	10.41	10.41	10.41	9.82
Capital Reserves (On Forfeiture)	12.40	12.40	12.40	-	-	-
General Reserve	60.90	60.90	60.90	60.90	60.90	60.90
Net Surplus in the statement of profit and loss	62.59	59.92	58.23	54.29	48.06	48.54
Total	502.05	458.75	410.66	394.32	357.20	282.53

Notes:

- 1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
- 2) The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.

Annexure – VI Restated Unconsolidated Statement of Non-Current Investments:

₹ crore														
PARTICULARS		FACE VALUE	As At											
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
			Numbers						Amount					
Trade Investments (Valued at cost)														
<u>Unquoted Equity Instruments</u>														
INVESTMENT IN SUBSIDIARIES														
SMC Comtrade Limited	10	4,500,000	4,500,000	4,500,000	2,000,000	100,000	100,000	43.54	43.54	43.54	18.54	9.04	9.04	
Money Wise Financial Services (P) Limited	10	13,364,650	13,364,650	13,364,650	13,364,650	6,000,000	-	45.23	45.23	45.23	45.23	18.00	-	
SMC Capitals Limited	10	9,041,660	9,041,660	5,041,660	4,541,660	3,441,660	-	10.57	10.57	6.57	5.57	3.47	-	
SMC Investment & Advisors Limited	10	7,500,001	7,500,001	7,500,001	7,500,001	1,750,700	-	30.00	30.00	30.00	30.00	7.00	-	
SMC ARC Limited	10	2,500,000	2,500,000	2,500,000	2,500,000	-	-	2.50	2.50	2.50	2.50	-	-	
Moneywise Finvest Limited	10	390,000	390,000	390,000	-	-	-	0.39	0.39	0.39	-	-	-	
SMC Finvest Limited	10	15,990,000	15,990,000	15,990,000	-	-	-	15.99	15.99	15.99	-	-	-	
Sub- Total			53,286,311	53,286,311	49,286,311	29,906,311	11,292,360	100,000	148.22	148.22	144.22	101.84	37.51	9.04
Non- Trade Investments (Valued at Cost)														
INVESTMENT IN EQUITY														

PARTICULARS		FACE VALUE	As At											
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
			Numbers						Amount					
INSTRUMENTS (QUOTED)														
Dairy (Anmol Limited)	Den Dairy	2	-	-	-	1	1	1	-	-	-	-	-	-
Hamiltion Limited	Shoes	10	-	-	-	400	400	400	-	-	-	-	-	-
HINDUSTAN ENGG&66		10	-	-	-	-	-	66	-	-	-	-	-	-
Inter Finance Limited	State	10	-	-	-	2,100	2,100	2,100	-	-	-	-	-	-
Jay Rapid Limited	Roller	10	-	-	-	4,400	4,400	4,400	-	-	-	0.01	0.01	0.01
K.R. Limited	Rubberite	10	-	-	-	2,700	2,700	2,700	-	-	-	0.01	0.01	0.01
Majestic Industries Limited		10	-	-	-	1,100	1,100	1,100	-	-	-	0.01	0.01	0.01
Malanpur Limited	Steels	10	-	-	-	233	233	233	-	-	-	-	-	-
Paam Limited	Drugs	10	-	-	-	1,300	1,300	1,300	-	-	-	-	-	-
Rajasthan Ball & Bearings Limited		10	-	-	-	500	500	500	-	-	-	-	-	-
Shilpax Laboratories Limited		10	-	-	-	500	500	500	-	-	-	-	-	-
Somdatt Corp. Limited	Finance	10	-	-	-	1,600	1,600	1,600	-	-	-	0.01	0.01	0.01
SSI Limited	(India)	10	-	-	-	5,000	5,000	5,000	-	-	-	0.01	0.01	0.01
Suraj Limited	Securities	10	-	-	-	900	900	900	-	-	-	-	-	-
T.N. Limited	Steel	10	-	-	-	100	100	100	-	-	-	-	-	-
Wilway	Fort	10	-	-	-	100	100	100	-	-	-	-	-	-

PARTICULARS	FACE VALUE	As At											
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
		Numbers						Amount					
(India) Limited													
NHPC Limited	10	534,059	534,059	534,059	534,059	-	-	2.29	2.29	2.29	2.29	-	-
Manganese Ore India Limited	10	24,136	24,136	24,136	-	-	-	1.38	1.38	1.38	-	-	-
Shipping Corporation of India Limited	10	305,721	305,721	305,721	-	-	-	4.32	4.32	4.32	-	-	-
Punjab & Sind Bank Limited	10	10,569	10,569	10,569	-	-	-	0.15	0.15	0.15	-	-	-
<u>Portfolio Management Service Equity</u>													
Hindustan Unilever Limited	1	9,349	10,039	-	-	-	-	0.37	0.39	-	-	-	-
CRISIL Limited	1	-	4,209	-	-	-	-	-	0.39	-	-	-	-
Bosch Limited	10	403	498	-	-	-	-	0.30	0.36	-	-	-	-
Gitanjali Gems Limited	10	1,542	10,321	-	-	-	-	0.05	0.31	-	-	-	-
Godrej Consumer products Limited	1	7,099	5,992	-	-	-	-	0.34	0.27	-	-	-	-
Nestle India Limited	10	-	606	-	-	-	-	-	0.27	-	-	-	-
Ultra Tech cement Limited	10	2,630	1,651	-	-	-	-	0.40	0.25	-	-	-	-
Bombay Rayon Fashions Limited	10	-	8,031	-	-	-	-	-	0.22	-	-	-	-
Glaxosmithkline Consumer health care Limited	10	88	726	-	-	-	-	0.02	0.18	-	-	-	-
Wockhardt Limited	5	4,400	3,128	-	-	-	-	0.32	0.18	-	-	-	-
Idea Cellular Limited	10	-	18,206	-	-	-	-	-	0.18	-	-	-	-

PARTICULARS	FACE VALUE	As At											
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
		Numbers						Amount					
Lupin Limited	2	-	3,277	-	-	-	-	-	0.17	-	-	-	-
ITC Limited	1	14,537	6,458	-	-	-	-	0.36	0.14	-	-	-	-
Apollo Hospitals Enterprises Ltd.	5	-	2,024	-	-	-	-	-	0.11	-	-	-	-
Bata India Limited	10	-	1,173	-	-	-	-	-	0.07	-	-	-	-
Jubilant Foodworks Limited	10	87	730	-	-	-	-	0.01	0.06	-	-	-	-
Colgate- Palmolive (India) Limited	1	-	587	-	-	-	-	-	0.06	-	-	-	-
MRF Limited	10	-	51	-	-	-	-	-	0.05	-	-	-	-
Asian Paints Limited	10	341	154	-	-	-	-	0.13	0.05	-	-	-	-
Havells India Limited	5	464	846	-	-	-	-	0.03	0.05	-	-	-	-
Petronet LNG Limited	10	-	1,488	-	-	-	-	-	0.02	-	-	-	-
Shree Cement Limited	10	1,436	-	-	-	-	-	0.39	-	-	-	-	-
Sun Pharmaceuticals Industries Limited	1	1,951	-	-	-	-	-	0.11	-	-	-	-	-
Marico Limited	1	7,845	-	-	-	-	-	0.14	-	-	-	-	-
Apollo Hospitals Enterprises Limited	5	3,581	-	-	-	-	-	0.21	-	-	-	-	-
Divi's Laboratories Limited	2	2,234	-	-	-	-	-	0.23	-	-	-	-	-
Lupin Limited	2	3,120	-	-	-	-	-	0.17	-	-	-	-	-
Glenmark Pharmaceuticals Limited	1	4,045	-	-	-	-	-	0.16	-	-	-	-	-

PARTICULARS	FACE VALUE	As At											
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
		Numbers						Amount					
Piramal Healthcare Limited	2	773	-	-	-	-	-	0.04	-	-	-	-	-
Hexaware Technologies Limited	2	1,744	-	-	-	-	-	0.02	-	-	-	-	-
Mutual Fund													
Reliance Money Manager Fund- Retail	10	68,354,961	65,366,023	-	-	-	-	0.95	0.90	-	-	-	-
Sub- Total		69,297,115	66,320,703	874,485	554,993	20,934	21,000	12.90	12.83	8.14	2.34	0.05	0.05
INVESTMENT IN EQUITY INSTRUMENTS (UNQUOTED)													
Ludhiana Stock Exchange Ass Limited	1	2,000	2,000	2,000	2,000	2,000	1,000	0.01	0.01	0.01	0.01	0.01	-
Bombay Stock exchange	1	-	-	-	-	11,401	877	-	-	-	-	0.20	0.20
Trackon Telematics Private Limited	10	49,000	49,000	49,000	49,000	49,000	-	2.16	2.16	2.16	2.16	2.16	-
Priknit Retails Limited	10	250,000	250,000	250,000	250,000	250,000	250,000	2.50	2.50	2.50	2.50	2.50	2.50
The Great Logistic & Parking Ser. Private Limited	10	100,000	100,000	100,000	-	-	-	0.47	0.47	0.47	-	-	-
Moneywise Finvest Limited	10	-	-	-	390,000	-	-	-	-	-	0.39	-	-
PULIN INVESTMENT	10						9,400						0.01

PARTICULARS	FACE VALUE	As At											
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
		Numbers						Amount					
PVT LTD													
ABBHICHAYA INVESTMENT PVT LTD	10						12,200						0.01
SMC Finvest Limited	10	-	-	-	15,990,000	-	-	-	-	-	15.99	-	-
Sub- Total		401,000	401,000	401,000	16,681,000	312,401	273,477	5.14	5.14	5.14	21.05	4.87	2.72
TOTAL								166.26	166.19	157.50	125.23	42.43	11.82
Book Value of:													
- Quoted Investments	-	-	-	-	-	-	-	12.91	12.84	8.15	2.35	0.05	0.05
- Unquoted Investments	-	-	-	-	-	-	-	153.35	153.35	149.35	122.88	42.38	11.77
Market Value of:													
Quoted Investments	-	-	-	-	-	-	-	8.71	8.58	6.28	1.63	-	-
Unquoted Investments	-	-	-	-	-	-	-	153.35	153.35	149.35	122.88	42.38	11.77

Notes:

- 1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
- 2) The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D.

Annexure - VII

a(i) Restated Unconsolidated Statement of Trade Receivables (Non-Current):

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Trade receivables						
Outstanding for a period exceeding six months						
Unsecured, considered good	31.99	35.69	30.82	31.16	13.43	12.90
Unsecured, considered doubtful	0.42	0.10	0.01	0.33	0.96	1.25
Less: Provision for doubtful debts	0.42	0.10	0.01	0.33	0.96	1.25
Total	31.99	35.69	30.82	31.16	13.43	12.90

a(ii) Amount due from Parent Company / Group Company / Directors / Relative of directors

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
From Promoters	-	-	-	-	-	-
Group Companies	-	-	-	-	-	-
Directors	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note:

- The figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company.
- The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.
- List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

b(i) Restated Unconsolidated Statement of Trade Receivables (Current):

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Trade receivables						
Other						
Unsecured, considered good	152.01	209.98	175.99	112.10	131.43	489.12
Total	152.01	209.98	175.99	112.10	131.43	489.12

b(ii) Amount due from Parent Company / Group Company / Directors / Relative of directors

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
From Promoters	-	-	0.01	0.47	0.09	0.04
Group Companies	0.20	25.47	9.29	0.08	-	1.27
Directors	-	-	-	-	-	-
Total	0.20	25.47	9.30	0.55	0.09	1.31

Note:

1. The figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company.
2. The above statement should be read with the notes to restated unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.
3. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure – VIII Restated Unconsolidated Statement of Long-term Loans and Advances and Other Non – Current Assets:

Particulars	As at						₹ crore
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	
A. Long-term loans and advances							
Security Deposits	2.52	2.51	6.23	2.50	3.19	1.10	
Advances Recoverable in cash or in kind	43.36	56.84	68.04	69.61	69.27	3.03	
Total Long-term loans and advances (A)	45.88	59.35	74.27	72.11	72.46	4.13	
B. Other non-current assets							
Unamortized Expenses	-	-	0.02	1.00	1.99	2.90	
Total Other non-current assets (B)	-	-	0.02	1.00	1.99	2.90	

Amount due from Parent Company / Group Company / Directors / Relative of directors

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
From Promoters	-	-	-	-	-	-
Group Companies	-	-	-	-	-	-
Directors	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes:

- 1) The figures disclosed above are based on the restated Unconsolidated summary statement of assets and liabilities of the Company.
- 2) The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D..
- 3) List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure – IX Restated Unconsolidated Statement of Short-term Loans and Advances and Other Current Assets: ₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A. Short-term loans and advances						
Loans and advances to related parties	74.03	18.01	13.18	43.00	5.52	-
Balance with Statutory Authorities	0.01	0.01	0.03	0.02	0.30	0.05
Advance Tax, TDS (Net of Provision for Income Tax)	2.11	2.22	0.97	6.55	13.30	10.03
Advances Recoverable in cash or in kind	15.49	3.09	16.00	27.79	16.66	11.44
Prepaid Expenses	4.92	5.74	5.90	2.04	2.19	1.93
Total Short-term loans and advances (A)	96.56	29.07	36.08	79.40	37.97	23.45
B. Other current assets						
Accrued Interest on FDR	2.43	1.80	1.27	1.01	1.70	2.41
Unamortized Expenses	0.01	0.01	0.99	0.99	0.99	0.99
Total Other current assets (B)	2.44	1.81	2.26	2.00	2.69	3.40

Amount due from Parent Company / Group Company / Directors / Relative of directors

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
From Promoters	-	-	-	-	-	-
Group Companies	74.03	18.01	13.18	43.00	5.52	-
Directors	-	-	-	-	-	-
Total	74.03	18.01	13.18	43.00	5.52	-

Notes:

- 1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
- 2) The above statement should be read with the notes to restated unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.
- 3) List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure – X

a.) Restated Unconsolidated Statement of Long-term borrowings:

₹ crore						
Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Term Loans (Secured Against Vehicles)						
From Banks	0.17	0.19	0.12	0.02	0.05	0.02
From Other than Banks	-	-	-	-	0.02	0.05
Less: Current Maturities disclosed under the head "Other Current Liabilities"	0.10	0.10	0.05	0.02	0.05	0.05
Sub total	0.07	0.09	0.07	-	0.02	0.02
Secured Term loans						
Term loan from Banks	52.50	52.50	52.50	-	-	-
Total	52.57	52.59	52.57	-	0.02	0.02

Notes:

1. The figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Group.
2. The above statement should be read with the notes to restated unconsolidated summary statements of Assets and Liabilities, statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.
3. There are no unsecured loans outstanding from Directors / Promoters / Promoter Group Companies / Group Companies / Relatives of Promoters / Relatives of Directors / Subsidiary Companies.
4. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

b.) Restated Unconsolidated Statement of Short-term borrowings:

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Secured						
Short Term Loan from Banks secured against Shares	0.37	16.60	26.63	32.62	3.05	0.45
Short Term Loan from Banks secured against FDR	19.78	33.70	66.00	24.25	23.25	38.71
Short Term Loan from other parties secured against Shares	-	10.00	-	45.25	-	-
Short Term Loan from bank secured against Immovable Property	-	-	-	-	2.45	-
Total	20.15	60.30	92.63	102.12	28.75	39.16

Notes:

1. The figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Group.
2. The above statement should be read with the notes to restated unconsolidated summary statements of Assets and Liabilities, statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.
3. There are no unsecured loans outstanding to Directors / Promoters / Promoter Group Companies / Group Companies / Relatives of Promoters / Relatives of Directors / Subsidiary Companies.
4. List of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

Annexure – XI Restated Unconsolidated Statement of Long-term provisions:

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Provision for employee benefits						
Provision for Gratuity	1.28	1.94	1.77	1.64	0.96	0.28
Provision for Leave Encashment	0.43	0.46	0.07	-	-	-
Total	1.71	2.40	1.84	1.64	0.96	0.28

Notes:

- 1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
- 2) The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B, IV C & IV D.

Annexure – XII Restated Unconsolidated Statement of Trade Payables, Other Current Liabilities and Short –Term Provisions:

₹ crore

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Current Liabilities						
A. Trade payables						
Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
Total outstanding dues of trade payables other than micro and small enterprises	75.72	72.49	94.20	89.32	86.52	413.77
Total Trade Payables	75.72	72.49	94.20	89.32	86.52	413.77
B. Other Current Liabilities						
Book Overdraft from Bank	2.77	25.65	14.65	11.66	8.64	30.27
Current Maturities of Long Term Borrowings	0.10	0.10	0.05	0.02	0.05	0.05
Security & Deposits Received from clients	3.07	3.03	3.15	2.60	2.82	2.72
Advances /Margin Received from Clients	132.04	103.36	90.94	97.18	73.41	59.01
Unearned Income	1.58	0.69	1.65	0.97	0.36	-
Payable to Statutory authorities	1.61	2.29	2.42	1.80	1.52	0.84
Other Liabilities:	-	-	-		-	-
Payable to related party on current accounts				10.05		
Total Other Current Liabilities	141.17	135.12	112.86	124.28	86.80	92.89
Sub-Total (A+B)	216.89	207.61	207.06	213.60	173.32	506.66
C. Short Term Provisions						
Provision for employee benefits						
Salary and Perquisites	2.90	5.77	5.71	4.16	2.55	3.51
Provision For Gratuity	0.30	0.17	0.16	0.14	0.08	0.02
Provision For Leave Encashment	0.04	0.04	0.01	-	-	-
Others						
Provision For Fringe Benefit Tax	-	-	-	-	-	0.01
Provision For Wealth Tax	-	-	-	-	0.01	0.01
Total Short Term Provisions	3.24	5.98	5.88	4.30	2.64	3.55
Total Current Liabilities (A+B+C)	220.13	213.59	212.94	217.90	175.96	510.21

Notes:

1. The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.

Annexure – XIII Restated Unconsolidated Statement of Revenue:

₹ crore

Particulars	Period ended		Year ended				
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	
Revenue from operations:							
Income From Proprietary Trading	21.70	64.76	76.64	88.74	57.36	98.53	
Income From Brokerage	23.21	73.06	95.79	95.84	54.39	62.86	
Income From Distribution of Financial products	1.90	5.51	6.60	4.76	4.29	4.31	
Income From Depository Business	1.23	5.38	5.52	4.84	2.83	1.07	
Treasury Income	5.80	15.73	11.88	13.03	18.25	11.23	
Other Operating Income							
Delay Payment Charges	2.19	6.82	9.16	5.37	6.74	1.74	
Total Revenue from operations	56.03	171.26	205.59	212.58	143.86	179.74	

Annexure – XIV Restated Unconsolidated Statement of Other income:

₹ crore

Particulars		Period ended	Year ended					Nature	
		July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	Recurring / Non-Recurring	Related / Not Related to business activities
Income From Reverse Book Building		0.01	0.19	0.24	0.14	0.19	-	Recurring	Related
Rent Received		-	-	-	-	0.01	-	Non-recurring	Not Related
Interest on Income Tax Refund		-	0.03	0.74	0.35	0.12	-	Non-recurring	Not Related
Liability no Longer Required		0.02	0.26	0.10	0.19	0.04	0.01	Non-recurring	Not Related
Profit on sale of Investment		-	-	-	0.19	-	0.01	Recurring	Related
Stale Cheque w/off		-	0.57	-	-	-	-	Non-recurring	Not Related
Cheque Suspense w/off		-	-	0.14	-	-	-	Non-recurring	Not Related
Charges for Logo display on website		-	1.53	0.87	-	0.16	-	Non-recurring	Not Related
Other Income	Misc.	0.16	(0.30)	0.34	0.35	0.10	0.24	Non-recurring	Not Related
Total Other Income		0.19	2.28	2.43	1.22	0.62	0.26		

Notes:

1. The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activities of the Company as determined by the management.
2. The amounts disclosed above are based on the Restated Unconsolidated Statement of Profit and Loss of the Company.

Annexure – XV Restated Unconsolidated Statement Contingent Liabilities:

Particulars	As at					
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Corporate guarantee executed by the company for credit facility extended to a subsidiary	60.13	54.63	47.00	36.93	27.08	44.50
ESI demand in dispute	0.31	0.31	0.31	-	-	-
Total	60.44	54.94	47.31	36.93	27.08	44.50

Notes:

- 1) The above statement should be read with the notes to restated Unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.
- 2) The company has given counter guarantee towards credit facility of subsidiary company, M/s SMC Comtrade Limited.
- 3) An ESI demand of ₹ 0.31 crore is being agitated by the company in Additional Senior Civil Judge (Central) Delhi.
- 4) Management believes that, based on legal advice, the outcome of these contingencies will be favorable and that outflow of economic resources is not probable.

Annexure – XVI Restated Unconsolidated Statement of Dividend:

The Company has not paid dividend for the four months period ended July 31, 2012 and years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

Annexure – XVII Restated Unconsolidated Statement of Accounting Ratios:

				₹ crore					
Particulars				Period ended	Year ended				
				July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Basic Earning Per Share	A/B			0.24	0.16	0.38	0.60	(0.05)	3.69
Diluted Earning Per Share	A/C			0.24	0.16	0.38	0.58	(0.05)	3.69
(See Note 4 below)									
Net Profit after Tax (after preference dividend and related tax) as restated attributable to equity shareholders	A			2.67	1.69	3.94	6.23	(0.48)	29.79
Weighted average no. of equity shares outstanding during the Year / Period	B			110,452,140	106,354,540	104,783,870	104,425,030	103,459,110	80,727,340
Weighted average no. of equity shares which should be considered for Diluted EPS	C			110,452,140	106,354,540	104,783,870	107,587,830	103,459,110	80,727,340
No. of equity shares outstanding at the end of Period / Year	E			11,313,445	10,945,758	10,478,387	10,478,387	8,992,146	8,803,500
Net worth at the end of Year / Period	D			513.36	469.70	421.14	417.20	367.57	292.66
Net Asset Value Per Share	D/E			453.76	429.11	401.91	398.15	408.76	332.45
Net worth at the end of Year / Period (after considering share splits and bonus issue)				513.36	469.70	421.14	417.20	367.57	292.66
No. of equity shares outstanding at the end of Period / Year (after considering share splits and bonus issue)				113,134,450	109,457,580	104,783,870	104,783,870	89,921,460	88,035,000
Net Asset Value Per Share (after considering share splits and bonus issue)				45.38	42.91	40.19	39.82	40.88	33.25
Return on Net worth - in %	A/D*100			0.52	0.36	0.94	1.49	(0.13)	10.18

Notes:

1. The ratios have been computed as below:

a) Basic Earnings Per Share (₹)	$\frac{\text{Net Profit after Tax (as restated) attributable to shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
b) Diluted Earnings Per Share (₹)	$\frac{\text{Net Profit after Tax (as restated) attributable to shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year}}$
c) Return on net worth (%)	$\frac{\text{Net Profit after Tax (after preference dividend and related tax) as restated}}{\text{Net worth at the end of the year excluding preference share capital and cumulative preference dividend}}$
d) Net asset value per share (₹)	$\frac{\text{Net worth at the end of the year excluding preference share capital}}{\text{Total number of equity shares outstanding at the end of the year/Period}}$

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/ period.
3. Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital, Reserves and Surplus (other than revaluation reserve, if any).
4. Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended. As per AS 20, in case of bonus shares, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.
5. The figures disclosed above are based on the Restated Unconsolidated Summary Statements of the Company.
6. The above statement should be read with the notes to restated unconsolidated summary statements of Assets and Liabilities, Statement of Profit and Loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.

Annexure –XVIII Unconsolidated Capitalisation Statement:

₹ crore

Particulars	Pre-Split & Pre - Bonus Issue	Post-Split & Post - Bonus Issue	As adjusted for FPO (Refer below note 2)
	As at July 31, 2012	As at July 31, 2012	As at July 31, 2012
Debt			
Long Term Borrowings (A)	52.57	52.57	NA
Short Term Borrowings (B)	20.15	20.15	NA
Total Debt (C)	72.72	72.72	NA
Shareholders' Funds:			
Equity Share Capital	11.31	22.63	NA
Reserves & Surplus	502.05	490.73	NA
Total Shareholder's Funds (D)	513.36	513.36	NA
Long Term Debt/Equity (A/D)	0.10	0.10	NA

Note:

1. The above has been computed on the basis of the Restated Unconsolidated Summary Statements of the Company.
2. The corresponding post PO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.

Annexure – XIX Restated Unconsolidated Statement of Related Party Transactions:

List of related parties and transactions as per requirements of Accounting Standard – 18, ‘Related Party Disclosures’ issued by the Institute of Chartered Accountants of India

Particulars		Period ended				Year ended								
		July 31, 2012		March 31, 2012		March 31, 2011		March 31, 2010		March 31, 2009		March 31, 2008		
Key Management Personnel	a)	Mr. Subhash Chand Aggarwal	a)	Mr. Subhash Chand Aggarwal	a)	Mr. Subhash Chand Aggarwal	a)	Mr. Subhash Chand Aggarwal	a)	Mr. Subhash Chand Aggarwal	a)	Mr. Subhash Chand Aggarwal	a)	Mr. Subhash Chand Aggarwal
		Mr. Mahesh Chand Gupta	b)	Mr. Mahesh Chand Gupta	b)	Mr. Mahesh Chand Gupta	b)	Mr. Mahesh Chand Gupta	b)	Mr. Mahesh Chand Gupta	b)	Mr. Mahesh Chand Gupta	b)	Mr. Mahesh Chand Gupta
		Mr. Ajay Garg	c)	Mr. Ajay Garg	c)	Mr. Ajay Garg	c)	Mr. Ajay Garg	c)	Mr. Ajay Garg	c)	Mr. Ajay Garg	c)	Mr. Ajay Garg
		Mr. Pradeep Aggarwal	d)	Mr. Pradeep Aggarwal	d)	Mr. Pradeep Aggarwal	d)	Mr. Pradeep Aggarwal	d)	Mr. Pradeep Aggarwal	d)	Mr. Pradeep Aggarwal	d)	Mr. Pradeep Aggarwal
		Mr. Anurag Bansal	e)	Mr. Anurag Bansal	e)	Mr. Anurag Bansal	e)	Mr. Anurag Bansal	e)	Mr. Anurag Bansal	e)	Mr. Anurag Bansal	e)	Mr. Anurag Bansal
		Mr. Himanshu Gupta	f)	Mr. Himanshu Gupta	f)	Mr. Rakesh Gupta	f)	Mr. Rakesh Gupta	f)	Mr. Rakesh Gupta	f)	Mr. Rakesh Gupta	f)	Mr. Rakesh Gupta
		Ms. Shweta Aggarwal	g)	Ms. Shweta Aggarwal	g)	Mr. Himanshu Gupta	g)	Ravi Agggarwal	g)	Ravi Agggarwal	g)	Ravi Agggarwal	g)	Ravi Agggarwal
		Ms. Aditi Aggarwal	h)	Ms. Shweta Aggarwal	h)	Ms. Shweta Aggarwal	h)	Ms. Shweta Aggarwal	h)	Ms. Shweta Aggarwal	h)	Ms. Shweta Aggarwal	h)	Sushma Gupta
			i)	Ms. Aditi Aggarwal	i)	Ms. Aditi Aggarwal								
Companies where control exists	a)	SMC Comtrade Limited	a)	SMC Comtrade Limited	a)	SMC Comtrade Limited	a)	SMC Comtrade Limited	a)	SMC Comtrade Limited	a)	SMC Comtrade Limited	a)	SMC Comtrade Limited
		SMC Insurance Brokers Private Limited	b)	SMC Insurance Brokers Private Limited	b)	SMC Insurance Brokers Private Limited	b)	SMC Insurance Brokers Private Limited	b)	SMC Insurance Brokers Private Limited	b)	SMC Insurance Brokers Private Limited	b)	SMC Insurance Brokers Private Limited
		SMC ARC Limited	c)	SMC ARC Limited	c)	SMC ARC Limited	c)	SMC ARC Limited	c)	SMC Investments and Advisors Limited	c)	SMC Comex International DMCC		
		SMC Investments and Advisors Limited*	d)	SMC Investments and Advisors Limited	d)	SMC Investments and Advisors Limited	d)	SMC Investments and Advisors Limited	d)	Moneywise Financial Services Private Limited				
		Moneywise Financial Services Private Limited	e)	Moneywise Financial Services Private Limited	e)	Moneywise Financial Services Private Limited	e)	Moneywise Financial Services Private Limited	e)	SMC Capitals Limited				
		SMC Capitals Limited	f)	SMC Capitals Limited	f)	SMC Capitals Limited	f)	SMC Capitals Limited	f)	SMC Comex International DMCC				
		SMC Comex International	g)	SMC Comex International DMCC	g)	SMC Comex International	g)	SMC Comex International	g)					

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
DMCC		h) Moneywise Finvest Limited	DMCC	DMCC		
h) Moneywise Finvest Limited		i) SMC Finvest Limited				
i) SMC Finvest Limited						
Associate Companies	-	-	a) Moneywise Finvest ltd b) SMC Finvest Limited	a) Moneywise Finvest ltd b) SMC Finvest Limited	-	-

* formerly known as Sanlam Investments & Advisors (India) Limited

Details of Transactions with Related Parties:

₹ crore

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Investments in Companies where Control exists						
SMC Capital Limited	-	4.00	1.00	2.00	3.47	-
SMC Comtrade Limited	-	-	25.00	9.50	-	9.00
SMC ARC Limited	-	-	-	2.50	-	-
SMC Investment and Advisors Limited	-	-	-	23.00	6.40	-
Moneywise Financial Services Private Limited	-	-	-	25.00	18.00	-
Investment in Associates						
Moneywise Finvest ltd	-	-	-	0.39	-	-
SMC Finvest ltd	-	-	-	15.99	-	-
Key Management Personnel						
Director Remuneration						
Mr. Subhash Chand Aggarwal	0.20	0.65	0.65	0.57	0.48	0.56
Mr. Mahesh Chand Gupta	0.20	0.65	0.65	0.57	0.48	0.36
Mr. Rakesh Gupta	-	0.42	0.42	0.35	0.22	0.23
Mr. Pradeep Aggarwal	0.13	0.43	0.43	0.33	0.13	0.21

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Mr. Ravi Aggarwal	-	-	-	-	0.09	0.04
Mr. Anurag Bansal	0.10	0.30	0.33	0.29	0.18	0.10
Mr. Ajay Garg	0.10	0.27	0.30	0.29	0.18	0.08
Ms. Sushma Gupta	-	-	-	-	-	0.10
Remuneration						
Mr. Himanshu Gupta	0.06	0.16	-	-	-	-
Ms. Shweta Aggarwal	0.06	0.20	0.21	0.16	-	-
Ms. Aditi Aggarwal	-	0.12	-	-	-	-
Brokerage Received						
Moneywise Financial Services Private Limited	-	-	0.01	0.21	-	-
SMC ARC Limited	0.03	0.07	0.02	-	-	-
Income From Operation						
Demat Charges						
SMC Comtrade Limited	0.01	0.65	0.67	0.37	0.17	-
Commission on Fund Mobilization						
SMC Capital Limited	-	0.75	0.35	0.20	-	-
Client Introduction Charges Paid						
SMC Investments and Advisors Limited*	0.61	1.42	1.56	0.29	0.10	-
Net Reimbursement of expenses received						
Companies where Control exists						
SMC Investments and Advisors Limited*	0.08	0.52	0.90	0.06	0.51	-
SMC Comtrade Limited	-	30.72	12.92	-	-	-
SMC ARC Limited	0.03	0.13	0.14	0.03	-	-
Moneywise Financial Services Private Limited	-	4.09	1.68	-	-	-
SMC Finvest Limited (formerly known as Sanlam Investment Management	0.10	0.05	-	-	-	-

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
(India) Limited)						
Associate Companies						
Moneywise Finvest Limited (formerly known as Sanlam Trustee Company (India) Limited)	-	-	-	0.13	-	-
SMC Finvest Limited(formerly known as Sanlam Investment Management (India) Limited)	-	-	0.29	5.00	-	-

* formerly known as Sanlam Investments & Advisors (India) Limited

Balance Outstanding		Particulars	As at					
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
SMC Limited	ARC	Short Term Loans & Advances	0.13	0.11	-	-	-	-
SMC Limited	ARC	Trade Receivables (current)	0.20	0.17	-	-	-	-
SMC Limited	ARC	Trade Payable	-	-	0.07	-	-	-
SMC Investments and Advisors Limited*		Short Term Loans & Advances	-	0.02	-	0.44	0.54	-
SMC Investments and Advisors Limited*		Trade Payable	-	0.14	0.08	0.11	-	-
SMC Investments and Advisors Limited*		Trade Receivable (Current)	-	-	-	0.08	-	-
Moneywise Financial Service Private Limited		Other Current Liabilities	-	-	-	10.05	-	-
Moneywise Financial Service Private Limited		Short Term Loans & Advances	-	-	13.18	0.49	-	-
SMC Limited	Capitals	Trade Payable	-	-	0.01	-	-	-
SMC Limited	Capitals	Short Term Loans & Advances	-	-	-	-	0.17	-

Balance Outstanding		Particulars	As at					
			July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
SMC Limited	Comtrade	Short Term Loans & Advances	73.90	17.88	-	42.07	4.34	-
SMC Limited	Comtrade	Trade Receivables (current)	-	25.30	9.29	-	-	1.27
SMC Limited	Comtrade	Trade Payable	0.10	0.11	-	-	-	2.50
SMC Brokers Limited	Insurance Private	Short Term Loans & Advances	-	-	-	-	0.47	-
SMC Limited (formerly known as Sanlam Investment Management (India) Limited)	Finvest	Short Term Loans & Advances	-	-	-	1.00	-	-
Moneywise Finvest Limited (formerly known as Sanlam Trustee Company (India) Limited)	Finvest Limited	Short Term Loans & Advances	-	-	-	0.13	-	-

* formerly known as Sanlam Investments & Advisors (India) Limited

Note:

1. We certify that profits from related party transactions have arisen from legitimate business transactions.

Annexure – XX Restated Unconsolidated Statement of Tax Shelter
₹crore

Particulars	Period ended		Year ended			
	July 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Restated Profit before Tax	3.95	2.51	6.02	9.39	(0.14)	66.19
Income Tax Rate	32.445%	32.445%	33.218%	33.990%	33.990%	33.990%
Tax thereon at the above rate	1.28	0.82	2.00	3.20	(0.05)	22.50
Permanent Differences						
Donation	-	-	0.35	0.10	0.05	0.04
Profit on sale of Investments	-	-	-	(0.20)	-	(0.01)
Prior Period (Income) / Expenses	-	-	(0.02)	-	(0.01)	0.59
Total Permanent differences	-	-	0.33	(0.10)	0.04	0.62
Timing Differences						
Difference between Book and Tax Depreciation	0.36	1.16	0.92	(0.08)	(0.09)	(0.76)
Gratuity	(0.51)	0.18	0.14	0.74	0.74	0.30
Leave Encashment	(0.04)	0.42	-	-	-	-
Provision for bad Debts	0.49	4.25	1.43	0.50	2.50	1.25
Deferred Revenue expenditure written off	0.01	0.99	0.99	0.99	0.99	0.91
Excess Provision for expense	0.10	0.05	-	-	-	-
(Profit) / Loss on Sale of Fixed Assets	0.08	0.52	(0.02)	-	0.07	0.06
Bad Debts allowed	(0.18)	(4.16)	(1.75)	(1.13)	(2.75)	-
Deferred Revenue Expenditure	-	-	-	-	(0.08)	(4.56)
Total timing differences	0.31	3.41	1.71	1.02	1.38	(2.80)
Net Adjustment	0.31	3.41	2.04	0.92	1.42	(2.18)
Tax Savings Thereon	(0.10)	(1.11)	(0.68)	(0.31)	(0.48)	0.74
Tax on Long term capital gain	-	-	-	0.02	-	-
Tax Savings due to rate difference	-	-	-	-	-	(2.58)
Impact due to prior period taxes	-	-	-	-	0.09	0.27
Total Tax	1.38	1.93	2.68	3.53	0.52	19.45

Particulars	Period ended		Year ended				
Charged							
Current tax as per restated Balance sheet	1.38	1.93	2.68	3.53	0.52	19.45	

Notes:

1. The aforesaid Statement of Tax Shelters has been prepared as per the restated unconsolidated summary statement of profits and loss of the Company
2. The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, statement of profits and loss and cash flows as appearing in Annexure IV A, IV B , IV C & IV D.

**For Atul & Rajinder
Directors
Chartered Accountants
Firm Registration No.: 005402N**

For and on behalf of Board of

Rajinder Malhotra
Proprietor
Membership No.: F83680

**Subhash Chand
Aggarwal**
Chairman & Mg.
Director

**Mahesh Chand
Gupta**
Vice-Chairman &
Mg. Director

Place: New Delhi
Date: October 23, 2012

Suman Kumar
Company Secretary

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of and for the years ended March 31, 2010, 2011 and 2012, as of and for the four months ended July 31, 2012, prepared and restated in accordance with the Companies Act, Indian GAAP and the SEBI Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Statements" beginning on page 182 of this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from the restated consolidated financial statements of our Company.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.

Business Overview

We are a well diversified financial services company in India offering services across brokerage (across the asset classes of equities (cash and derivatives), commodities and currency), investment banking, wealth management, distribution of third party financial products, research, financing, depository services, insurance broking and clearing services to corporate, institutional, high net worth individuals and other retail clients. As of September 30, 2012, we service our broking clients through a network of 43 branches and 2,521 registered sub-brokers and authorized persons spread in more than 500 cities and towns. We have also established an office in Dubai for brokerage and trading activities in that region.

Factors that may affect results of operations

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future.

Conditions in securities' market across asset classes and their trends

A significant portion of our revenue is derived from broking services across equities (cash and derivatives), currency and commodities. We also derive our revenues from other services such as distribution of third party financial products, wealth management, investment banking, insurance brokerage, research, financing, depository and clearing services. All such products and services are dependent on favorable capital market conditions, investor confidence and other factors that affect the volume of securities trading in India. Hence, events adversely impacting such securities market volumes may adversely affect our business. Trading volumes are primarily influenced by factors outside our control. These factors include, but not limited to government changes to monetary, fiscal or trade policies, political and market conditions, interest rates, foreign exchange rates and inflation. Each of these factors could contribute to a change in trading volumes. In recent years, the Indian and world securities markets have fluctuated considerably. We believe, however, that the Indian securities markets have exhibited a generally upward trend in the past decade and our revenues have been benefited from the increased trading volumes and the increase in the number of clients across our various offerings, though there can be no assurance that this trend will continue. Additional factors could arise which could offset future increases or results in a decline in trading volumes, such as new or existing competition, adverse legislative changes or other similar events.

Changes in Indian macroeconomic conditions

As a financial services company with majority of our businesses operating in the domestic Indian market, our results of operations are highly dependent on the overall economic conditions in India, including GDP growth rate, the economic cycle, prevalent interest rate regimes and the securities' markets performance. The Indian economy has grown rapidly over the past decade and is expected to continue to grow faster than some of the developed economies in the future, which could in turn drive the underlying demand for investment products and

services both in terms of the availability of capital for investment and the availability of such products and services. Any trends or events which have a significant impact on the economic situation in India, including any changes in the interest rate regimes and commodity costs, could have an adverse effect on the financial condition of our customers, lead to a slowdown in sectors important to our businesses and have a disruptive effect on our business.

Competition

We face significant competition in the brokerage sector from other established Indian and MNC players. Some of these firms have greater resources and/or a more widely recognised brand than us, which may give them a competitive advantage. We also face competition from a number of players acting as intermediaries in our businesses, many of which operate in a highly cost-competitive environment. We believe our wide product offering, our relationships with clients and sub-brokers and authorised persons, industry and product knowledge, and brand image will allow us to face such competition.

Client Relationships

In our brokerage and commission business and our advisory business (particularly equity broking, wealth management, investment banking), revenues are largely influenced by the number, of our retail, institutional and corporate clients. Our ability to grow our share of clients' business is determined by our providing advisory services, customised business solutions, quality research and efficient execution. We believe successfully developing new customer relationships along with retaining existing customer relationships are critical for growing our businesses and consequently our results of operations.

Regulatory oversight

We operate in sectors that are regulated in India, and our activities are subject to supervision and regulation by multiple statutory and regulatory authorities including SEBI, FMC, RBI, IRDA, CDSL, NSDL, and the various stock/ currency / commodity exchanges. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in the various regulations and policies. Such changes in government and regulatory policies affecting the financial services industry may require changes to our business operations, product design and pricing, and technological processes and thus may involve additional costs and management time. While it may be possible that certain regulatory changes would be positive for some of our business operations, it may also so happen that such changes could adversely affect our financial condition and results of operations.

Personnel and operating costs

Personnel related expenses constitute a big proportion of our cost structure. The Indian financial services sector is highly competitive, and it can be difficult and expensive to attract and retain talented and experienced employees. In addition, we also strive to ensure effective utilisation of our human resources and may need to adjust to the dynamic business environment as we increase our scope of operations, activities across the board and expand into new business products. Additionally, owing to the nature of our business, we incur expenses towards various exchange and other regulatory charges, membership fees, stamp duty payments, technology related costs in addition to the employee benefits expenses.

Technology

Information technology systems are crucial to the success of our business operations and help us improve our overall productivity. We believe that our technology systems enable us to effectively monitor and control risks and manage our nationwide operations. Our branches are connected through a VPN through VSAT, radio frequency and the internet and our central servers are located at Delhi. Some of our servers are co-located at exchanges to enable effective execution of transactions. Investing into technology thus shall be an important requirement for our business strategy.

Basis of Consolidation

The consolidated financial statements are presented to the extent possible, in the same format as that adopted by the parent for its separate financial statements. The significant accounting policies adopted by us for the purpose

of Consolidated Financial Statements are consistent with those used in the previous year, except for changes in accounting policy explained in note 1 (a) of Annexure IV B in the section titled “Financial Statements – Restated Consolidated Financial Statements” on page 182.

The Consolidated Financial Statements comprise the results of our Company, its subsidiaries and step down subsidiaries which have been listed as below:-

Name of Subsidiary	Date of Acquisition/Change	Country of Incorporation	Proportion of ownership interest
Subsidiary of SMC Global Securities Limited			
SMC Comtrade Limited	April 26, 2007	India	100%
SMC Investments and Advisors Limited	April 1, 2008/July 23, 2009	India	50%** +1share
Moneywise Financial Services (P) Limited	August 1, 2008/July 1, 2009	India	100%
SMC Capitals Limited	August 16, 2008/March 2, 2010	India	100%
SMC ARC Limited	May 25, 2009	India	100%
SMC Finvest Limited *	November 6, 2009	India	39%**
Moneywise Finvest Limited *	November 6, 2009	India	39%**
Subsidiaries of SMC Comtrade Limited			
SMC Insurance Brokers Private Limited	April 23, 2007	India	97.58
SMC Comex International DMCC UAE	November 16, 2005	Dubai, UAE	100%

* Financial statements have been consolidated as a group undertaking w.e.f. Fiscal 2012 on the basis of a shareholder agreement that gives the group control over the board of directors.

** We have entered into agreements to purchase the remaining equity shares of the company. For further details please refer to the section titled “Our History and Other Corporate Matters” beginning on page 142 of this Draft Red Herring Prospectus

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS-21) “Consolidated Financial Statements” as notified under the Companies (Accounting Standard) Rules, 2006. The financial statements of our Company and its Subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses (including taxes) and after eliminating intra-group balances/ transactions.

The Financial Statements of foreign step down subsidiary are prepared on the basis of generally accepted accounting principles, local laws and regulations as prevalent in the respective country and such financial statements are considered for consolidation. The effect of adjustments on account of variance in accounting policies of such foreign step down subsidiary vis -à-vis those of the parent is not material, and accordingly, not considered. Subsidiaries are consolidated on the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.

The separate financial statements of our Company and our Subsidiaries have been drawn for the period from beginning of the financial year or date of incorporation / acquisition, whichever is later, to end of the financial year/period and have been consolidated on the basis of their audited financial statements.

Statement of Significant Accounting Policies

The discussion and analysis of our operating results and financial condition are based on our consolidated financial information.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (AS) 21 Consolidated Financial Statements’ notified by Companies (Accounting Rules) 2006 (as amended). The consolidated financial statements have been prepared using uniform accounting policies. The financial

statements of our Company and its subsidiaries are consolidated on a line by line basis by cumulating the individual items of assets, liabilities, income and expenses after eliminating intra-group transactions.

Our management believes that the following accounting policies are most significant to the preparation of our consolidated financial statements. Our significant accounting policies are as under:

Use of Estimates

The presentation of Consolidated Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as at date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates. Adjustment as a result of differences between actual results and estimates are recognized prospectively.

Fixed Assets

In accordance with AS-10 'Accounting for Fixed Assets', fixed assets (including intangible assets) are stated at cost of acquisition including taxes, duties, identifiable direct expenses and expenses on installation, and are net of CENVAT Credit claimed thereon.

Additions to the fixed assets have been accounted for on the date of installation and its use irrespective of date of invoice.

Depreciation

In accordance with AS-6 on 'Depreciation Accounting', depreciation on fixed assets (including intangible assets) is computed on written down value method, except for two Indian Subsidiaries namely SMC Capitals Limited and SMC Insurance Brokers Private Limited, where it has been computed on straight line method in accordance with the rates prescribed in Schedule-XIV of the Companies Act, 1956 and is on the pro-rata basis with respect to the date of addition/installation/put to use. No depreciation has been provided on Goodwill.

In case of our foreign subsidiary:

Depreciation on tangible fixed assets has been provided on straight line basis as under:-

SMC Comex International DMCC, UAE	: Office Equipments	: 20 %
	: Furniture & Fixtures	: 20 %

Following the principal of materiality, depreciation on Plant and Machinery of value not exceeding ₹ 5,000/- is being provided at the normal rate prescribed in the schedule except a subsidiary SMC Investments and Advisors Limited, where the same is written off at 100% rate.

Investments

Investments are classified into non-current investments and current investments based on intent of management at the time of making the investments which are intended to be held for more than one year are classified as non-current and those which are intended to be held for less than one year are classified as current investments.

Non-current investments are valued at cost unless there is diminution, other than temporary, in their value. Diminution is considered "other than temporary" based on criteria that include the extent to which cost exceeds the market value, the duration of the market decline and the financial health of and specific prospects for the issuer. Diminution in value of long term investments when considered to be other than temporary is fully provided for and reflected as a provision for diminution in investment.

Current investments are valued at lower of cost and market value. Market value for quoted shares is determined after adjusting quoted price of shares for management estimate of impact of market parameters affecting the actual sale value e.g. volume of sale, frequency of sale etc.

During fiscal 2010 and fiscal 2011, Investments in associates have been accounted for in accordance with AS – 13 instead of equity method as defined in AS – 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" for the reason that the associates operates under severe long term restrictions that significantly impair its ability to transfer funds to the investors.

Inventories

Inventories or stock-in-trade are valued at lower of cost and market value except inventory of our Company and one of its subsidiary SMC Comtrade Limited, where it has been valued at market value/net realizable value. Cost comprises expenditure incurred in the normal course of business in bringing such stock to their location and conditions and includes appropriate overheads and has been determined following the cost formula on FIFO Basis. Closing stock of shares includes stocks pledged against secured loan from banks and kept as margin/securities with stock exchange and does not include stock held on behalf of its clients/constituents.

Revenue Recognition

- a) Revenue on account of trading in securities and commodities is recognized on the basis of each trade executed at the stock/commodity exchange during the financial year.
- b) In respect of non delivery based transactions such as derivatives, the profit & loss is accounted for at the completion of each settlement, however in case of an open settlement the net result of transactions which are squared up on FIFO Basis is recognized as Profit/Loss in the account.
- c) Our Company recognizes its income from rendering insurance broking business on the logging in/placement of policies with the respective insurance Company on or before the date of policy or renewal thereof, however in case of Life insurance business broking income is recognized on WRP basis.
- d) Interest income from financing activities is recognized on accrual basis. In terms of the RBI Direction, interest income on Non-Performing assets ('NPA'), if any is recognized only when it is actually realized.
- e) Revenue from broking activities is accounted for on the trade date of transaction.
- f) Income from interest on fixed deposits is recognized on accrual basis.
- g) Dividend from investment is accounted for as income when the right to receive dividend is established.
- h) Depository income is accounted for on accrual basis.
- i) Profit or loss on sale of units of mutual funds is determined on the basis of the first in first out (FIFO) method.
- j) Profit/loss in the case of balance in Portfolio Management account has been accounted for as business profit/loss on its accrual when the transaction takes place and is on the basis of monthly statement received from portfolio manager.
- k) In respect of other heads of income, our Company follows the practice of recognizing income on accrual basis.
- l) Revenue excludes service tax.

Foreign Currency Transactions

Revenue and expenses are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are recognized in the Statement of Profit and Loss. In case of one of the subsidiary M/s SMC Comtrade Limited, exchange difference on loan receivable in foreign currency has been adjusted against specific reserve created for the purpose.

Employee Benefits

- a) Provident Fund is a defined contribution scheme and the contribution wherever required by the statute are charged to the Statement of Profit and Loss as incurred.
- b) Gratuity Liability is a defined obligation and is partly funded. The Group accounts for liability for future gratuity benefits based on an actuarial valuation as at the Balance Sheet date except for subsidiaries (Moneywise Financials Services Private Limited, SMC Capitals Limited, SMC ARC Limited, SMC Finvest Limited, Moneywise Finvest Limited) and step-down subsidiary (SMC Comex International DMCC UAE) where the liability for Gratuity is being accounted on payment basis wherever required by the statute.
- c) Unavailed Leave Liability is a defined obligation and is not funded. The Group accounts for liability for future leave benefits based on an actuarial valuation as at the Balance Sheet date except for subsidiaries (Moneywise Financials Services Private Limited, SMC Capitals Limited, SMC ARC Limited, SMC Finvest Limited, Moneywise Finvest Limited) and step-down subsidiary (SMC Comex International DMCC UAE) where the liability for un availed leave is being accounted on payment basis wherever required by the statute.

Leases

Lease Rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with the Accounting Standard –19 on Accounting for Leases issued by the Institute of Chartered Accountants of India.

Miscellaneous Expenditure

Deferred revenue expenditures are being written off in equal installment over a period of 5 years.

Provision, Contingent Liabilities and Contingent Assets

Our Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Borrowing Costs

In accordance with AS-16 'Borrowing Cost', borrowing cost that are attributable to acquisition, construction or production of qualifying assets, are capitalized as part of the cost of such qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of profit and loss.

Impairment of Assets

Wherever events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, such assets are being subject to a test of recoverability based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, our Company recognizes an impairment loss as a difference between

the carrying value and fair value net of cost of sale in accordance with AS-28 'Impairment of Assets'. None of our Company's fixed assets are considered for impairment as on the balance sheet date.

Taxation

- Provision of current Tax has been measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.
- Wealth tax has been calculated as per applicable tax regulations applicable during the year.
- Our Company has provided for deferred tax charge/credit that reflects the tax differences because of timing differences between accounting income and taxation income for the year. The deferred tax charge or credit and corresponding deferred tax liability or asset are recognized using the tax rates laid down by the law, that has been enacted or substantially enacted by the balance sheet date, in accordance with AS-22 'Accounting for Taxes on Income'.

Reserve Bank of India Prudential Norms

Moneywise Financials Services Private Limited, our Subsidiary, is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) and thus complies with the prudential norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for standard, sub-standard and bad and doubtful debts, specified in the directions issued by the RBI in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007 ('Prudential Norms'), as applicable to it.

Provision for non-performing assets is booked as per the Prudential Norms. In accordance with Para 10 of Prudential Norms, our Company has separately shown provision for loans under short-term provisions.

Provision on standard assets has been provided at the rate of 0.25% on outstanding balance in accordance with the Prudential Norms.

Other Accounting Policies

Accounting policies not referred to otherwise are consistent with generally accepted accounting principles in India.

Results of Operations

The following table shows our Company's restated consolidated income statement for the fiscal years ended March 31, 2010, 2011 and 2012 and four months period ended July 31, 2012. The percentages indicated reflect a percentage of total revenue for the periods presented.

	(₹ in crore)							
	For 4 months period ended July 31, 2012		Fiscal 2012		Fiscal 2011		Fiscal 2010	
	(₹ in crore)	% of Total Income	(₹ in crore)	% of Total Income	(₹ in crore)	% of Total Income	(₹ in crore)	% of Total Income
INCOME:								
Revenue from Operations	96.30	97.84%	280.94	96.13%	291.83	97.50%	264.84	98.73%
Other Income	2.13	2.16%	11.30	3.87%	7.47	2.50%	3.41	1.27%
Total Income	98.43	100.00%	292.24	100.00%	299.30	100.00%	268.25	100.00%
EXPENSES:								

			For 4 months period ended July 31, 2012	Fiscal 2012		Fiscal 2011		Fiscal 2010		
Stock and other Expenses	Exchanges and Regulatory		31.27	31.77%	101.39	34.69%	109.18	36.48%	121.85	45.42%
Employee Expenses	Benefits		28.19	28.64%	93.48	31.99%	111.68	37.31%	90.54	33.75%
Other Expenses			21.80	22.15%	67.91	23.24%	71.64	23.94%	56.60	21.10%
Total Expenses			81.26	82.56%	262.78	89.92%	292.50	97.73%	268.99	100.28%
EBITDA			17.17	17.44%	29.46	10.08%	6.80	2.27%	-0.74	-0.28%
Depreciation and Amortisation Expenses			2.72	2.76%	9.52	3.26%	10.35	3.46%	9.71	3.62%
Finance Costs			6.45	6.55%	22.51	7.70%	18.79	6.28%	9.91	3.69%
Profit Before Tax and minority interest			8.00	8.13%	-2.57	-0.88%	-22.34	-7.46%	-20.36	-7.59%
Tax Expenses			2.77	2.81%	1.23	0.42%	0.51	0.17%	-3.43	-1.28%
Share in loss of minority interest			-0.23	-0.23%	-3.38	-1.16%	-10.72	-3.58%	-2.74	-1.02%
Profit After Tax			5.46	5.55%	-0.42	-0.14%	-12.13	-4.05%	-14.19	-5.29%

Income

Our total income consists of revenue from operations and other income.

Revenue from operations

Our revenue from operations consists of the following heads of recognizing our income: (i) Income from Proprietary Trading; (ii) Interest Income from Financing Activities; (iii) Income from Brokerage; (iv) Income from Distribution of Financial Products; (v) Income from Depository Business; (vi) Treasury Income; (vii) Income from Management and Advisory Services; and (viii) Other Operating Income Comprising of: (a) Profit/Loss on sale of investments; (b) Delay payment charges.

In this Draft Red Herring Prospectus, for the purpose of analyzing the business operations of our Company on a consolidated basis, we are combining some of the income heads as under:

- (i) **Income from Brokerage and Commission Business:** Includes the following heads of income:
 - a. Income from Brokerage
 - b. Income from Distribution of Financial products
 - c. Income from Depository Business
 - d. Delay payment charges
- (ii) **Income from Capital Business:** Includes the following heads of income:
 - a. Income from Proprietary Trading
 - b. Interest Income from Financing Activities
 - c. Profit/Loss on sale of investment
 - d. Treasury Income
- (iii) **Income from Advisory Business:** Includes the following head of income:
 - a. Income from Management and Advisory Services

Our revenues from operations mix across the categories for the four month period ending July 31, 2012 and the last three fiscal years is as follows:

(₹ in crore)

	For 4 months period ended July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010
Total Income	98.43	292.24	299.3	268.25
a. Income from Brokerage and Commission Businesses	48.38	148.18	164.96	149.36
(as a %age of Total Income)	49.15%	50.70%	55.12%	55.68%
Income from Brokerage	43.03	130.26	144.38	134.25
Income from Distribution of Financial Products	1.90	5.54	6.33	4.76
Income from Depository Business	1.22	5.38	4.85	4.84
Delay Payment Charges	2.23	7.00	9.40	5.51
b. Income from Capital Businesses	47.36	127.69	122.28	114.31
(as a %age of Total Income)	48.12%	43.69%	40.86%	42.61%
Income from Proprietary Trading	38.48	101.97	104.90	99.03
Interest Income from Financing Activities	1.03	5.21	2.91	1.37
Profit / Loss on sale of Investment	-0.06	0.32	1.06	-0.63
Treasury Income	7.91	20.19	13.41	14.54
c. Income from Advisory Businesses	0.56	5.07	4.59	1.17
(as a %age of Total Income)	0.57%	1.73%	1.53%	0.44%
Income from management and advisory Services	0.56	5.07	4.59	1.17
Total Revenue from Operations	96.30	280.94	291.83	264.84
(as a %age of Total Income)	97.84%	96.13%	97.50%	98.73%

Other Income

Our Other Income is derived from the following sources when assessed on a consolidated basis: (i) Income from Dividend; (ii) Interest on Deposits; (iii) Liability no Longer Required written back; (iv) Stale Cheque written off; (v) Cheque Suspense written off; (vi) Charges for Logo display on website; (vii) Interest on Income Tax Refund; (viii) Profit on sale of investment; (ix) Income From Reverse Book Building; (x) Income from Arbitrage Activities; (xi) Consultancy service charges; (xii) Research services; (xiii) Commission on FD Procurement; (xiv) Other miscellaneous income.

(₹ in crore)

	For 4 months period ended July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010	Recurring / Non- Recurring	Related / Not Related to business activities
Income From Dividend	0.04	0.65	0.15	0.05	Non-recurring	Not related
Interest on Deposits	0.32	1.70	0.62	0.03	Non-recurring	Not related

	For 4 months period ended July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010	Recurring / Non-Recurring	Related / Not Related to business activities
Liability no Longer Required written back	0.02	0.51	0.10	0.19	Non-recurring	Not related
Stale Cheque written off	-	0.57	-	-	Non-recurring	Not related
Cheque Suspense written off	-	-	0.13	-	Non-recurring	Not related
Charges for Logo display on website	-	1.53	0.87	-	Non-recurring	Not related
Interest on Income Tax Refund	-	0.16	0.74	0.35	Non-recurring	Not related
Profit on sale of investment	-	-	-	0.19	Recurring	Related
Income From Reverse Book Building	0.01	0.18	0.24	0.14	Recurring	Related
Income from Arbitrage Activities	-	-	1.43	1.46	Recurring	Related
Consultancy service charges	1.39	5.40	2.56	0.55	Recurring	Related
Research services	0.03	0.19	-	-	Non-recurring	Not related
Commission on FD procurement	0.09	0.39	-	-	Non-recurring	Not related
Other Misc. Income	0.23	0.02	0.63	0.45	Non-recurring	Not related
Total Other Income	2.13	11.30	7.47	3.41		
<i>(as a %age of Total Income)</i>	<i>2.16%</i>	<i>3.87%</i>	<i>2.50%</i>	<i>1.27%</i>		
PBT	8.00	-2.57	-22.34	-20.36		
<i>Other Income as a % of PBT</i>	<i>26.63%</i>	<i>-</i>	<i>-</i>	<i>-</i>		

Expenditure

Stock Exchange and Other Regulatory Expenses

Our expenses classified under the head Stock Exchange and Other Regulatory Expenses include (i) Client introduction charges; (ii) Exchange and other regulatory charges; (iii) Membership fees and subscription; (iv) Stamp duty paid; (v) VPN, Leaseline, Internet and VSAT Expenses; (vi) Securities Transaction Tax; and (vii) Demat Charges.

Employee Benefit Expenses

Employee benefit expenses include (i) Salaries, bonus, incentives and allowances; (ii) Directors remuneration; (iii) Staff welfare expenses; (iv) Staff training and Development Expenses; (v) Employer contribution towards PF, ESI, and Gratuity.

Other expenses

Such expenses that are in the nature of administrative and other general expenses are classified under other expenses. These typically include AGM expenses, advertisements, business promotion expenses, provision of bad debts, conveyance and travelling expenses, computer repair and maintenance, electricity and water charges, legal and professional charges, office repair and maintenance, rents and taxes, communication expenses, printing and stationery expenses and foreign exchange currency fluctuations, amongst other heads of expenses.

(₹ in crore)								
	For 4 months period ended July 31, 2012		Fiscal 2012		Fiscal 2011		Fiscal 2010	
	(₹ in crore)	% of Total Income	(₹ in crore)	% of Total Income	(₹ in crore)	% of Total Income	(₹ in crore)	% of Total Income
Total Income	98.43	100.00%	292.24	100.00%	299.30	100.00%	268.25	100.00%
EXPENSES:								
Stock Exchanges and other Regulatory Expenses	31.27	31.77%	101.39	34.69%	109.18	36.48%	121.85	45.42%
<i>(% growth over past fiscal)</i>			<i>(7.14%)</i>		<i>(10.40%)</i>			
Employee Benefits Expenses	28.19	28.64%	93.48	31.99%	111.68	37.31%	90.54	33.75%
<i>(% growth over past fiscal)</i>			<i>(16.30%)</i>		<i>23.35%</i>			
Other Expenses	21.80	22.15%	67.91	23.24%	71.64	23.94%	56.60	21.10%
<i>(% growth over past fiscal)</i>			<i>(5.21%)</i>		<i>26.57%</i>			
Total Expenses	81.26	82.56%	262.78	89.92%	292.50	97.73%	268.99	100.28%
<i>(% growth over past fiscal)</i>			<i>(10.16%)</i>		<i>8.74%</i>			

Depreciation and Amortisation Expense

Depreciation and amortisation expenses consist of depreciation on the fixed assets of our Company which primarily includes land, buildings, office equipments, furniture and fixtures, vehicles, computer hardware, VSAT, trademark logo and software and amortisation on intangible assets.

Finance Costs

These include interest paid on loan from banks, inter-corporate deposits from third parties, financial charges representing commissions paid for bank guarantees, interest on bank overdraft lines and other financial expenses.

Tax Expenses

We are subject to income tax liability in India pursuant to the Income Tax Act, 1961. Also, pursuant to this act, corporations are in some circumstances subject to a minimum tax liability based on book profit. We make provision for current tax as well as for deferred tax liability based on the effect of timing differences. The Government had introduced fringe benefit tax on various benefits and expenditures we are deemed to provide or incur as part of our business, for which we have made provision with effect from the current fiscal year, which has been subsequently withdrawn.

Thus, tax expenses in our financial statements include current taxes paid, deferred tax charges, wealth tax paid, fringe benefit taxes paid, and unconsumed STT written off. However, in the restated consolidated financial statements MAT credit entitlement is also included in the tax expenses in addition to those mentioned earlier.

Assets

Fixed assets

Our gross block of fixed assets (which represents the purchase price of our fixed assets – primarily land, leasehold improvements, computers and office equipment, furniture and fixtures, and vehicles) less accumulated depreciation and capital work in progress. Our fixed assets are in the nature of both tangible and intangible assets.

Non-current Investments

Investments represent our long-term and current investments that are not held for trading.

Long term Loans and advances

Long term loans and advances include advances made by our Company.

Current Assets

Current assets, loans and advances includes stock in trade (representing our investments held for trading), sundry debtors (representing amounts due from our trade debtors), cash and bank balances (which include bank balances we are required by exchanges to maintain commensurate with our exposure), and margin and other deposits with exchanges.

	As at July 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Fixed Assets	38.34	40.11	45.04	47.71
Non-current Investments	25.39	25.31	35.96	24.39
Long term Loans and Advances	69.03	85.10	98.56	79.89
Current Assets	770.06	786.41	616.25	607.82
Total Assets	955.32	989.93	841.17	801.77

(₹ in crore)

^ This table is an extract and will not add up

Liabilities and Shareholder funds

Long term Liabilities

These represent our borrowings, both long and short term.

Current liabilities and provisions

These represent our short-term borrowings, other current liabilities and short-term provisions.

Shareholder funds (or networth)

Shareholder funds are our total assets less our total liabilities and provisions.

	For 4 months period ended July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010
Long term Liabilities	52.69	52.72	52.72	0.16

(₹ in crore)

	For 4 months period ended July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010
Total Non-current Liabilities	55.72	55.99	55.26	2.10
Current Liabilities	367.54	448.46	367.11	357.54
Total Liabilities	423.26	504.45	422.37	359.64
Networth	532.06	485.48	418.80	442.13

^ This table is an extract and will not add up

Results of Operations- Four months ended July 31, 2012

Income

Our total income was ₹ 98.43 crore for the four month period ended July 31, 2012.

Income from Brokerage and Commission Business. Our income from our brokerage and commission business was ₹ 48.38crore for the four months ended July 31, 2012, primarily contributed by income from brokerage.

Income from Capital Business. Our income from our capital business was ₹ 47.36 crore for the four months ended July 31, 2012, primarily contributed by trading, arbitrage and treasury income

Income from Advisory Business. Our income from our advisory business was ₹ 0.56crore for the four months ended July 31, 2012.

Other Income. Our other Income was ₹ 2.13 crore for the four months ended July 31, 2012, primarily contributed by consultancy service charges, interest on deposits and dividend income.

Expenditure

Our total expenses were ₹ 81.26 crore for the four month period ended July 31, 2012.

Stock Exchange and Other Regulatory Expenses. Our stock exchange and other regulatory expenses, was ₹ 31.27crore for the four month period ended July 31, 2012

Employee Benefit Expenses. Our aggregate expenditure on employee expenses was ₹ 28.19 crore for the four month period ended July 31, 2012

Other expenses. Our aggregate other expense was ₹ 21.8 crore for the four month period ended July 31, 2012.

EBITDA. Our earnings before interest, taxes, depreciation and amortisation expenses was ₹ 17.17 crore for the four months ended July 31, 2012.

Depreciation and Amortisation. Our depreciation and amortisation expense was ₹ 2.72 crore for the four month period ended July 31, 2012.

Financial expenses. Our financial expenses were ₹ 6.45 crore for the four month period ended July 31, 2012

Taxation. Our provision for taxation amounted to ₹ 2.77 crore for the four month period ended July 31, 2012.

Net Profit before Taxes and Minority Interest. Our net profit before taxes and minority Interest amounted to ₹ 8.00crore for the four month period ended July 31, 2012

Net profit after Tax. Our net profit after tax expenses but before minority interest was ₹ 5.23 crore for the four month period ended July 31, 2012.

Net profit after minority interest. Our net profit after minority interest was ₹ 5.46 crore (a 5.55% of total income), for the four month period ended July 31, 2012.

Significant developments during the four months ended July 31, 2012

- Our Company has allotted 3,67,687 equity shares of face value ₹ 10 each, at a premium of ₹ 1105.10 aggregating to ₹ 41.00 crore to Sanlam International Investment Partners Limited on June 29, 2012, pursuant to a shares subscription agreement dated May 30, 2012.
- Decrease in short term borrowings of ₹ 75.74 crore by infusion of fresh capital and internal resources.

Comparison of historical results of operations

Year ended March 31, 2012 compared to year ended March 31, 2011

Income

Our total income decreased marginally to ₹ 292.24 crore for the year ended March 31, 2012, as compared to ₹ 299.30 crore for the year ended March 31, 2011, representing a decrease of 2.36%. This decrease can be attributed to a decrease in our operations owing to adverse market conditions that existed in the capital markets during that period. A decrease of our income from brokerage and commission business to the extent of 10.17% resulting from reduced business operations was partially offset by an increase of 51.27% in the other income, an increase of 10.46% in the income from advisory business and an increase of 4.42% in the income from capital business.

Income from Brokerage and Commission Business. Our income from our brokerage and commission business was ₹ 148.18 crore for the year ended March 31, 2012, as compared to ₹ 164.96 crore for the year ended March 31, 2011, representing a decrease of 10.17%.

Income from Capital Business. Our income from our capital business was ₹ 127.69 crore for the year ended March 31, 2012, as compared to ₹ 122.28 crore for the year ended March 31, 2011, representing an increase of 4.42%.

Income from Advisory Business. Our income from our advisory businesses was ₹ 5.07 crore for the year ended March 31, 2012, as compared to ₹ 4.59 crore for the year ended March 31, 2011, representing an increase of 10.46%.

Other Income. Our Other Income increased to ₹ 11.30 crore for the year ended March 31, 2012, as compared to ₹ 7.47 crore for the year ended March 31, 2011, representing an increase of 51.27%. This is primarily due to an increase in incomes from the heads - consultancy service charges, interest on deposits, income from dividends, stale cheque written off, charges for logo displayed on website, commissions on fixed deposit procurements and write backs of liabilities no longer required.

Expenditure

Our total expenses decreased marginally to ₹ 262.78 crore for the year ended March 31, 2012, as compared to ₹ 292.50 crore for the year ended March 31, 2011, representing a decrease of 10.16%. This decrease can be primarily attributed to a 16.30% decrease in our employee benefits expenses, which was owing to our strategy of cost structure rationalizations and improving operational efficiencies. Additionally, reduced business operations led to a decrease of 7.14% in stock exchanges and other regulatory expenses, and other expenses also reduced by 5.21% as against the previous year.

Stock Exchange and Other Regulatory Expenses. Our stock exchange and other regulatory expenses was ₹ 101.39 crore for the year ended March 31, 2012 as compared to ₹ 109.18 crore for the year ended March 31, 2011, representing a decrease of 7.14%.

Employee Benefit Expenses. Our aggregate expenditure on employee benefit expenses was ₹ 93.48 crore for the year ended March 31, 2012 as compared to ₹ 111.68 crore for the year ended March 31, 2011, representing a decrease of 16.30%.

Other expenses. Our aggregate other expense was ₹ 67.91 crore for the year ended March 31, 2012 as compared to ₹ 71.64 crore for the year ended March 31, 2011, representing a decrease of 5.21%.

EBITDA. Our earnings before interest, taxes, depreciation and amortisation expenses was ₹ 29.46 crore for the year ended March 31, 2012 as compared to ₹ 6.80 crore for the year ended March 31, 2011, representing an increase of 333.24%. Such an increase in the EBITDA can be attributed to a significant decrease in our total expenses which was chiefly due to certain cost rationalisation measures and improved operational efficiencies undertaken, although there was a decrease in our total income.

Depreciation and Amortisation expense. Our depreciation and amortisation expense was ₹ 9.52 crore for the year ended March 31, 2012 as compared to ₹ 10.35 crore for the year ended March 31, 2011, representing a decrease of 8.02%.

Financial expenses. Our financial expenses were ₹ 22.51 crore for the year ended March 31, 2012 as compared to ₹ 18.79 crore for the year ended March 31, 2011, representing an increase of 19.80%. This increase was on account of an increase in interim short term borrowings and thus an increased interest burden.

Net Profit before Taxes and Minority Interest. Our net loss before taxes and minority interest amounted to ₹ 2.57 crore for the year ended March 31, 2012 as compared to a loss of ₹ 22.34 crore for the year ended March 31, 2011, representing a decrease in losses by 88.50%. The improvement over the previous year could be attributed to an improvement in our EBITDA which was however restricted to an extent due to an increase in financial expenses.

Taxation. Our provision for taxation amounted to ₹ 1.23 crore for the year ended March 31, 2012 as compared to ₹ 0.51 crore for the year ended March 31, 2011, representing an increase of 141.18%. This was due to reduction in losses of subsidiary companies.

Net loss after Tax. Our net loss after tax expenses but before minority interest was ₹ 3.80 crore for the year ended March 31, 2012 as compared to a loss of ₹ 22.85 crore for the year ended March 31, 2011, representing an improvement of 83.37%.

Net loss after minority interest. Our net loss after minority interest was ₹ 0.42 crore, for the year ended March 31, 2012, as compared to net loss of ₹ 12.13 crore for the year ended March 31, 2011, representing a decrease in losses to the extent of 96.54%. As discussed earlier, as compared to the previous year, our Company reduced its expenses significantly to improve its profitability although there were increased finance costs.

Year ended March 31, 2011 compared to year ended March 31, 2010

Income

Our total income was ₹ 299.30 crore for the year ended March 31, 2011, as compared to ₹ 268.25 crore for the year ended March 31, 2010, representing an increase of 11.58%. We clocked a growth of 292.31% in our income from advisory business owing to an increase in revenues from advisory business through our wealth management and investment banking operations. We experienced a growth in our other income primarily due to a rise in consultancy charges, interest on deposits, charges for logo display on websites and an increase in profits from sale of investments. During the fiscal 2011, with improved market sentiments and securities' markets, we had seen an increase in our operations. This resulted in an increase of 10.44% in income from brokerages and commission business. In this period, we also had an increase of 6.97% in income from our capital business.

Brokerage and Commission Business. Our income from our brokerage and commission business was ₹ 164.96 crore for the year ended March 31, 2011, as compared to ₹ 149.36 crore for the year ended March 31, 2010, representing an increase of 10.44%.

Capital Business. Our income from our capital business was ₹ 122.28 crore for the year ended March 31, 2011, as compared to ₹ 114.31 crore for the year ended March 31, 2010, representing an increase of 6.97%. This was primarily due to an increase in our proprietary trading income.

Advisory Businesses. Our income from our advisory businesses was ₹ 4.59 crore for the year ended March 31, 2011, as compared to ₹ 1.17 crore for the year ended March 31, 2010, representing an increase of 292.31%.

Other Income. Our other Income contributed ₹ 7.47 crore for the year ended March 31, 2011, as compared to ₹ 3.41 crore for the year ended March 31, 2010 representing an increase of 119.06%.

Expenditure

Our total expenses increased marginally by 8.74% to ₹ 292.50 crore for the year ended March 31, 2011, as compared to ₹ 268.99 crore for the year ended March 31, 2010. While we saw a decrease of 10.40% in our stock exchange and other regulatory expenses in the fiscal year 2011 compared to the fiscal year 2010, our employee benefits expenses increased by 23.35% owing to an upward revision in our salary structures. Additionally, other expenses increased by about 26.57% in the fiscal year 2011 as compared to the fiscal year 2010, primarily due to increased expenditures towards advertising costs, rental payments and staff support service costs.

Stock Exchange and Other Regulatory Expenses. Our stock exchange and other regulatory expenses was ₹ 109.18 crore for the year ended March 31, 2011 as compared to ₹ 121.85 crore for the year ended March 31, 2010, representing a decrease of 10.40%.

Employee Benefit Expenses. Our aggregate expenditure on employee expenses was ₹ 111.68 crore for the year ended March 31, 2011 as compared to ₹ 90.54 crore for the year ended March 31, 2010, representing an increase of 23.35%.

Other expenses. Our aggregate other expense was ₹ 71.64 crore for the year ended March 31, 2011 as compared to ₹ 56.6 crore for the year ended March 31, 2010, representing an increase of 26.57%.

EBITDA. Our earnings before interest, taxes, depreciation and amortisation expenses was ₹ 6.80 crore for the year ended March 31, 2011 as compared to a loss of ₹ 0.74 crore for the year ended March 31, 2010. Although there was an increase in our expenses owing to salary structure revisions and other expenses resulting from increased advertising and rental spends, the growth in our total income, specially through an increase in income from our advisory business resulted in an increase in our EBITDA levels as compared to the previous fiscal year.

Depreciation and Amortisation. Our depreciation cost was ₹ 10.35 crore for the year ended March 31, 2011 as compared to ₹ 9.71 crore for the year ended March 31, 2010, representing an increase of 6.59%. This can be attributed towards an addition in gross blocks.

Financial expenses. Our financial expenses was ₹ 18.79 crore for the year ended March 31, 2011 as compared to ₹ 9.91 crore for the year ended March 31, 2010, representing an increase of 89.61%. Such an increase in our finance costs can be attributed to an increase in our long-term borrowings from ₹ 0.16 crore in the fiscal year 2010 as compared to ₹ 52.72 crore in the fiscal year 2011.

Net loss before Taxes and Minority Interest. Our net loss before taxes and minority Interest amounted to ₹ 22.34 crore for the year ended March 31, 2011 as compared to a loss of ₹ 20.36 crore for the year ended March 31, 2010. Such an increase in the quantum of loss can be attributed to a significant increase in the finance costs of our Company in addition to an increase in total expenses over the previous fiscal year.

Taxation. Our provision for taxation amounted to ₹ 0.51 crore for the year ended March 31, 2011 as compared to excess provision of ₹ 3.43 crore for the year ended March 31, 2010.

Net loss after Tax. Our net loss after tax expenses but before minority interest was ₹ 22.85 crore for the year ended March 31, 2011 as compared to a loss of ₹ 16.93 crore for the year ended March 31, 2010.

Net profit after minority interest. Our net loss after minority interest was ₹ 12.13 crore, for the year ended March 31, 2011, as compared to net loss of ₹ 14.19 crore for the year ended March 31, 2010, representing a decrease in losses to the extent of 14.52%. This could be attributed to an increase in the share of minority interest in our subsidiary companies.

Liquidity and Capital Resources

Our primary liquidity requirements are to finance our working capital needs, which are typically towards margin maintenance at various exchanges. We require working capital to meet our requirement for funds in connection with our payments to be made in the ordinary course of business. The principal portion of our working capital

requirement is deployed by (a) depositing funds with banks to obtain guarantees so that we can obtain appropriate levels of trading exposure on the exchanges; (b) paying upfront margin to stock exchange; and (c) meeting expenses incurred for operations. These requirements fluctuate on a regular basis depending on relevant business requirements. To fund these costs, we currently rely principally on internal accruals and short term credit from banks and short term funds to meet the various margin requirements and to fund other such needs.

We monitor our liquidity and cash flow positions on a daily basis, and plan for our requirements accordingly. We prioritise our utilization of funds and have access to unutilised sanctioned lines of credit from banks and financial institutions in order to meet any unanticipated and sudden fund requirements. We also monitor cash flow requirements under various age buckets to ensure asset liability management. Surplus funds available, if any, are invested in units of money market or liquid mutual funds taking into account our cash requirements.

As on July 31, 2012, we had ₹ 72.84 crore outstanding towards long term and short term borrowings.

Cash Flows

The following table summarises our cash flows for each of the years ended March 31, 2010, 2011, and 2012 and for the four months ended July 31, 2012.

	(₹ in crore)			
	For 4 months period ended July 31, 2012	Fiscal 2012	Fiscal 2011	Fiscal 2010
Net Cash generated/(used in) Operating activities	7.49	(46.84)	(47.83)	(76.64)
Net Cash flow from /(used in) Investing activities	7.67	31.15	25.79	(58.21)
Net Cash flow generated /(used in) Financing activities	(40.09)	30.79	27.50	112.96
Net Cash increase / (Decrease) in Cash & Cash equivalents*	(24.93)	37.94	5.46	2.34
Cash and Cash Equivalent at end of the period**	26.55	51.48	13.54	8.08

* Adjusted on account of change in minority interest

** Adjusted on Effect of exchange differences on restatement of foreign currency

Cash flow from / (used in) operating activities

Four months ended July 31, 2012: Net cash generated from operating activities was ₹ 7.49 crore. This was owing to an inflow of cash from our operating profit to the extent of ₹ 8.74 crore, cash received (resulting in a decrease) towards long term loans and advances made earlier to an extent of ₹ 16.06 crore, a decline in current trade receivables released cash to an extent of an additional ₹ 37.84 crore which were offset by utilisation of cash in operations towards decrease in our other bank balances to an extent of ₹ 39.05 crore, an increase in stock in trade of ₹ 62.38 crore, an increase in short term loans and advances made to an extent of ₹ 23.29 crore and towards repayment of our other current liabilities to an extent of ₹ 5.25 crore.

Year ended March 31, 2012: Net cash used in operating activities was ₹ 46.84 crore. We generated a cash inflow of ₹ 10.45 crores from our operating profits, and cash inflows were contributed through increases in other bank balances to an extent of ₹ 73.69 crore and an increase in other current liabilities of ₹ 80.17 crore. However, there was an increase in non-current trade receivables to an extent of ₹ 8.94 crore, increase in current trade receivables to an extent of ₹ 21.17 crore, an increase in stock in trade for an amount of ₹ 7.31 crore, and an increase in short term loans and advances of ₹ 34.14 crore, resulting in an utilisation of cash in our operations.

Year ended March 31, 2011: Net cash used in operating activities was ₹ 47.83 crore. Primarily, we had an operating loss of ₹ 7.36 crore, and an increase in our other current liabilities to an extent of ₹ 17.59 crore, and an increase in long term loans and advances to an extent of ₹ 18.77 crore. However, there were increases in our

current trade receivables to an extent of ₹ 62.83 crore, an increase in other bank balances to an extent of ₹ 77.14 crore, and cash was released towards operations to an extent of ₹ 90.67 crore owing to a decrease in stock in trade.

Year ended March 31, 2010: Net cash used in operating activities was ₹ 76.64 crore. Primarily, we had an operating loss of ₹ 19.80 crore and an increase in stock in trade to an extent of ₹ 118.51 crore. Cash inflow was primarily from a decrease in current trade receivables to an extent of ₹ 62.03 crore and cash was used in our operations as reflected in a decrease in our other bank balances to an extent of ₹ 27.92 crore.

Cash flow from / (used in) investing activities

Four months ended July 31, 2012: Net cash generated from investing activities was ₹ 7.67 crore, resulting primarily from interest received of ₹ 8.23 crore which were partially offset by purchase of fixed assets of ₹ 1.17 crore.

Year ended March 31, 2012: Net cash generated from investing activities was ₹ 31.15 crore, resulting primarily from interest received of ₹ 21.89 crore and sale of investments of ₹ 15.48 crore, which were partially offset by purchase of fixed assets of ₹ 5.46 crore.

Year ended March 31, 2011: Net cash generated from investing activities was ₹ 25.79 crore, resulting primarily from interest received of ₹ 14.03 crore and sale of investments of ₹ 19.46 crore, which was partially offset by purchase of fixed assets of ₹ 7.83 crore.

Year ended March 31, 2010: Net cash used in investing activities was ₹ 58.21 crore, resulting primarily from purchase of investments of ₹ 50.08 crore and fixed assets of ₹ 22.38 crore, which were partially offset by an interest received of ₹ 14.57 crore.

Cash flow from / (used in) financing activities:

Four months ended July 31, 2012: Net cash used in financing activities was ₹ 40.09 crore, resulting primarily from repayment of short term borrowings of ₹ 75.75 crore and interest paid of ₹ 5.31 crore which is partially offset by proceeds from issue of share capital including premium of ₹ 41.00 crore.

Year ended March 31, 2012: Net cash from financing activities was ₹ 30.79 crore, resulting primarily from proceeds from issue of share capital including premium of ₹ 46.87 crore which was partially offset by interest paid of ₹ 19.05 crore.

Year ended March 31, 2011: Net cash from financing activities was ₹ 27.50 crore, resulting primarily from proceeds from long term borrowings of ₹ 52.55 crore which were partially offset by repayment of short term borrowings of ₹ 8.79 crore and interest paid of ₹ 15.81 crore.

Year ended March 31, 2010: Net cash from financing activities was ₹ 112.96 crore, resulting primarily from proceeds from issue of share capital including premium of ₹ 43.40 crore and short term borrowings of ₹ 67.85 crore.

Qualitative Disclosure about Market Risks

We are primarily exposed to credit/counter-party risk, market risk, liquidity risk, operational risk and reputational risks. We focus on risk management systems to ensure that there are checks and balances in place to contain the risk aspects and its impact. We have implemented comprehensive policies and procedures to identify, measure, monitor and control risk throughout our organization. Our risk management strategy is based on understanding the various types of risk, assessment of the risk and continuous monitoring of the risk.

Our earnings and capital are exposed to market risk due to fluctuations in prices of equities, currency and commodities. The objective of market risk management is to (i) avoid excessive exposure of our earnings and capital to loss; and (ii) reduce our exposure to market volatility. Although we have significant exposure to equities, we manage such exposure to contain the equity price risk. Liquidity risk refers to our ability to meet our funding requirements for liability repayments and investment and asset opportunities in a timely manner at an optimum cost. Credit risk is defined as the possibility of losses associated with the diminution in the credit quality of a borrower or counterparty or failure on its part to meet its obligations in accordance with the agreed

terms. To control credit risk we have adopted a credit policy that considers, among other matters, the minimum acceptable credit ratings for customers, dispersion of risk, prudent exposure ceilings and risk mitigation through collateral and guarantees. Operational risks are risks arising from matters such as non-adherence to systems and procedures or fraud resulting in financial loss. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back up procedures and undertaking regular contingency planning.

Off-Balance Sheet Transactions

We have not had any off-balance sheet transactions other than as disclosed in the section titled “Financial Statements” of this Draft Red Herring Prospectus.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft Red Herring Prospectus, since July 31, 2012, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic/regulatory changes

Our business is highly dependent on the regulatory environment and on general economic conditions in the various securities’ markets, including trading volumes in the secondary markets in the equity capital markets, trading in commodities and currency markets, the regulatory environment and on general economic conditions in the markets we operate in. For more details, please refer to the section titled “Risk Factors” of this Draft Red Herring Prospectus.

Known Trends or Uncertainties

Except as described elsewhere in this Draft Red Herring Prospectus, to our knowledge there are no known trends/uncertainties which are expected to have a material adverse impact on our operations or finances.

Future Relationship between Costs and Income

There are no known factors affecting the future relationship between costs and income which could have a material adverse impact on our operation or finances.

New Product or Business Segment

Being in regulatorily governed businesses, our ability to create new products or services will depend on any possible regulatory policies and actions. However, we may be able to launch new kinds of services around current offerings to enable more convenience to customers and/or to improve our marketing and operational efficiencies.

Seasonality of Business

Our business is not seasonal. Our business is largely dependent on the state of capital markets, level of activity in the secondary market and overall economic conditions prevailing both locally and globally. The level of our operations, income and profitability may be affected by these factors.

Significant Dependence on a Single or Few Suppliers or Customers

Our operations are not significantly dependent on a single or a few suppliers or customers.

Related Party Transactions

For details please refer to the discussion in the sections titled “Financial Statements” beginning on page 182

Significant developments after July 31, 2012 that may affect our future results of operations

1. Split of equity shares and bonus issue

Our Company on August 11, 2012 sub-divided the equity shares from one Equity Shares of ₹ 10 into 5 fully paid Equity Shares of ₹ 2 each, followed by Bonus Issue of 1:1. For details, please refer to section titled “Capital Structure” beginning at page no 68.

2. Share Allotment in SMC Insurance Brokers Private Limited

Mr. Pravin Agarwal, Director, SMC Insurance Brokers Private Limited has been allotted 10,00,000 equity shares of ₹ 10 each amounting to ₹ 1,00,00,000 on September 14, 2012. Accordingly, our effective shareholding in SMC Insurance Brokers Private Limited has become 97.58%.

3. Prepayment of ICICI Bank Loan

On October 30, 2012, our Company partly pre-paid an amount of ₹ 42.5 crore towards the secured term loan facility that it enjoyed. As on date, the amount outstanding in this loan facility is ₹ 10 crore. For further details, please refer to the section titled “Financial Indebtedness” on page 314.

Also, as the remaining tenor (maturity) of this term loan facility is now less than one (1) year, this term loan is now getting classified as other current liabilities in our financial statements.

4. Increase in Fixed Assets

On October 4, 2012, our Company had taken possession of a residential building in performance of a contract of the nature referred to in Section 53A of the Transfer of Property Act, 1881. On account of this transaction Loan and Advances have been reduced by ₹ 1.07 crore and Fixed Assets have been increased by ₹ 1.07 crore

5. Sale of Investments

On October 2012, our Company had disposed off its current investments amounting to ₹ 40.01 crore and thereby the current investment have been decreased by the similar amount

6. Increase in Short term borrowings

Subsequent to July 31, 2012, our Company had increased its short term borrowings by way of overdraft against the fixed deposits amounting to ₹ 37.88 crore

7. Limited Review of half yearly and quarter ending September 30, 2012

SMC GLOBAL SECURITIES LTD

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

		(₹ in Crores)	
S.No.	Particulars	As at 30.09.2012	As at 31.03.2012
A.	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	22.63	10.95
	(b) Reserves and surplus	476.75	438.55
	Sub-total - Shareholders' funds	499.38	449.50
2	Share Application Money	-	1.00
3	Minority Interest	34.02	33.67
4	Non-current liabilities		

S.No.	Particulars	As at 30.09.2012	As at 31.03.2012
	(a) Long-term borrowings	0.13	52.72
	(b) Long-term provisions	3.05	3.24
	(c) Other Non Current Liabilities	0.02	0.03
	Sub-total - Non-current liabilities	3.20	55.99
5	Current liabilities		
	(a) Short-term borrowings	19.88	95.89
	(b) Trade Payable	163.42	180.70
	(c) Other current liabilities	253.83	164.15
	(d) Short-term provisions	6.96	7.71
	Sub-total - Current liabilities	444.09	448.45
	TOTAL - EQUITY AND LIABILITIES	980.69	988.61
B.	ASSETS		
1	Non-current assets		
	(a) Fixed assets		
	(i) Tangible assets	34.27	36.29
	(ii) Intangible assets	3.28	3.82
	(b) Goodwill on consolidation	1.78	1.78
	(c) Non-current investments	24.54	25.31
	(d) Deferred tax Asset (Net)	13.99	12.55
	(e) Long-term loans and advances	68.87	85.10
	(f) Other non-current assets	-	-
	(g) Trade Receivables	34.19	37.36
	Sub-total - Non-current assets	180.92	202.21
2	Current assets		
	(a) current investments	42.65	2.65
	(b) Inventories	197.40	137.03
	(c) Trade receivables	122.29	216.56
	(d) Cash and Bank balances	328.14	333.91
	(e) Short-term loans and advances	106.47	92.71
	(f) Other current assets	2.82	3.54
	Sub-total - Current assets	799.77	786.40
	TOTAL – ASSETS	980.69	988.61

For and on Behalf of the Board

Place : New Delhi

Date : 23rd October, 2012

Subhash Chand
Aggarwal
(Chairman &
Managing Director)

Mahesh Chand Gupta
(Vice Chairman &
Managing Director)

SMC GLOBAL SECURITIES LIMITED

CONSOLIDATED UNAUDITED SEGMENT RESULTS FOR THE QUARTER & SIX MONTHS ENDED 30TH SEPT 2012

(₹ in Crores)

S. No.	Description	QTR ENDED			Period Ended		Year Ended
		30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012
	Primary Segment-Business						
1	Segment Revenue						
	(1) Capital Market		63.08	65.35	65.63	128.43	259.97
	(2) Insurance Broking Services		6.07	5.76	4.45	11.83	20.62
	(3) Wealth Management Services		1.51	1.55	1.75	3.06	6.98
	(4) Unallocated		1.41	0.88	2.02	2.29	6.32
	Total		72.07	73.54	73.85	145.61	293.89
	Less: Inter Segment Revenue		0.78	0.42	0.73	1.20	2.78
	Income From Operation, Other Operating Income And Other Income		71.29	73.12	73.12	144.41	291.11
2	Segment Results Profit/(Loss) before tax and interest from each segment						
	(1) Capital Market		8.17	9.82	10.56	17.99	27.03
	(2) Insurance Broking Services		1.30	1.20	(0.38)	2.50	0.32
	(3) Wealth Management Services		(0.94)	(0.96)	(2.80)	(1.90)	(9.55)
	(4) Unallocated		0.74	0.49	(0.80)	1.23	0.89
	Total		9.27	10.55	6.58	19.82	18.69
	Less: Interest		4.35	5.00	5.93	9.35	22.51
	Total Profit/(Loss) Before Tax & Exceptional Items		4.92	5.55	0.65	10.47	(3.82)
3	Capital Employed						
	(Segment assets – Segment Liabilities)						
	(1) Capital Market		388.74	389.69	311.54	388.74	348.61
	(2) Insurance Broking Services		9.47	10.26	14.87	9.47	11.26
	(3) Wealth Management Services		8.65	8.94	10.76	8.65	9.24
	(4) Unallocated		78.53	73.70	64.58	78.53	68.84
	Total		485.39	482.59	401.75	485.39	437.95

Notes :

- In accordance with AS-17 "Segment Reporting", the company on standalone basis has only one reportable segment i.e. "Capital Market". However in consolidation the group has identified two more reportable segment i.e. Insurance Broking and Wealth Management services. The group is also carrying on NBFC activities and in accordance with AS-17 since the revenue, results and assets of the activity is less than the threshold limit for separate disclosure; the same has not been shown separately.
- Figures for the previous period/ quarter have been regrouped and rearranged wherever necessary.

3. The segment "Capital Market" includes equity broking, commodity broking and proprietary trading.

For and on Behalf of the Board

Place : New Delhi
Date : 23rd October,
2012

S.C AGGARWAL
(Chairman & Managing
Director)

Mahesh C. Gupta
(Vice Chairman & Managing Director)

Statement of Standalone / Consolidated Unaudited Results for the Quarter & Six months ended 30th Sept 2012

(₹ in Crores)

Sr. No	Particulars	CONSOLIDATED						STANDALONE					
		Quarter ended		Period ended		Year Ended		Quarter ended		Period ended		Year Ended	
		30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012	30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012
		2	2	1	2	1	2	2	2	1	2	1	2
1	(A) Income from Operations	68.95	69.48	67.25	138.43	128.91	272.46	42.78	40.11	37.60	82.89	77.82	163.26
	(B) Other Operating Income	1.15	1.85	2.03	3.00	4.02	7.31	1.06	1.80	1.95	2.86	3.92	6.83
	Total Income (1A+1B)	70.10	71.33	69.28	141.43	132.93	279.77	43.84	41.91	39.55	85.75	81.74	170.09
2	Expenditure												
	(A) Operating Cost	6.86	6.58	7.21	13.45	14.23	28.32	3.65	4.10	4.74	7.75	9.38	18.34
	(B) Brokerage & Commission Paid	10.56	10.80	12.14	21.36	23.27	46.82	7.46	7.53	8.30	14.98	16.78	33.18
	(C) Securities Transaction Tax	5.88	6.10	6.45	11.98	12.12	26.25	5.88	6.10	6.45	11.98	12.12	26.25
	(D) Employee Cost	22.02	20.69	22.77	42.70	47.42	93.48	9.63	8.84	7.20	18.47	18.22	40.02
	(E) Depreciation & Amortization	2.11	2.02	2.33	4.13	4.57	9.52	1.27	1.23	1.53	2.50	3.00	6.24
	(F) Other Expenditure	14.60	16.37	15.63	30.97	30.94	68.03	6.65	7.12	4.86	13.78	11.04	26.60
	Total	62.03	62.56	66.53	124.59	132.55	272.42	34.54	34.92	33.08	69.46	70.54	150.63
3	Profit/ (Loss) From Operations Before Other Income, Interest and Exceptional Items.	8.07	8.77	2.75	16.84	0.38	7.35	9.30	6.99	6.47	16.29	11.20	19.46
4	Other Income	1.19	1.78	3.83	2.98	4.95	11.34	0.46	0.03	0.72	0.50	1.46	2.33
5	Profit/ (Loss) Before Interest and Exceptional Items.	9.26	10.55	6.58	19.82	5.33	18.69	9.76	7.02	7.19	16.79	12.66	21.79
6	Finance Cost	4.34	5.00	5.93	9.35	11.57	22.51	4.13	4.56	5.33	8.69	10.62	20.41
7	Profit/ (Loss) After Interest But Before Exceptional Items.	4.92	5.55	0.65	10.47	(6.24)	(3.82)	5.63	2.46	1.86	8.10	2.04	1.38

Sr.	Particulars	CONSOLIDATED						STANDALONE					
8	Exceptional Items Expense/(Incomes)	(1.18)	0.00	-	(1.17)	-	0.27	(1.18)	0.00	-	(1.18)	-	0.17
9	Profit/(Loss) Before Tax	6.10	5.55	0.65	11.64	(6.24)	(4.09)	6.81	2.46	1.86	9.28	2.04	1.21
10	Tax Expense	1.39	2.16	0.75	3.55	0.06	0.83	1.85	0.80	0.61	2.65	0.64	0.43
11	Net Profit/(Loss) After Tax But Before other adjustments & Minority Interest	4.71	3.39	(0.10)	8.09	(6.30)	(4.92)	4.96	1.66	1.25	6.63	1.40	0.78
12	a. Transfer to Statutory Reserve	0.09	0.06	0.05	0.15	0.07	0.05	-	-	-	-	-	-
	b. Share Of Minority Interest in Profit/(Loss)	(0.06)	(0.02)	(1.40)	(0.08)	(3.53)	(3.44)	-	-	-	-	-	-
13	Net Profit/(Loss) After Tax, Other adjustments And Minority Interest	4.68	3.35	1.25	8.02	(2.84)	(1.53)	4.96	1.66	1.25	6.63	1.40	0.78
14	Paid Up Equity Share Capital (Face Value of ₹ 2 each)	22.63	11.31	10.48	22.63	10.48	10.95	22.63	11.31	10.48	22.63	10.48	10.95
15	Reserves Excluding Revaluation Reserves	-	-	-	-	-	438.56	-	-	-	-	-	457.44
16	Earning per share (EPS)												
	(a) Basic EPS	0.42	0.31	0.12	0.72	(0.27)	(0.14)	0.45	0.15	0.12	0.60	0.13	0.07
	(b) Diluted EPS	0.42	0.31	0.12	0.72	(0.27)	(0.14)	0.45	0.15	0.12	0.60	0.13	0.07
17	Public Share Holding												
	- No of Shares	46,824,110	4,443,507	3,608,449	46,824,110	3,608,449	4,075,820	46,824,110	4,443,507	3,608,449	46,824,110	3,608,449	4,075,820
	- Percentage of Share Holding	41.39	39.28	34.44	41.39	34.44	37.24	41.39	39.28	34.44	41.39	34.44	37.24
18	Promoter & Promoter Group Shareholding												

Sr.	Particulars	CONSOLIDATED						STANDALONE					
(a)	Pledged/Encumbered												
	No. of Shares	10,478,390	1,047,839	1,047,839	10,478,390	1,047,839	1,047,839	10,478,390	1,047,839	1,047,839	10,478,390	1,047,839	1,047,839
	% of Shares (as a % of the total shareholding of the promoter & promoter group)	16	15	15	16	15	15	16	15	15	16	15	15
	% of Shares (as a % of the total share capital of the company)	9.26	9.26	10.00	9.26	10.00	9.57	9.26	9.26	10.00	9.26	10.00	9.57
(b)	Non Encumbered												
	No. of Shares	55,831,950	5,822,099	5,822,099	55,831,950	5,822,099	5,822,099	55,831,950	5,822,099	5,822,099	55,831,950	5,822,099	5,822,099
	% of Shares (as a % of the total shareholding of the promoter & promoter group)	84	85	85	84	85	85	84	85	85	84	85	85
	% of Shares (as a % of the total share capital of the company)	49.35	51.46	55.56	49.35	55.56	53.19	49.35	51.46	55.56	49.35	55.56	53.19

Notes :

- 1 The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 23-10-2012.
- 2 Figures for the previous period have been regrouped and rearranged wherever necessary.
- 3 Status of the Investor's Complaints: Pending at the beginning of the quarter – Nil, Complaints received and disposed off during the quarter – Nil, Pending at the end of the quarter – Nil
- 4 The consolidated financial statements for the quarter /half year ended on September 30, 2012 are prepared in accordance with AS- 21 issued by The Institute of Chartered Accountants of India.
- 5 The Results for the quarter/ half year ended on 30th September 2012 have been subjected to a Limited Review by the Statutory auditors of the company.
- 6 SMC Insurance Brokers Private Limited, a step down subsidiary has allotted 10,00,000 equity shares of ₹ 10 each to Mr. Pravin Agarwal, a director of step down subsidiary and consequently the stake of the company has come down from 100 % to 97.58 % in the step down subsidiary.
- 7(a) The shares of the company, having face value of ₹ 10 each were sub-divided into five shares of ₹ 2 each on August 10, 2012. Consequently 1,13,13,445 shares of ₹ 10 each were converted into 5,65,67,225 shares of ₹ 2 each on the record date i.e., August 10, 2012.

- 7(b) The company had allotted Bonus shares in the ratio of 1:1 by capitalizing Securities Premium Reserve on August 11, 2012. Consequently subscribed share capital was increased from ₹ 11.31 crores (5,65,67,225 shares of ₹ 2 each) to subscribed share capital of ₹ 22.63 crores (1,31,34,450 shares of ₹ 2 each)
- 7(c) Pursuant to the resolution passed by shareholders of the company in its EGM dated 31st July 2012 for stock splits and issue of Bonus shares and in terms of paragraph 24 of AS - 20, the number of equity shares outstanding before the stock splits and issue of bonus shares is adjusted for the change in number of equity shares for stock splits and issue of Bonus shares as if the shares were split or issued at the beginning of the earlier reported period.

For and on Behalf of the Board

Place : New Delhi
Date : October 23, 2012

Subhash Chand Aggarwal
(Chairman & Managing Director)

Mahesh Chand Gupta
(Vice Chairman & Managing Director)

MARKET PRICE INFORMATION

The Equity Shares of our Company are listed on the DSE, the LSE, the CSE, the ASE, and the GSE. However, in the absence of an active trading market, the high and low market prices of the Equity Shares cannot be determined.

The Issue price of ₹ [●] has been arrived at by our Company in consultation with the BRLMs.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our current significant outstanding financing arrangements, as on September 30, 2012 on a standalone basis:

Sr. No.	Agreement with Lender	Nature of borrowing	Term	Sanctioned Amount	Amount Outstanding on September 30, 2012	Rate of Interest	Repayment	Prepayment	Security
1.	Corporate Rupee Loan Facility Agreement between our Company and ICICI Bank Limited dated July 3, 2010	Rupee Term Loan Facility	3 years	₹ 52.5 crore	₹52.5 crore	12.60%	Bullet repayment after 36 months from first draw down date i.e. 3 August, 2010	Mandatory Prepayment of entire outstanding amount if: i. The Company does not provide prior intimation to ICICI Bank before initiating any process to issue capital or any private equity financing deal, other than preliminary non-binding discussions. ii. The Company, affiliates of our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Mr. D. K. Aggarwal, Mr. Pradeep Aggarwal, Mr. Ajay Garg, Mr. Anurag Bansal and Mr. Ravinder Kumar (a.k.a. Ravi Aggarwal) propose to sell an aggregate of 2% or more of their shareholding in our Company during the tenure of the facility, without the prior written consent of ICICI Bank. iii. The Company, upon being requested by ICICI Bank does not provide it with copies of approvals and consents required by our	<i>Pari passu</i> first charge on all the movable properties (present and future) and tangible and intangible assets of our Company, including trade receivables and current assets. Guarantee from affiliates of our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Mr. D. K. Aggarwal, Mr. Pradeep Aggarwal, Mr. Ajay Garg, Mr. Anurag Bansal and Mr. Ravinder Kumar (a.k.a. Ravi Aggarwal). The security cover shall be monitored by ICICI Bank Limited on a quarterly basis to ensure that it does not fall below 1.25 times. Sainty Financial Services Private Limited, Shivraj Exim Private Limited, ASM Pipes Private Limited, MAR Fashions Private Limited (the Pledgors) and IDBI Trusteeship Services Limited (the

Sr. No.	Agreement with Lender	Nature of borrowing	Term	Sanctioned Amount	Amount Outstanding on September 30, 2012	Rate of Interest	Repayment	Prepayment	Security
								Company in relation to the facility. In the event of a voluntary or mandatory prepayment, our Company shall be liable to pay an amount equivalent to ₹ 1 crore which, shall be over and above such additional amounts owed to ICICI Bank, including an upside fee and any payments due to ensure that ICICI Bank receives a yield equal to the minimum facility IRR.	Security Trustee) and our Company have entered into a pledge agreement dated July 3, 2010. The Pledgors are collectively the beneficial owners of 10% of the equity shareholding of our Company and have agreed to pledge their shares in favour of the Security Trustee for the benefit of ICICI Bank Limited. Also, in respect to the facility, Ms. Hemlata Aggarwal and Ms. Sushma Gupta have executed a Non-Disposal Arrangement dated July 3, 2010 in favour of IDBI Trusteeship Services Limited and ICICI Bank Limited.
2.	HDFC Bank	Short term loan (370 days)	Sanction letter dated March 31, 2010 and a loan agreement dated August 13, 2010	₹100 Crore	₹19.78 Crore	FD + 1% p.a., excluding interest and tax calculated and payable with quarterly / monthly	Bullet maturity on	The bank may demand immediate repayment of all its dues upon the happening of certain trigger events.	HDFC Bank

Sr. No.	Agreement with Lender	Nature of borrowing	Term	Sanctioned Amount	Amount Outstanding on September 30, 2012	Rate of Interest	Repayment	Prepayment	Security

rests

Set forth below is a brief summary of the vehicle loans, as on September 30, 2012 on a standalone basis:

Sr. No.	Lender	Term	Sanctioned Amount	Amount Outstanding on September 30, 2012	Rate of Interest	Repayment	Security
1.	ICICI Bank	36 months	₹ 15,50,000	₹4,31,158	9.82%	Monthly instalments for 36 months	The vehicle itself.
2.	Axis Bank	36 months	₹14,00,000	₹10,44,916	10.5%	Monthly instalments for 36 months	The vehicle itself.

Set forth below is a brief summary of the bank guarantees availed by our Company, as on September 30, 2012 on a standalone basis:

Sr. No.	Agreement with Lender	Nature of Instrument	Maturity Dates	Availed Limit	Commission	Security / Margin
1.	ICICI Bank	Bank Guarantee	Maturity dates range from December 2012 to October 2013	₹150.00 crore	0.70 %	Collateralization of cash assets to the extent of 50% in the form of term deposits of ICICI Bank or collateralization of cash assets of 25% in the form of term deposits of ICICI Bank and balance 25% in the form of approved demat shares so as to maintain the asset cover ratio of 200%

Sr. No.	Agreement with Lender	Nature of Instrument	Maturity Dates	Availed Limit	Commission	Security / Margin
						Personal guarantee from Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta.
2.	HDFC Bank	Bank Guarantee	Maturity range from October 2012 to June 2013	₹ 7.25 Crore	0.70 %	Margin - 50% by way of cash/TDR duly discharged in favour of the bank. 100% in case of guarantees issued against disputed liabilities.
3.	State Bank of Bikaner and Jaipur	Bank Guarantee	Maturity dates in January 2013	₹ 30.00 Crore	0.60 %	Cash margin of 50%.
4.	Kotak Bank	Bank Guarantee	Maturity dates in May 2013	₹ 15.00 crore	0.75 %	Cash margin of 50%.
5.	Yes Bank	Bank Guarantee	Maturity range from December 2012 to April 2013	₹ 30.00 Crore	0.60 %	Cash margin of 50%.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigation, suits, criminal or civil prosecutions, arbitration, or any other statutory or legal proceedings, including those for economic offences, tax liabilities, show cause notices against our Company, its Directors, its Subsidiaries, Our Promoters and Group Companies. Except as stated below, further, there are no defaults, non-payment of statutory dues, over-dues to banks / financial institutions, defaults against banks / financial institutions, defaults in creation of full security as per terms of issue / other liabilities, any other proceedings including the ones initiated for economic / civil or 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 XIII of the Companies Act.). No disciplinary action has been taken by SEBI, any other governmental body or any stock exchange against our Company, its Directors, or its Subsidiaries or Our Promoters or our Group Companies.

Neither our Company nor its Directors, or Subsidiaries have been declared as wilful defaulters by the RBI or any other Governmental authority and there have been no cases of violations of securities laws against them or any person or entity connected with them, except as mentioned below.

We have individually summarized the significant legal proceedings involving our Company and its Subsidiaries in relation to criminal cases, civil cases, cases under negotiable instrument act, arbitration proceedings, consumer complaints, labour matters, tax related proceedings, and with respect of all other proceedings involving our Company and its Subsidiaries for claims exceeding a monetary value of ₹1 Crore ("Material Cases"). For other cases, we have disclosed all the legal proceedings pending against our Company, its Subsidiaries in an aggregated manner.

Contingent liabilities not provided for as of March 31, 2012 as per our consolidated financial statements:

(₹ in Crore)		
Particulars	July 31, 2012	Year ended March 31, 2012
On Account of Sales tax demand	0.61	0.53
ESI demand in dispute	0.31	0.31
Total	0.92	0.84

I. Litigation involving our Company as on October 31, 2012

1. Litigation against our Company

A. SEBI Show Cause Notice

SEBI issued a show cause notice dated October 6, 2010 to our Company alleging therein that our Company has violated Clauses A1, A2, and A5 and C6 of conduct for stock brokers specified in Schedule II read with Regulation 7 of SEBI (Stock Brokers and Sub-Brokers) Regulation, 1992, Clauses 1, 2 and 5 of model Clearing Member-Trading Member agreement specified by SEBI vide circular No. FITTC/DC/CIR-3468/98 dated December 3, 1998 and NSCCL circular No. NSCC/F&O/C&S/132 dated October 8, 2002 and NSCC/F&O/C&S/200/2003 dated June 17, 2003 for not collecting required margin from its trading members, wrong reporting of "margin as collected" to exchange, providing excessive exposure to its trading members i.e. Sunchan Securities Limited ("SSL"), Ganga Yamuna Finvest Private Limited ("GYF") and Nikunj Stock Brokers Limited ("NSB"), and not following the policy of compulsory square-off of the positions of the trading members widening the gap between the margin and the exposure resulting in ultimate default.

The Company filed their reply dated April, 19, 2010, November, 25, 2010 and May 09, 2011 denying all allegations made in show cause notice.

SEBI further issued a post enquiry show cause notice under regulation 28(1) of the SEBI (Intermediaries) Regulations, 2008 dated April 16, 2012 ("Post Enquiry Show Cause Notice")

enclosing copy of designated authority's report dated December 12, 2011 which report provides that SEBI vide letter dated March 26, 2009 advised NSE to examine the matter and submit a report. NSE vide letter dated April 01, 2009 had submitted to SEBI that an inspection of the clearing operations of our Company pertaining to F&O segment was conducted during December 2008 and major violations relating to wrong reporting of margin and non-collection of dues from trading members on time were observed. Accordingly, a broad based audit by an independent external auditor was conducted by M/s. Walker, Chandiook & Co., Chartered Auditors which also pointed out the similar irregularities. Subsequently, the Disciplinary Action Committee of NSE, after taking into account the nature of the observations and submission by our Company inter-alia levied an interim penalty of ₹ 25,00,000. Further, an additional amount of 100% of the penalty viz. ₹ 25,00,000 has been retained by NSE for a period of 6 months which were to be refunded based on the improvement in compliances by SMC which regard to reporting of margin collected from trading members. Thereafter, SEBI conducted an inspection of the books of accounts, documents and various other records maintained and furnished by the Company. On conclusion of the inspection process a designated authority was appointed vide order dated August 31, 2010 to enquire into the possible violations of the provisions of law by the Company as observed during the inspection.

The Post Enquiry Show Cause Notice provides that the allegations of violations committed by our Company are grave and serious in nature and therefore the penalty recommended by the designated authority is not commensurate with the violations committed and as mentioned in the Post Enquiry Show Cause Notice. Further, the Post Enquiry Show Cause Notice states that our Company failed to collect the requisite margin from its trading members and it allowed them to take additional positions and risk in F&O segment. The position taken by SSL and GYF without payment of adequate margin had resulted in heavy losses when market moved adversely and thereby resulted in defaults in fulfilling their obligations. SSL and GYF were declared defaulter and expelled from the membership of stock exchanges. The defaults of these trading members also resulted into various investor complaints / claims for non-receipt of funds and securities. The Post Enquiry Show Cause Notice also envisages that why a higher penalty should not be imposed against our Company as specified in Regulation 27(i) to 27(v) of SEBI (Intermediaries) Regulations, 2008.

The Company replied vide its letter dated May 14, 2012 denying all the allegations in the Post Enquiry Show Cause Notice and requested for a hearing before the Whole Time Member. SEBI on May 18, 2012 replied to our Company's letter stating that our Company has not replied to the allegations as mentioned in the Post Enquiry Show Cause Notice and has sought for certain procedural clarifications and a personal hearing. In view thereof, SEBI advised to our Company to submit its reply together with the documents, if any, that our Company may choose to rely upon. The Company on May 28, 2012 responded to SEBI's letter dated May 18, 2012 requesting for liberty to reply by June 30, 2012. The Company replied to SEBI on June 22, 2012 and requested that the Whole Time Member of SEBI should hear and adjudicate upon the preliminary issues raised by our Company and after hearing our Company should the decision of the preliminary issues be adverse to our Company, our Company may be given an opportunity to reply to new allegations in the Post Enquiry Show Cause Notice. SEBI granted a personal hearing to our Company on October 04, 2012 vide its letter dated September 04, 2012. SEBI also sent another letter dated September 11, 2012 informing our Company that it should submit the point-wise reply in respect to the Post Enquiry Show Cause Notice by September 28, 2012. The Company responded to SEBI on September 14, 2012 seeking another date on or after October 18, 2012 for the personal hearing as its counsel was not available. The Company also sent another letter dated September 25, 2012 to SEBI requesting that if SEBI appreciated the preliminary issues then nothing more would be required and should SEBI decide against our Company in respect to the preliminary issue of jurisdiction, then the need of detail reply with supporting documents will arise which are likely to be voluminous and will be time consuming task.

SEBI further sent a letter dated September 20, 2012 informing our Company that based on request of our Company, the personal hearing shall be conducted on November 09, 2012. The Company has sent a letter dated October 15, 2012 to SEBI requesting to grant the date of hearing either between October 31, 2012 to November 06, 2012 or after November 19, 2012, due to non-availability of its counsel. The matter is pending for SEBI's response and personal hearing.

B. Criminal Complaints

1. Ms. Sanju Kumari (“**Complainant**”) filed a complaint bearing case no 2977 of 2011 before the Chief Judicial Magistrate, Motihari, East Champaran against Mr. Subhash Chand Aggarwal, Mr. Prabhat Kumar and Mr Santosh Kumar (partners of Militia Share & Securities) (“**Accused**”) under sections 409, 420, 467, 468 120(B), 387 of the Indian Penal Code and sections 43, 44, 65, 66 and 71 of the Information Technology Act, 2000. The Complainant has alleged that Mr. Prabhat Kumar and Mr. Santosh Kumar got the Demat account of the Complainant transferred in the name of their firm, traded on Complainant’s behalf and tried misappropriating her money. The Complainant has also alleged that Mr. Subhash Chand Aggarwal, did not take any action against Mr. Prabhat Kumar and Mr. Santosh Kumar, their sub-broker. The Complainant filed petition under section 156(3) of Criminal Procedure Code to direct the local police station at Chhattauni to register the First Information Report (“**FIR**”). Pursuant to order dated December 15, 2011, passed by Chief Judicial Magistrate, Motihari, East Champaran, a FIR bearing no 10/2012 was registered on January 09, 2012. Thereafter, the Accused filed an application before the High Court of Patna bearing criminal miscellaneous no 18589 of 2012. The High Court of Patna has passed an order dated May 04, 2012 staying further proceedings of Case No. 10 of 2012 and issued notices to opposite parties. The matter is yet to be listed.
2. Mr. Jainarain Aggarwal (“**Complainant**”), filed a case bearing number C/12065/11 before the Chief Metropolitan Magistrate, Calcutta against MOIL Limited, Kumar Jitender Singh, Karvy Computer Share Private Limited, C. Parthasarthy, our Company and Mr. Subhash Aggarwal (“**Accused**”) under section 409, 420 and 120(B) of the Indian Penal Code alleging that the Complainant applied for 510 equity shares of MOIL Limited and had drawn a cheque of ₹ 1,91,256, which was encashed but neither the equity shares were allotted to the Complainant nor his application money was refunded. The Complainant filed a petition praying for refund of the application money and cognizance of the offence. The Court issued summons on June 02, 2011. Thereafter, the company and Mr. Subhash Chand Aggarwal are in process of moving a petition before the High Court at Kolkata praying for quashing of complaint No.C/12064/11 against them. The matter is yet to be filed.
3. Mr. Shankar Kumar Surekha (“**Complainant**”) filed a complaint bearing number 3110 of 2010 before the Chief Judicial Magistrate, Patna against Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Mr. Raju Mondal, Mr. Chandan Kumar Roshan and Ms. Rashmi Kumari Sinha (“**Accused**”) under sections 403, 406, 418, 420, 504, 120(B) of the Indian Penal Code and section 138 of the Negotiable Instruments Act, 1938. The Complainant has alleged that the Accused have misappropriated a certain sum of ₹ 3,70,000 invested by the Complainant in certain fix deposit assured schemes. The Court subsequently, has issued summons on February 03, 2011. Mr. Subhash Chand Aggarwal and Mr Mahesh Chand Gupta have moved two applications under section 205 and 245 of the Criminal Procedure Code, praying for exemption from personal appearance in the Court and for discharge of the criminal proceedings against them, both of which are yet to be decided by the court. The matter is pending for hearing.
4. Mr. Arbind Aggarwal (“**Complainant**”) filed a complaint bearing case no 478(c) of 2009 before the Chief Judicial Magistrate, Patna against our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Mr. Ajay Garg and Mr. Ankit Aggarwal (“**Accused**”) under sections 406, 420, 120(B) of the Indian Penal Code. It is alleged that Accused have not paid the Complainant a brokerage amount of ₹ 3,04,125, as per the brokerage agreement entered between them and therefore have cheated and misappropriated the said amount. The Complainant prayed that the Court take cognizance of the offence and issue processes to the Accused. Thereafter Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta moved an application under section 205 to exempt them from personal appearance and allow them to appear through their lawyers which was allowed by the Honourable Court. Further, the Complainant has entered into a deed of Settlement with our Company on July 04, 2011 wherein Complainant has agreed to pay ₹ 1,10,000 as full and final settlement to our Company and parties have agreed to withdraw civil recovery suit case no. 92 of 2009 filed by our Company against the Complainant. Further the parties have agreed to settle all other claims, actions, complaints, arbitration proceedings against each other. The matter is pending withdrawal of complaints and the same are pending adjudication before the Honourable Court.

5. Mr. Chandramoni (“**Complainant**”) filed a complaint bearing number case no 1739(c) of 2008 before the Chief Judicial Magistrate, Patna against our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Mr. Om Prakash Sinha (“**Accused**”) under sections 409, 420 and 120(B) of the Indian Penal Code. The Complainant has alleged that Accused have misappropriated an amount of ₹ 3,64,300 paid by the Complainant to Accused towards investment in shares and the Accused have sent a legal notice to Complainant demanding ₹ 4,72,964.70 being the debit balance in Complainant’s account. The Complainant filed a petition with the Chief Judicial Magistrate, Patna praying for relief, Pursuant to order dated July30, 2008 passed by Chief Judicial Magistrate, Patna, summons were issued to the Accused. Thereafter, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Mr. Om Prakash Sinha filed an application before the High Court of Patna bearing criminal revision no 485 of 2009 which was dismissed by the High Court at Patna on October 29, 2010 directing to file the case before the Sessions courts. Thereafter, Mr. Subhash Chand Aggarwal and Mr Mahesh Chand Gupta filed an application bearing criminal revision No. 1047 of 2009. On December 23, 2009 the Sessions Court at Patna passed an order admitting revision petition and directed the respondents not to take coercive steps. Further, the Complainant has entered into a deed of Settlement with our Company on February 09, 2012 wherein Complainant has agreed to pay ₹ 2, 50,000 as full and final settlement to our Company and parties have agreed to withdraw the cases namely civil recovery suit case no. 569 of 2008 filed by our Company against the Complainant, Complaint no 452 of 2011 (In court of ACJM, Gautam Budh Nagar, UP) and Criminal Complaint bearing 1739 of 2008 filed by the Complainant against the accused. The parties have moved the applications for withdrawal of pending complaints and the same are pending adjudication before the Honourable Court.

6. Mr. Parma Prasad (“**Complainant**”) filed a complaint bearing case no 2320(c) of 2008 before the Judicial Magistrate, First Class, Patna against our Company, Mr. Durgesh Tiwari, Mr. Mrignendra Kumar, sub-broker of our Company, Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta (“**Accused**”) under section 406 of the Indian Penal Code. The Complainant has alleged that the Accused have misappropriated an amount of ₹ 2,70,000 which includes ₹90,000 deposited in cash and ₹1,70,000 in form of shares, paid by the Complainant to Accused persons. Pursuant to order dated February 07, 2009 passed by Judicial Magistrate, First Class, Patna, summons were issued to the Accused. Thereafter, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta filed an application under section 205 before the Judicial Magistrate, First Class to excuse their inability to make personal appearance and allow them to appear through their lawyers May 07, 2010 but the same was dismissed by the Honourable Court on June 15, 2010. Thereafter Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta filed the revision petition before the Session Court vide no.581/2010 against the Order dated June 15, 2010 passed by the Judicial Magistrate, First Class and the revision petition was allowed by the Honourable Session Court on July 26, 2010. Further, the Complainant has entered into a deed of Settlement with our Company on June 06, 2011, wherein the parties have agreed to withdraw all cases, including civil recovery suit case no. 61 of 2009 for ₹1,32,325 filed by our Company against the Complainant. The party has moved the application for withdrawal of pending complaint and the same is pending adjudication before the Honourable Court.

7. Mr. V. Elango (“**Complainant**”) filed a complaint bearing case no 9095(c) of 2007 before the XVIII Metropolitan Magistrate, Saidapet, Chennai against our Company, Mr. Subhash Chand Aggarwal and its two employees Mr. Rahul Verma and Mr. Shekher Anand Joshi (“**Accused**”) under sections 192, 196, 209, 465, 471 and 471-A read with 34/120B of IPC alleging that the company had done unauthorised trading and the claim filed by our Company before the arbitration of the NSE, Chennai on October 18, 2007 demanding ₹4,90,085.86 from the Complainant is false. Thereafter the company had filed a petition before the Chennai High Court for quashing of the complaint no.9095/2007 vide its CRL No.4908/2008 and the matter was stayed by the Honourable High Court vide its order dated March 28, 2008 and the same is pending adjudication before the Honourable High Court.

8. Mr. Zafar Iqbal Sabri (“**Complainant**”) filed a complaint bearing case no 1573(c) of 2010 before the Chief Judicial Magistrate, Moradabad against our Company, Mr. Subhash Chand Aggarwal, Mr. Rakesh Gupta and Mr. Malik Jawed Akhter (“**Accused**”) under sections 409, 420, 467, 468, 471 and 477 of IPC alleging that our Company had not returned an amount

of ₹50,000 which was paid on November 28, 2004. It is further stated the company had filed revision petition against the summoning order on November 27, 2011 which got stayed by the Additional District Judge, Moradabad. Further the matter was compromised by the complainant with our Company on November 08, 2011 for ₹87,000 as full and final settlement and the Complainant had moved the withdrawal application before the Additional District Judge, Moradabad for withdrawal of his complaint and the same is pending for hearing.

9. Ms. Ranjana Malvia (“**Complainant**”) filed a FIR bearing No 255 of 2011 before the Jaggarnathpur, Police Station, Ranchi on November 15, 2011 against Mr. Abhay Kumar, Ms. Gayatri Devi, our Company and SMC Comtrade Limited, branch manager and other employees of the companies and higher officials of the companies (“**Accused**”) under section 406, 420, 506 and 34 of the Indian Penal Code. The Complainant has alleged unauthorised trading through her account and thereby loss of ₹2,50,000 by the accused. Thereafter, our Company and SMC Comtrade Limited filed a petition before the High Court, Ranchi for quashing of the above said FIR on January 17, 2012 and the operation of FIR was stayed by the Honourable High Court vide its order dated February 06, 12 with issue notice to the Complainant. Thereafter, the Complainant filed its reply before the Honourable High Court. It is further stated that the counsel for the complainant had stated before the Honourable High Court that the complainant has no grievances against the company and its officials and only against accused Mr. Abhay Kumar and Ms. Gayatri Devi. Hence, our Company and SMC Comtrade Limited have withdrawn their quashing petition before the Honourable High Court on June 25, 2012. The matter is pending for investigation.
10. Mr. Anoop Kumar Surekha (“**Complainant**”) filed a complaint bearing number 3109 of 2010 before the Chief Judicial Magistrate, Patna against Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta, Mr. Raju Mondal, Mr. Chandan Kumar Roshan and Ms. Rashmi Kumari Sinha (“**Accused**”) under sections 403, 406, 418, 420, 504, 34/120(B) of the Indian Penal Code. The Complainant has alleged that he had invested ₹ 5,10,000 on behalf of his father in the fixed deposit scheme of the Company and the Accused have misappropriated the same. Thereafter Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta have filed the quashing application u/s 482 of Cr.p.c. before the High Court at Patna praying for quashing of the criminal complaint no.3109/10 against them and the quashing application is pending for listing.
11. Mr. Aman Malik (“**Complainant**”) filed a complaint bearing case no 161/01/10 before the Metropolitan Magistrate, Delhi against SAM Global Securities Limited (since merged with our Company), managing director, SAM Global Securities Limited, Mr. Rakesh Gupta, Director and its employees i.e. Mr. Ashok Aggarwal, Mr. Nand Kishore Aggarwal, Mr. Tarun Aggarwal (“**Accused**”) alleging that the Accused have sold his shares in unauthorised manner and on the complaint, the Honourable Court directed the police to register FIR and accordingly FIR No.79/2010 under sections 406, 468, 471, 120b of IPC was registered against the Accused. It is further stated that one of the employee of SAM Global Securities Limited, Mr. Tarun Aggarwal had sold shares in a fraudulent manner and SAM Global Securities had lodged FIR against him vide FIR No.222/10, dated October 16, 2009 at Darya Ganj Police Station for various offences under Section , 420, of the IPC. It is further stated that Complainant was one of the client whose shares have been sold out by Mr. Tarun Aggarwal fraudulently. Thereafter the Complainant had entered into settlement with SAM Global Securities Limited (since merged with our Company) for a sum of ₹ 3,75,000 on June 22, 2010. Thereafter, SAM Global Securities Limited had filed a petition before the Honourable High Court for quashing of FIR No.79/10 on the basis of settlement and the Honourable High Court quashed the aforementioned FIR on April 20, 2012. The matter is pending before the Metropolitan Magistrate, Delhi for withdrawal of complaint by the complainant on the basis of quashing order of the High Court.
12. Mr. Ram Kavar Garg (“**Petitioner**”) filed a quashing petition vide no. 3154/2012 before Delhi High Court praying for quashing of the complaint case no.263/D/1211 filed by our Company before the Metropolitan Magistrate, Tis Hazari, Delhi under Section 138 of the Negotiable Instrument Act for dishonour of cheque of ₹26,00,000 against the Petitioner and the same is pending adjudication before the Honourable Court. Thereafter, our Company had

received the advance copy of the petition under section 482 filed before the Honourable High Court and the matter was listed on September 11, 2012 and the matter is pending for hearing.

13. Mr. Ram Kavar (HUF) (**"Petitioner"**) filed a quashing petition vide no.3153/2012 before Delhi High Court praying for quashing of the complaint case no.262/D/1211 filed by our Company before the Metropolitan Magistrate, Tis Hazari, Delhi under section 138 of the Negotiable Instrument Act for dishonour of cheque of ₹1,50,000 against the Petitioner and the same is pending adjudication before the Honourable Court. Thereafter, our Company had received the advance copy of the petition under section 482 filed before the Honourable High Court and the matter was listed on September 11,2012 and matter is pending for hearing.
14. Mr. Shashi Bhushan Shah (**"Revisionist"**) filed a quashing petition vide no. 2698/2011 before the Session Court, Bhopal praying for revision of the complaint case filed by our Company before the Judicial Magistrate, Bhopal under section 138 of the Negotiable Instrument Act for dishonour of cheque of ₹3,95,000 against Revisionist and the same is pending adjudication before the Honourable Court. The revision petition is pending adjudication before the Session Court.
15. Mr. Shambhu Sharan (**"Petitioner"**) filed a quashing petition vide no. 2577/2012 before Allahabad High Court praying for quashing of the complaint case no.427/11 filed by the company before the Honourable Court of Junior Division, Civil Judge, Gautam Budh Nagar, Noida under sections 418 and 420 of IPC against the Petitioner. The Company has also filed recovery suit against the accused in District Court, Tis Hazari and the matter was withdrawn by our Company after settlement vide a settlement deed dated June 26, 2012. Thereafter, our Company received the summons of the High Court in CRR 2577/12 and filed the Vakalatnama before the Honourable Court and the same is pending adjudication.
16. Mr. Durgesh Tiwari and Ors. (**"Petitioner"**) filed a quashing petition vide no. 1612/2012 before Allahabad High Court praying for quashing of the complaint case no.476/11 filed by our Company before the Honourable Court of Junior Division, Civil Judge, Gautam Budh Nagar, Noida under sections 418 and 420 of IPC against the Petitioner. Thereafter, our Company had received the summons of the High Court in CRR 1612/2012 staying the complaint case 476/11 before Court at Noida vide its Order dated January 13, 2012 and filed the vakalatnama before the Honourable Court and the same is pending adjudication.

C. Civil Cases:

There are 14 civil cases filed against our Company in respect to recovery suits filed by our Company on its clients and non-clients. The claim amount for these cases cannot be quantified.

D. Negotiable Instrument Act Cases:

NIL

E. Consumer Complaints:

There are 26 consumer cases filed against our Company alleging deficiency in services pending before various forums. The aggregate of claim amounts against our Company is approximately ₹0.71 crores.

F. Arbitration Proceedings:

There are 10 arbitration cases including appeal(s) filed against our Company in relation to trade disputes pending before arbitration at NSE and MCX-SX. The aggregate claim amount against our Company is approximately ₹0.68 crore.

G. Labour Matters:

There are 3 employee matters pending before the labour tribunal filed by our ex-employees against our Company relating to employment disputes. The claim amount is not ascertainable.

H. Tax Cases:

NIL

I. Potential Litigation:

1. The Company has received a show cause notice from Office of Commissioner of Service Tax dated October 20, 2009 being C. No. DL/ST/AE/Gr –II/SB/09/24775, New Delhi for recovery sum of ₹ 1.42 Crore being the Service Tax, Education Cess amounting to ₹ 2,84,992 and Secondary and Higher Education Cess amounting to ₹ 1,39,923 under the proviso to the Section 73(1) read with Section, 67, 68, 95 and 140 of Finance Act, 1994 and Rule 6 of Service Tax Rules, 1994. Earlier authority had issued letter dated September 28, 2008 for conducting the audit of records of our Company for the financial year 2004-2005 onwards. The Company has by their letters dated October 14, 2008 and December 15, 2008 has submitted documents and details and subsequently the case was transferred to the Anti-Evasion branch of the Service Tax Commission, New Delhi for detailed investigation. Authorities issued letters dated June 2, 2009 and July 23, 2009 for furnishing detailed information regarding details of brokerage earned from the State of J & K and sample copy of invoices/bills/debit notes issued for recovering delay payments and copies of the Annual Reports for the FY 2004-2005 and 2005-2006. The Company has by their letter dated July 22, 2009 and September 29, 2009 submitted information/documents to the authority. The Company vide a letter dated September 29, 2009 filed written statement under Section 14 of the Central Excise Act, 194 and in Service tax vide Section 83 of the Finance Act, 1994. The Company has filed their reply dated June 4, 2010 to the show cause notice dated October 20, 2009 for the period April 2004 to March 2009.
2. The Company has received a show cause notice from Office of Commissioner of Service Tax dated March 15, 2010, being C. No. DL/ST/R-IX/SCN/AE/SMC/81/09/2444, for recovering sum of ₹ 0.45 Crore being the Service Tax amount, Education Cess amounting to ₹ 89,756 and Secondary and Higher Education Cess amounting to ₹ 44,878 for the period April 2009 to September 2009. Earlier show cause notice was issued to our Company by the authorities on October 23, 2009 for the period October 01, 2004 to March 31, 2009 for not discharging their Service Tax liability properly in as much as they were recovering delayed payment charges, brokerage earned from the State of J&K under stock brokerage service and new issued commission under business auxiliary service from their clients along with brokerage but not paying Service Tax on gross value in terms of Section 67 & 68 of the Finance Act, 1994 and Service Tax Rules. The authorities found in letter dated December 29, 2009 that the assessed has earned income on account of delayed payment charges ₹ 3.04 Crore during April 01, 2005 to September 30, 2009. The Company has filed its reply dated June 15, 2010 explaining its stand on the allegations made by the authorities.
3. The Company has received a show cause notice from Office of Commissioner of Service Tax dated March 28, 2011 being C. No. DL/STR/R-IX/SCN/AE/SMC/81/09/5383, for recovering sum of ₹ 0.83 Crore being the Service Tax, Education Cess amounting to ₹ 1,65,454 and Secondary and Higher Education Cess amounting to ₹ 82,727 for the period October 01, 2009 to September 30, 2010. The Company has filed its reply dated July 18, 2011 by explaining its stand and prayed for dropping proceedings initiated against it.
4. The Company has received another show cause notice from Office of Commissioner of Service Tax dated April 16, 2012 being C. No. DL/ST/R-IX/SCN/AE/SMC/81/09/6269, for recovering sum of ₹ 0.13 Crore being the Service Tax, Education Cess amounting to ₹ 26,771 and Secondary & Higher Education Cess amounting to ₹ 13,385 for the period October 01, 2010 to September 30, 2011. The Company has filed its reply dated April 26, 2012, wherein it has given explanation to the allegation made in the show cause notice.
5. The Company has received a show cause notice from Office of Commissioner of Service Tax dated September 11, 2012 being C. No. DL/ST/R-IX/SCN/AE/SMC/81/09/12905, for recovering sum of ₹ 5,52,551 being the Service Tax, Education Cess amounting to ₹ 11,051 and Secondary & Higher Education Cess amounting to ₹ 5,526 for the period October 01, 2011 to March 31, 2012. The Company has filed its reply dated September 18 2012, wherein it

has pointed out that the show cause notice is issued without adjudicating the earlier notices issued to our Company and requested to drop the proceedings initiated against it.

6. The Company observed from www.tin-nsdl.com an aggregate demand of ₹ 10,82,591 on account of short deduction and Interest on late deposit of TDS deducted which may be contested by the Company.

Litigation by our Company:

A. Criminal Complaints:

1. The Company (“**Complainant**”) filed a complaint bearing criminal complaint no 1083 of 2011 in the court of Additional Chief Metropolitan Magistrate, Mr. G. N. Pandey, Tis Hazari against Mr. Rachit Srivastava (“**Accused**”) under section 630 of The Companies Act, 1956. The Accused was an employee of our Company serving in the back office first and then in the marketing and sales division of our Company which was a target based job. The Complainant alleged that in order to meet the sales target, the Accused indulged in malpractices and his conduct with his seniors was unsatisfactory. The Accused was given a cautionary notice through email on July 19, 2011 and after lack of reply to the notice and proper internal enquiry, his services were terminated from August 12, 2011. The Accused tendered his resignation from August 17, 2011 knowing well that his services were already terminated and later with another notice dated October 12, 2011, demanded his reinstatement in our Company. Further, the Accused was in possession of property of our Company i.e. laptops, data card, canopy, mobile phone etc. at the time of his termination, which he did not return even after repeated reminders. The Complainant has prayed that the Accused is summoned and tried under Section 630 of the Companies Act, 1956. The Honourable Court has taken the cognizance on April 21, 2012 and issued summons to the accused for July 20, 2012 but the accused did not appear despite service and the Honourable Court issued Non Bailable Warrant for September 20, 2012 and the matter is pending for adjudication.
2. The Company (“**Complainant**”) filed a complaint bearing criminal complaint no 224/1 of 2012 in the court of Metropolitan Magistrate, District Court, Tis Hazari, Delhi against Pereira Group & Ors (“**Accused**”) under section 156(3) of Cr.p.c. for issuance of direction for registration of FIR and initiation of process of the offences punishable under Sections 406, 409, 418, 419, 420, 465, 469 of the IPC. The Company alleges that one of the Accused, Mrs. Barbara Pereira got herself registered as a sub-broker of our Company. Another Accused, Mr. Troy Pereira approached our Company firstly for a trading account and to that effect entered into a Member-Client Agreement with our Company and secondly for affiliation as an authorized person to the Trading Member. Subsequently, our Company received a grievance from one Mr. Joaquim Philip Mensdes on February 25, 2012, claiming an invested amount of ₹ 3,00,000 along with the dividend pending under some pension plans for the months of February and March 2012. The Complainant alleged that the Accused persons were impersonating themselves as the Complainant Company and luring the prospective customers which grossly tarnished the goodwill and image of our Company and caused heavy losses to the common public. The Accused have executed a partnership firm in the name of “SMC Global Securities Pereira Group” and opened forged accounts in the same name. The Company approached the police station at Rajendra Nagar for filing an FIR on May 16, 2012 which was not registered. Hence, our Company approached the Honourable Court praying to direct the concerned police officials to register the FIR against the accused and investigate the matter. The Company also prays for initiation of criminal proceedings against the Accused for offences punishable under various sections of IPC. The Honourable Court called the status report from the police and the matter was heard by the Honourable Court on September 01, 2012 and the matter is pending for orders.
3. The Company (“**Complainant**”) filed a criminal complaint on September 05, 2012 in the court of ACMM, Tis Hazari, Delhi against Priknit Retail Limited & Ors (“**Accused**”) under section 68 of Companies Act read with section 200 of Cr.p.c. The Accused is into manufacturing and sale of apparels through a chain of retail stores in its own brand name Priknit. Mr Vijay Kumar Ghai and Mr Mohit Ghai, the other accused persons who were employees in Priknit, induced the Complainant to invest its money in their company on false assurances. The Company

invested its money to the tune of ₹ 2,50,00,000 in the accused company by buying 250,000 equity shares @ ₹ 100 per equity share. The Accused issued false and fabricated allotment letter on March 29, 2008, misrepresented that they would provide exit route through initial public offering to our Company for their safe investment within three years and thereafter misappropriated the money of our Company. The Company has approached the Honourable court praying that the Accused may be summoned, tried and punished under Section 68 of the Companies Act. The matter is listed for consideration for taking cognizance by the Honourable Court.

4. The Company (“**Complainant**”) filed a complaint bearing criminal complaint no 306/1 of 2012 in the court of Metropolitan Magistrate, Tis Hazari against Priknit Retail Limited & Ors (“**Accused**”) under section 156(3) of Cr.p.c for issuance of direction for registration of FIR and initiation of process of the offences punishable under Sections 406, 409, 420, 468, 120B and 34 of the IPC. The Accused is into manufacturing and sale of apparels through a chain of retail stores in its own brand name Priknit. Mr. Vijay Kumar Ghai, Mr. Mohit Ghai and Mr .Balwant Rai Bhalla, the other accused persons who were employees in Priknit, induced the Complainant to invest its money in their company on false assurances. The Company invested its money to the tune of ₹ 2,50,00,000 in the accused company by buying 250,000 equity shares @ ₹ 100/- per equity share. The Accused issued false and fabricated allotment letter on 29 March 2008, misrepresented that they would provide exit route through initial public offering to our Company for their safe investment within three years and thereafter misappropriated the money of our Company. The Complainant sent the Accused a notice on December 06, 2011, which was replied to by the Accused on January 31, 2012. The Complainant went before the concerned police for lodging an FIR on January 06, 2012, but the FIR was not registered and consequently our Company met the Economic Offences Wing, Crime Branch, requesting them to speed up the process. Finally, our Company approached the Honourable Court and prayed for directing the concerned police officials to register the FIR against the Accused, initiate criminal proceedings against them. The status report from police was called by the Honourable Court and the concerned police have submitted its status report on July 18, 2012 and the matter is listed for final hearing on application under section 156(3).
5. The Company (“**Complainant**”) filed a criminal complaint on April 13, 2012 in the court of Metropolitan Magistrate, District Court, Tis Hazari, Delhi against Mr. Rohit (“**Accused**”) under section 200 of Cr.p.c for commission of offences punishable under Section 403, 408, and 420 of the IPC. The Accused was appointed as a relationship manager in one of our Company’s branch at its registered office. His duty was to assist and execute trades of clients as per their instructions and duly provide them trade confirmation through concerned people at the end of trading hours. The Accused was given a fixed salary as well as incentive on meeting monthly targets. Ms. Rashmi Chaudhury, a client of our Company alleged that the Accused did numerous transactions in her account without her instructions and no telephonic trade confirmations were done by the concerned official of the Complainant. The Accused traded in her account with malicious intention of getting incentive illegally and also illegally restrained the dealer from confirming the trades telephonically to the client. The Company terminated his services and immediately reversed the brokerage amount earned by the illegal trades in the account of the client. The Company filed this petition praying for cognizance of offence under the aforementioned sections of the IPC and prosecution of the Accused. The matter is fixed for evidence.
6. The Company (“**Complainant**”) filed a complaint bearing criminal complaint no 216/1 of 2011 in the court of Metropolitan Magistrate, District Court, Tis Hazari, Delhi against Dr Sankar Kumar Ghosh and Snigdha Ghosh (“**Accused**”) under section 200 of Cr.p.c for initiation of process of the offences punishable under Sections 383, 406, 500, 501, 506 and 34 of the IPC. The Complainant alleges that the Accused approached our Company for the purpose of opening a Demat and trading account with our Company in December 2010. They were duly informed about all the terms and conditions of the business and the requisites relating to the nature and dynamics of the business. The Accused subsequently transferred the shares of different companies to the Complainant vide a letter dated February 21, 2011. The Complainant sent them contract notes of every trade and maintained transparent business ethics all throughout its dealings with the Accused. Though the Accused got profits on several occasions, they suffered loss in March 2011. As a result of the loss, the Accused maliciously

made highly defamatory written and oral statements in a newspaper named Pratidin. Further, the Accused made a false complaint against the Complainant and tried to gain wrongful profit. The Company filed a petition in the current court praying for initiation of criminal proceedings of the offences under various sections of the IPC and award of compensation to the tune of ₹2 Crore for loss of its reputation. Accordingly, a FIR has been registered in Darya Ganj police station on November 21, 2011 and sent to Kolkata for further action. The matter is pending before Metropolitan Magistrate, District Court, Tis Hazari, Delhi for filing of status report by police station, Darya Ganj relating to FIR sent to Kolkata.

7. The Company (“**Complainant**”) filed a complaint bearing criminal complaint no 297/1 of 2012 in the court of Metropolitan Magistrate, District Court, Tis Hazari, Delhi against Mr. Ram Kanwar Garg & Anr. (“**Accused**”) under section 156(3) of Cr.p.c for issuance of direction for registration of FIR and initiation of process of the offences punishable under Sections 406, 403, 506, 418, 420, 421, 422, 388, 120B and 34 of the IPC. The Accused had opened a trading account with our Company on February 22, 2011. The Company alleges that both the accounts were created with mala fide intention to get maximum income tax exemption as also to shift their liability illegally on others account in case of loss in trading. The Company alleged that there was a debit balance in their accounts of an aggregate amount ₹ 26,00,000 which they could not settle. Further, the Accused handed over cheques of different amounts to clear the outstanding amount, all of which were dishonoured due to insufficient funds. Finally all the accounts of the Accused came under debit balance of approx. ₹ 28,56,300.43 on January 10, 2012. The Complainant had sent a demand notice to which the Accused replied that they will implicate our Company and its directors in false criminal cases. Subsequently, the Complainant went to the concerned police for lodging an FIR on February 24, 2012, to which no action was taken by the police. The Company has filed the application in the Honourable court praying for direction for registration of FIR and punishing the Accused for the offences under aforementioned sections of the IPC. The Honourable Court has directed the concerned police station, Darya Ganj on April 23, 2012 to submit its status report and the matter is listed for status report to be filed by the police.
8. The Company (“**Complainant**”) filed a complaint bearing criminal complaint no 122/1 of 2011 in the court of Metropolitan Magistrate, District Court, Tis Hazari, Delhi against Mr. Mohinder Pal Singh and Mr. Surinder Pal Singh (“**Accused**”) under section 200 of Cr.p.c taking cognizance for commission of offences of extortion, criminal misappropriation of money, criminal intimidation, cheating, criminal breach of trust, criminal conspiracy, forgery etc. punishable under Sections 384, 389, 403, 406, 420, 465, 468, 469, 120B and 34 of the IPC, 1860. Mr. Mohinder Pal Singh opened an account with our Company on September 21, 2006 and used to pay and receive consideration sum for his transactions by way of cheques. On April 29, 2008 the trading account came under debit of ₹ 11,38,664 which was cleared by the Accused by way of three cheques. Later in June 2012, Company became aware that Mr Surinder Pal Singh, the second Accused person who is a non-resident Indian had given ₹ 11,00,000 to Mr. Mohinder Pal Singh out of their private arrangement with a view to make profits. The Company issued a notice to the Accused asking him to explain the position to which the Accused replied on August 11, 2010. The Company came to know that both the Accused persons had a private arrangement and had conspired to cheat the Complainant. The Accused persons colluded with each other illegally and tried to extort money from our Company. The Company has approached the Honourable Court praying for cognizance of the offences under the mentioned sections of the IPC. The Honourable Court has directed the concerned police station, Darya Ganj on August 10, 2011 to submit its status report and the matter is listed for arguments on status report submitted by the police.
9. The Company has registered a FIR at Kolkata bearing no. 570 of 2012 dated September 09, 2012 under section 406, 420, 506 read with 120B against Mr. Sanjay T Parmar, Mr. Suresh Bhai B Patel, Mr. Deepak Patel and Mr. Virag Patel (“**Accused**”). Accused had opened a trading account with the Complainant and had carried on numerous trades through the Complainant. Subsequently, even after repeated attempts by the Complainant to settle its account, the same could not be settled. After internal enquiry, the Complainant came to know that Accused persons carried on trade with the mala fide intention of making illegal profits through the Complainant. The Complainant has alleged that the Accused have committed the offences of dishonest misappropriation of money of our Company, criminal breach of trust,

cheating, conspiracy and other offences punishable under the various aforementioned sections of the IPC with the common intention to cause loss to our Company.

10. The Company has registered a FIR at Delhi bearing no. 222 of 2009 dated October 16, 2009 against Mr. Tarun Aggarwal at Police Station, Darya Ganj, New Delhi under Sections 420 of IPC, 1860 alleging that the accused had sold out the shares of the clients of the company fraudulently and thereby caused the losses to our Company. Thereafter Mr. Tarun Aggarwal was arrested and released on bail and the matter is at the stage of trial before the Honourable Court of Tis Hazari, Delhi.
11. The Company has filed a criminal case No. 479/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Shashi Jain (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 18, 2012. The matter is listed for hearing.
12. The Company has filed a criminal case No. 477/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Rajesh Shah (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 16, 2012. The matter is listed for hearing.
13. The Company has filed a criminal case No. 457/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Manju Singh (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 11, 2012. The matter is listed for hearing.
14. The Company has filed a criminal case No. 236/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Pravesh Kumar Vohra(**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on October 18, 2012. The matter is listed for hearing.
15. The Company has filed a criminal case No. 245/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Naresh Singh Chauhan(**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on September 11, 2012. The matter is listed for hearing.
16. The Company has filed a criminal case No. 238/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Mukesh Nandan(**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance

and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 31, 2012. The matter is listed for hearing.

17. The Company has filed a criminal case No. 461/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Thomas Varkey & Anr. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 14, 2012. The matter is listed for hearing.
18. The Company has filed a criminal case No. 464/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Menaka Manjari Parida (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 27, 2012. The matter is listed for hearing.
19. The Company has filed a criminal case No. 244/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Ashok Kumar Sharma (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on September 11, 2012. The matter is listed for hearing.
20. The Company has filed a criminal case No. 459/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Jiya Ur Rahman of Misbaah Securities (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 07, 2012. The matter is listed for hearing.
21. The Company has filed a criminal case No. 241/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. P. Ganesh Moorthi (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on September 04, 2012. The matter is listed for hearing.
22. The Company has filed a criminal case No. 465/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Uday Raj V. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 27, 2012. The matter is listed for hearing.

23. The company has filed a criminal case No. 460/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Billiam Bada (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 31, 2012. The matter is listed for hearing.
24. The company has filed a criminal case No. 78/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms.Vimala Adhikari (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 09, 2012. The matter is listed for hearing.
25. The company has filed a criminal case No. 456/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Narayan Mishra (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 07, 2012. The matter is listed for hearing.
26. The Company has filed a criminal case No. 240/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Bezwada Raghu (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 28, 2012. The matter is listed for hearing.
27. The Company has filed a criminal case No. 466/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Kaustubh P. Kulkarni (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 28, 2012. The matter is listed for hearing.
28. The Company has filed a criminal case No. 76/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Sudha (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 09, 2012. The matter is listed for hearing.

29. The Company has filed a criminal case No. 83/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Prem Parkash (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 04, 2012. The matter is listed for hearing.
30. The Company has filed a criminal case No. 157/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Vinesh Kumar Jain (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on September 04, 2012. The matter is listed for hearing.
31. The Company has filed a criminal case No. 82/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Raj Kumar Bajaj (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 04, 2012. The matter is listed for hearing.
32. The Company has filed a criminal case No. 529/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Muzzamil Zahid & Anr. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 13, 2012. The matter is listed for hearing.
33. The Company has filed a criminal case No. 182/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Mrigendra Kumar (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 18, 2012. The matter is listed for hearing.
34. The Company has filed a criminal case No. 535/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Ram Ballabh Sharma (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 28, 2012. The matter is listed for hearing.
35. The company has filed a criminal case No. 156/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Himanshu Shekhar Panda (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused

wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 01, 2012. The matter is listed for hearing.

36. The Company has filed a criminal case No. 553/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Sanjay Shukla (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on September 18, 2012. The matter is listed for hearing.
37. The Company has filed a criminal case No. 160/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Sumit Kothari (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 01, 2012. The matter is listed for hearing.
38. The Company has filed a criminal case No. 158/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Musarrat Jahan (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on September 18, 2012. The matter is listed for hearing.
39. The Company has filed a criminal case No. 533/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Valiveti Ramchandra (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 28, 2012. The matter is listed for hearing.
40. The Company has filed a criminal case No. 527/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Din Dayal Kayan (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 23, 2012. The matter is listed for hearing.
41. The Company has filed a criminal case No. 486/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Alikomuru Boni (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 23, 2012. The matter is listed for hearing.

42. The Company has filed a criminal case No. 482/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. P. Yashodha & Anr. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 21, 2012. The matter is listed for hearing.
43. The Company has filed a criminal case No. 476/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Durgesh Kumar Tiwari & Ors. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused on October 16, 2011. Subsequently, the High Court has stayed the matter vide its order dated January 13, 2012 in case no. 1612/2012.
44. The company has filed a criminal case No. 483/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Anil Kumar Srivastava & Anr. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to both the Accused. However, the matter has been settled with one of the accused Mr. Babu Lal Birodhi vide a settlement agreement dated December 10, 2012 and in that context, our Company has filed an application to Honourable Court for compounding of the offence against Mr. Babu Lal Birodhi. The matter is now pending for further orders. The another co-accused Mr. Anil Kumar Srivastava did not appear against the summons and the court has now issued Non Bailable warrants against him on September 21, 2012. The matter is listed for hearing.
45. The Company has filed a criminal case No. 485/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Shilaben Manubhai & Ors. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 25, 2012. The matter is listed for hearing.
46. The Company has filed a criminal case No. 481/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. G. George Benamin Das & Ors. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 21, 2012. The matter is listed for hearing.
47. The Company has filed a criminal case No. 427/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Shambhu Sharan Singh & Ors. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of

proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 16, 2012. The matter is listed for hearing.

48. The Company has filed a criminal case No. 74/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Ramandeep Singh (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. The Accused has filed Revision Petition in the Honourable Session Court on October 18, 2012 and the same is pending orders. The matter is listed for hearing.
49. The Company has filed a criminal case No. 488/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Krishna Mohan &Ors. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 25, 2012. The matter is listed for hearing.
50. The Company has filed a criminal case No. 478/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Gautam Chakraborty (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the Company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated July, 2011. The Company has moved an application for compounding of the offence on October 16, 2012 and the matter is listed for further orders.
51. The Company has filed a criminal case No. 452/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Chandermuni (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for an amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated February 09, 2012. The company has moved an application for compounding of the offence and the matter is now listed for further orders.
52. The Company has filed a criminal case No. 478/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Sandeep S. Dhoot (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement offer dated January 21, 2011 and No dues Certificate thereof dated 2nd of July, 2011. The company has moved an application for compounding of the offence on September 04, 2012 and the matter is now listed for further orders.
53. The Company has filed a criminal case No. 246/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Ashish Musaddy (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the Company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the

cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated February 05, 2012. The Company has moved an application for compounding of the offence on September 11, 2012 and the matter is now listed for further orders.

54. The Company has filed a criminal case No. 468/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Mamta Das (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a compromise proposal dated March 11, 2011. The Company has moved an application for compounding of the offence on September 28, 2012 and the matter is now listed for further orders.
55. The Company has filed a criminal case No. 455/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. O.P. Gaur (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated April 04, 2012. The company has moved an application for compounding of the offence on September 28, 2012 and the matter is now listed for further orders.
56. The Company has filed a criminal case No. 81/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Shailen Kumar Sen (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement letter dated June 07, 2011. The company has moved an application for compounding of the offence on August 28, 2012 and the matter is now listed for further orders.
57. The Company has filed a criminal case No. 457/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Venu Patala (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement letter dated January 18, 2012. The Company has moved an application for compounding of the offence on September 28, 2012 and the matter is now listed for further orders.
58. The Company has filed a criminal case No. 161/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Rudran Vasu Elayath (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide an Offer letter dated 3rd of March, 2012 and No dues Certificate dated April 18, 2012. The Company has moved an application for compounding of the offence on September 04, 2012 and the matter is now listed for further orders.

59. The Company has filed a criminal case No. 454/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Nutan Singh (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled as the amount was recovered from franchisee/sub-brokers and there was no need of settlement deed. The Company has moved an application for compounding of the offence on September 07, 2012 and the matter is now listed for further orders.
60. The company has filed a criminal case No. 469/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Rajesh Jajodia (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated April 09, 2011. The company has moved an application for compounding of the offence on September 28, 2012 and the matter is now listed for further orders.
61. The Company has filed a criminal case No. 428/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Ajitbhai Manubhai Patel (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated July 12, 2012. The Company has moved an application for compounding of the offence on October, 20 2012 and the matter is pending for further orders.
62. The company has filed a criminal case No. 480/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Om Prakash Aggarwal &Ors. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated 3rd March, 2011. The company has moved an application for compounding of the offence on September 21, 2012 and the matter is now listed for further orders.
63. The Company has filed a criminal case No. 484/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Pratima Chanak (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated November 18, 2011. Matter is now listed for hearing.
64. The Company has filed a criminal case No. 453/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Babu Lal Birodhi (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance

and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated December 10, 2011. The Company has moved an application for compounding of the offence on August 04, 2012 and the matter is now listed for further orders.

65. The Company has filed a criminal case No. 242/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Arumugam (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide an offer letter dated 27/01/11 and 25/02/11 and undertaking cum no dues letter dated April 16, 2011. The Company has moved an application for compounding of the offence on September 04, 2012 and the matter is now listed for further orders.
66. The Company has filed a criminal case No. 149/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Alok Kumar Singh (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. After service of summons to the Accused, the Accused requested the company for amicable settlement and finally the matter has been compromised and settled vide a settlement agreement dated May 23, 2012. The Company has moved an application for compounding of the offence on October 18, 2012 and the matter is now listed for further orders.

B. Civil Cases:

There are 319 civil proceedings filed by our Company relating to recovery of money and other related matters in various Courts. The aggregate of claim amounts filed by our Company is approximately ₹15.69 Crores. Of these civil cases, the details of the Material Cases are mentioned below:

1. The Company (**"Applicant"**) has filed an arbitration application against Midas Global (**"Respondent"**) before the Arbitral Tribunal of the National Stock Exchange, Delhi bearing no. CM-F&OD001/2008 on July 18, 2008 and obtained an award in its favour on June 04, 2010 for ₹ 6.20 Crores together with interest @12% from March 01, 2008 till its realization. The Company has filed an application under section 9 of Arbitration and Conciliation, Act, 1996 before the Honourable High Court of Delhi on February 10, 2010 bearing no. OM No.92/2010 to secure the arbitral amount against the respondent, i.e. Midas Global. The Respondent filed the objection u/s 34 of the Arbitration and Conciliation, Act bearing no. OMP 73/2010 before the Honourable High Court and the same is pending adjudication. The matter was settled vide a settlement agreement on April 12, 2012 for ₹ 2.35 Crore and the Applicant is yet to receive the final amount.

C. Negotiable Instrument Cases:

There are 96 proceedings filed by our Company under section 138 of the negotiable act relating to dishonour of cheques received from the clients and non clients in various Courts. The aggregate of claim amounts filed by our Company is approximately ₹16.62 crores. Of these negotiable instrument cases, the details of the Material Cases are mentioned below:

1. The Company (**"Complainant"**) has filed six complaint cases bearing complaint no 5206/SS/2010, 5207/SS/2010, 5208/SS/2010, 5209, 5210 and 5211/SS/2010 for dishonour of cheques amounting ₹ 9.00 Crores against its trading member Sunchan Securities Limited and its directors (**"Accused"**) at Metropolitan Magistrate, Delhi. Later on the aforesaid cases were withdrawn on territorial ground and filed before ACMM, 33rd Court, Ballard Pier, Mumbai on April 12, 2010 and these are at the stage of cross examination of the complainant. The Company had also filed the Arbitration Application before the Arbitral Tribunal of the

National Stock Exchange, Mumbai in December, 2008 and obtained an award in its favour on May 25, 2010 for ₹ 8,16,81,825.44 together with interest @12% from the date of award till its realization. Later on the winding up petition had been filed by some other creditor against the Accused before the Mumbai High Court and the Accused has been wound up as per the direction of the Honourable High Court, Mumbai. The complaint cases are pending against the directors of the Accused.

2. The Company (“**Complainant**”) filed 3 complaint cases bearing case No. 3360/1/2009, 3384/1/2009 and 3385/1/2009 for dishonour of cheques aggregating to ₹ 7 Crore against its trading member Ganga Yamuna Finvest Private Limited (“**Accused**”) at Metropolitan Magistrate, Delhi and the same are pending adjudication. The Company had also filed an arbitration application before the Arbitral Tribunal of the National Stock Exchange, Delhi on November 24, 2009 and obtained an award in its favour on June 04, 2010 for ₹ 6,34,26,088 together with interest @12% till its realization. Later on the Accused filed an objection u/s 34 of the Arbitration and Conciliation, Act before the Honourable High Court and the same was dismissed. Further a winding up petition has been filed against the Accused before the Delhi High Court by one of the Creditor, i.e. petitioner, Giriraj Rattan Dagga and the same is pending adjudication. Further, the Honourable High Court has appointed the Official Liquidator and who has sealed one of the property of the Complainant located at Rohini, Delhi presuming that the afore said premises belongs to the Accused. The Complainant filed a an application bearing no 1768/2010 on September 09, 2010 in main winding up petition 42/2009 titled Giriraj Rattan Daga V/s Ganga Yamuna Finvest P Limited before the Honourable High Court for de-sealing of office premises on the ground that the office premises at Rohini was wrongly sealed by the official liquidator and it belongs to the Complainant and the same is pending adjudication. The official liquidator has also filed a Petition before the Honourable Court on October 05, 2010 bearing no 660/2010 requesting to allow him to file its representation under Section 34 of Arbitration and Conciliation Act against the award passed in favour of the Complainant and the same was allowed by the Honourable Court. The matter is pending adjudication.

D. Consumer Complaints:

There are 2 appeals filed by our Company before the State Commission Delhi against the execution petition initiated by District Consumer forum, Delhi and have obtained the stay order dated November 29, 2011 and the matter is pending before the State Commission for hearing.

J. Arbitration Proceedings:

There are 23 arbitration cases including appeal(s) filed by our Company in relation to the trade disputes pending before arbitration at NSE. The aggregate of claim amounts by our Company is approximately ₹0.71 crore.

K. Tax Cases:

NIL

Past Penalties imposed on the Company:

- The MCX-SX imposed a fine of ₹ 10,000 for the inspections carried out for the period from October 7, 2008 to September 30, 2009 vide its letter dated April 29, 2010. This fine has been imposed for inclusion of contravening clauses in client registration documents.
- The MCX-SX imposed a fine of ₹ 49,351 for the inspections carried out for the period from November 1, 2009 to October 31, 2010 vide its letter dated June 6, 2011. This fine has been imposed for lapses such as discrepancies pertaining settlement of funds and wrong reporting of client margin collections.
- The NSE imposed a fine of ₹ 1,76,800 for the inspections carried out for the period 2005-06 vide its letter dated February 12, 2007 in relation to the capital market segment. These fines have been imposed for lapses such as non-uploading of information in some instances in respect of Computer to Computer Link

("CTCL") terminals to the Exchange, shortfall in collection of daily margins, receipts from clients through own bank accounts in some instances/ payments to clients through own bank account in some instances, non-issue of statement of accounts to some constituents and error in format of contract notes.

- The NSE imposed a fine of ₹ 25,20,000 for the inspections carried out during December 2008 vide its letter dated February 1, 2010 in relation to the F & O segment. An additional amount of ₹ 25,00,000 was retained by the exchange for a period of 6 months with no exposure/ margin benefit to be provided, nor would the amount be adjusted against any other dues/ obligations to the exchange / clearing corporation against our Company. These fines have been imposed for lapses such as wrong reporting of margins collected from the trading members.
- The NSE imposed a cumulative fine of ₹ 3,12,700 and ₹ 70,000 for the inspections carried out for the period of 2009-10 and 2010-2011 respectively vide its letter dated 30 December 2011 in relation to the F&O, CM and CD segments. These fines have been imposed for lapses such as unexplained use of funds raised by placing trading members' securities with banks, wrong reporting of margins collected from the trading members in the F&O clearing segment of the NSE, funding of clients' transactions, not obtaining consent of the clients for issuance of electronic contract note, holding of securities in constituent beneficiary account not reflected in holding of securities in register of securities, funding to clients by the trading member and delay in recovery of debit balances, actual settlement of funds and securities not done etc.
- The NSE imposed a fine of ₹ 5,000 for the inspections carried out for the period of 2009-2010 vide its letter dated September 3, 2010 in relation to the CD segment. This fine has been imposed for non-maintenance of the log report of Electronic Contract Note ("ECN") non-delivered to the clients /e-mails rejected or bounced back.
- The NSE imposed a fine of ₹ 1,46,000 for the inspections carried out for the period of March 2012 vide its letter dated July 31, 2012 in relation to the F&O, CM and CD segments. These fines have been imposed for lapses such as funding to client transactions, operations of trading terminals other than by approved users, non display of notice board of trading member at the inspection location, error in uploading of CTCL data (user name), operation of trading terminals without NCFM certifications, contravening clauses included in client registration documents, non-implementation of systems to generate alerts for suspicious transactions and trading member created emails ids for clients.
- The NSE imposed a fine of ₹ 10,000 for the limited purpose inspection carried out for the period of December 2010 vide its letter dated April 29, 2011 in relation to the F & O and the CM segment. This fine has been imposed for not displaying notice board at inspection location.
- The NSE imposed a fine of ₹ 3, 29,600 for the inspections carried out for the period of 2005-2006 vide its letter dated December 22, 2006 in relation to the F & O segment. These fines have been imposed for lapses such as wrong reporting of margin collected from the constituents, non-uploading of CTCL details, sharing of brokerage with entities other than authorised persons, non-issue of statement of accounts and terminals operated by persons without valid NCFM certification.
- The BSE imposed a fine of ₹ 10,000 against Sam Global Securities Limited (since merged with our Company) vide its letter dated November 19, 2009 for non-display of Notice board and SEBI registration certificate at our Company's sub-broker's office.

Outstanding dues to Small Scale Undertakings or any other Creditors

As required by Section 22 of the Micro, Small and Medium enterprises Development Act, 2006, as amended, following are the details of the amount that our Company owes to micro, small and medium enterprises as on March 31, 2012:

<i>Particulars</i>	<i>₹ Crore</i>

The principal amount remaining unpaid to supplier as at the end of the accounting year	0.02
The interest due thereon remaining unpaid to supplier as at the end of accounting year.	-
The amount of interest paid, along with the amounts of the payment made to the supplier beyond appointed day during the year.	-
The amount of interest paid in terms of section 18 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during the year.	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under this Micro, Small and Medium Enterprises Development Act, 2006.	-
The amount of interest accrued during the year and remaining unpaid at the end of year.	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure.	-

II. Litigation involving the Subsidiaries as on October 31, 2012

Litigation against SMC Comtrade:

A. SEBI / FMC Show Cause Notice:

NIL

B. Criminal Complaints:

1. Ms. Ranjana Malvia ("**Complainant**") filed a FIR bearing No 255 of 2011 before the Jaggarnath Pur, Police Station, Ranchi on November 15, 2011 against Mr. Abhay Kumar, Ms. Gayatri Devi, our Company and SMC Comtrade Limited, branch manager and other employees of the companies and higher officials of the companies ("**Accused**") under section 406, 420, 506 and 34 of the Indian Penal Code. The Complainant has alleged unauthorised trading through her account and thereby loss of ₹2,50,000 by the accused. Thereafter, our Company and SMC Comtrade Limited filed a petition before the High Court, Ranchi for quashing of the above said FIR on January 17, 2012 and the operation of FIR was stayed by the Honourable High Court vide its order dated February 06, 12 with issue notice to the Complainant. Thereafter, the Complainant filed its reply before the Honourable High Court. It is further stated that the counsel for the complainant had stated before the Hon'ble High Court that the complainant has no grievances against the company and its officials and only against accused Mr. Abhay Kumar and Ms. Gayatri Devi. Hence our Company and SMC Comtrade Limited have withdrawn their quashing petition before the Honourable High Court on June 25, 2012. The matter is pending for investigation.
2. Mr. Rama Shanker Bajaj and Sons ("**Petitioner**") filed a quashing petition no. 39565/11 before Allahabad High Court praying for quashing of the complaint case no.532/11 filed by SMC Comtrade Limited before the Honourable Court of Junior Division, Civil Judge, Gautam Budh Nagar, Noida under sections 418 and 420 of IPC against the Petitioner. Thereafter, SMC Comtrade Limited has received the summons of the High Court and has filed the Vakalatnama before the Honourable Court and the same is pending adjudication.
3. Mr. Gauri Shanker Bajaj and Sons ("**Petitioner**") filed a quashing petition vide no. 39577/2011 before Allahabad High Court praying for quashing of the complaint case no.934/10 filed by SMC Comtrade Limited before the Honourable Court of Junior Division,

Civil Judge, Gautam Budh Nagar, Noida under sections 418 and 420 of IPC against the Petitioner. Thereafter, SMC Comtrade Limited had received the summons of the High Court and filed the Vakalatnama before the Honourable Court and the same is pending adjudication.

4. Mr. Vijay Shanker Bajaj and Sons (**“Petitioner”**) filed a quashing petition vide no. 39566/2011 before Allahabad High Court praying for quashing of the complaint case no.467/11 filed by SMC Comtrade Limited before the Honourable Court of Junior Division, Civil Judge, Gautam Budh Nagar, Noida under sections 418 and 420 of IPC against the Petitioner. Thereafter, the company had received the summons of the High Court and filed the Vakalatnama before the Honourable Court and the same is pending adjudication.
5. Ms. Anandi Sharma (**“Complainant”**) filed a case bearing number C/17805/11 before the Chief Metropolitan Magistrate, Calcutta against the company, i.e. SMC Comtrade Limited and its two employees Md. Massod Alam and Mr. Upendra Ram (**“Accused”**) vide its order dated August 27, 11 under section 409/114 of Indian Penal Code, 1860. It is further stated that the complainant in his complaint has alleged that the company and its employees have done unauthorised trading through her account and caused the loss of ₹ 2,00,000 invested by her. Thereafter SMC Comtrade Limited has filed the quashing petition u/s 482 of Cr.p.c before the Honourable High Court, Kolkata on August, 2012 and the stay to the proceedings before the Chief Metropolitan Magistrate, Calcutta was granted on October 03, 2012 and matter is pending for hearing..

C. Civil Cases:

There are 4 civil proceedings filed against SMC Comtrade Limited against the recovery suits filed by our Company on such 4 clients and non-clients of SMC Comtrade Limited. The claim cannot be quantified.

D. Negotiable Instrument Act Cases:

Nil

E. Consumer Complaints:

Nil

F. Tax Cases:

1. SMC Comtrade Limited has received the Assessment Order No. 63-64-65 dated March 31, 2010 from the Dy. Commissioner (Administration) Commercial Tax, Noida, for the assessment year 2007-2008 (1.4.2007 to 31.12.2007) amounting to ₹ 65,256 which was received by SMC Comtrade Limited on June 7, 2010. SMC Comtrade Limited filed an appeal for setting aside the demand levied on June 25, 2010, against the said order before Additional Commissioner (Appeal), Commercial Tax, Noida, under Section 9 of the U.P. Trade Tax Act / Central Sales Tax Act. The said appeal is pending for hearing.
2. SMC Comtrade Limited has received the Assessment Order No. 52 dated May 30, 2012 from the Dy. Commissioner Commercial Tax, Noida, for the assessment year 2008 – 2009, amounting to ₹ 6,77,808 which was received by SMC Comtrade Limited on June 27, 2012. SMC Comtrade Limited filed an appeal for setting aside the demand levied by the order on July 25, 2012, before Additional Commissioner (Appeal), Commercial Tax, under Section 55 of the U. P. VAT Act against the Assessment Order of D.C.A. VIII, Noida dated May 30, 2012. The said appeal is pending for hearing.
3. SMC Comtrade Limited (formerly known as SMC Comex Private Limited) has received two notices dated August 25, 2011 and August 29, 2011 from the Income Tax Authorities (**“The Authority”**) under Section 143(2) and Section 142(1) of the Income Tax Act, 1961, from the office of the Deputy Commissioner of Income Tax, Circle -5, KOL. The Authorities have requested to attend office on September 22, 2011 in connection with the return of income submitted on September 28, 2010 for the assessment year 2010- 2011, to produce the

documents, accounts and any other evidence on which company will rely in support of the return filed by company. The assessment proceedings are pending before the authority.

G. Arbitration Proceedings:

There are 9 arbitration cases filed against SMC Comtrade Limited in relation to the trade disputes pending before arbitration at MCX. The aggregate of claim amounts against SMC Comtrade Limited is approximately ₹0.44 Crores.

H. Potential Litigation:

SMC Comtrade Limited observed from www.tin-nsdl.com an aggregate demand of ₹1,15,253 on account of short deduction and Interest on late deposit of TDS deducted which may be contested by the SMC Comtrade Limited.

Litigation by SMC Comtrade

A. Criminal Complaints:

1. SMC Comtrade Limited has registered a FIR at Jaipur bearing no. 144 of 2006 dated June 05, 2006 under section 406 and 420 of IPC against Mr. Sandeep Soni and Mr. Mukesh Soni (“**Accused**”). Accused had obtained delivery of one kilogram of gold from the warehouse and did not made payment thereof amount to ₹ 9,26,000. The Accused Mr. Sandeep Soni was minor and therefore the matter was transferred to juvenile court at Jaipur and is pending for trial.
2. SMC Comtrade Limited has filed a criminal complaint before Chief Judicial Magistrate at Jaipur under section 406 and 420 read with section 120B of IPC against Narnoli Bullion and others alleging that the proprietor of Narnoli Bullion Mr. Mukesh Soni had obtained delivery of one kilogram of gold from the warehouse through Mr. Sandeep Soni and did not made payment thereof amount to ₹ 9,26,000. The said criminal complaint is pending before the judicial magistrate Jaipur at summoning stage.
3. SMC Comtrade Limited has filed a criminal case No. 531/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Gautam Kumar & Anr. (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 27, 2012. The matter is listed for hearing.
4. SMC Comtrade Limited has filed a criminal case No. 530/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Ms. Gomati Ben & Anr. (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 18, 2012. The matter is listed for hearing.
5. SMC Comtrade Limited has filed a criminal case No. 530/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Rasik K. Prajapati (“**Accused**”) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of

proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on October 16, 2012. The matter is listed for hearing.

6. SMC Comtrade Limited has filed a criminal case No. 239/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Amulya Ratan Paul (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused, but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on August 31, 2012. The matter is listed for hearing.
7. SMC Comtrade Limited has filed a criminal case No. 532/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Rama Shankar Bajaj & Sons (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. The accused moved a petition before Honourable High Court of Allahabad dated December 01, 2011 bearing no. CM 39565/2011 under sec. 482 of Cr. pc for quashing of the complaint. The Honourable High Court has directed to SMC Comtrade Limited to file their reply / objection, if any. The matter is listed for hearing.
8. SMC Comtrade Limited has filed a criminal case No. 534/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Gauri Shankar Bajaj & Sons (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. The accused moved a petition before Honourable High Court of Allahabad dated December 01, 2011 bearing no. CM 39567/2011 under sec. 482 of Cr. pc for quashing of the complaint. The Honourable High Court has directed to SMC given direction to SMC Comtrade Limited to file their reply / objection, if any. The matter is listed for hearing.
9. SMC Comtrade Limited has filed a criminal case No. 467/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Vijay Shankar Bajaj & Sons (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused. The accused moved a petition before Honourable High Court of Allahabad dated December 1, 2011 bearing no. CM 39566/2011 under sec. 482 of Cr. pc for quashing of the complaint. The Honourable High Court has directed to SMC Comtrade Limited to file their reply / objection, if any. The matter is listed for hearing.
10. SMC Comtrade Limited has filed a criminal case No. 77/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Vikramjit & Anr. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants on October 20, 2012 against the Accused. The matter is listed for hearing.
11. SMC Comtrade Limited has filed a criminal case No. 487/11 at Junior Division Civil Judge, Gautam Budh Nagar, Noida against Mr. Jitender Singh & Anr. (**"Accused"**) under section 418 and 420 of IPC alleging that the Accused fraudulently executed the trade and thereby caused wrongful loss to the company and prayed to take the cognizance against the Accused and to

conduct trial against the Accused for the alleged offences. The Honourable court has taken the cognizance and issued summons to the Accused but in spite of service of summons to the Accused, the Accused has not appeared before the Honourable Court. In due course of proceedings the Honourable Court has issued the Non Bailable warrants against the Accused on September 25, 2012. The matter is listed for hearing.

B. Civil Litigation:

There are 63 civil proceedings filed by SMC Comtrade Limited relating to recovery of money and other related matters in various Courts. The aggregate of claim amounts filed by the SMC Comtrade Limited is approximately ₹1.49 Crores.

C. Negotiable Instrument Cases:

There are 13 proceedings filed by SMC Comtrade Limited under section 138 of the Negotiable Act relating to dishonour of cheques in various Courts. The aggregate of claim amounts filed by SMC Comtrade Limited is approximately ₹0.22 Crores.

D. Consumer Complaints:

NIL

E. Arbitration Proceedings:

NIL

F. Tax Cases:

NIL

Past Penalties imposed on SMC Comtrade Limited

- The MCX imposed a fine of ₹ 8500 for the inspections carried out for the period from April 2005 to March 2006 vide its letter dated August 4, 2007. This fine has been imposed for lapses such as non-maintenance of some books of accounts/documents, non segregation of bank account for own expenses and client's money, KYC forms not following prescribed format, member client agreement not in prescribed format and use of the logo/emblem of MCX.
- The FMC-MCX imposed a fine of ₹ 90,500 for the inspections carried out for the period from April 2005 to November 2006 vide its letter dated November 19, 2007. This fine has been imposed for lapses such as non-maintenance of trade confirmation slips, non display of MCX registration certificate on notice board, discrepancies in KYC forms, discrepancies in member client agreement, non obtaining some authorization from clients, non maintenance of duplicate copy of contract note and proof of dispatch, non-segregation of client's funds, use of trading terminal other than approved user and advertisement without prior approval of the exchange.
- The FMC-MCX imposed a fine of ₹ 2,800 for the inspections carried out for the period from April 2006 to August 2007 vide its letter dated November 26, 2008. This fine has been imposed for lapses such as discrepancies in KYC forms and use of the logo/emblem of MCX.
- The FMC - NCDEX imposed a fine of ₹ 5,000 for the inspections carried out for the period from April 2006 to August 2007 vide its letter dated March 21, 2009. This fine has been imposed for the PAN number not being available on contract note.

Litigation against SMC Insurance Brokers Private Limited

A. Criminal Complaints:

NIL

B. Civil Cases:

There is one matter pending before the Honourable Court of Civil Judge, Senior Division, Ambala City, filed by Mr. Sandeep Kumar Swarup against SMC Insurance Brokers Private Limited, Mr. Praveen Aggarwal, Mr. Ravi Aggarwal and others relating to recovery of salary dues amounting to ₹ 98,000 along with interest and other expenses. SMC Insurance Brokers Private Limited has filed an application under Section 8 of the Arbitration and Conciliation Act, 1996 and the matter is pending for hearing on the application filed by SMC Insurance Brokers Private Limited.

C. Negotiable Instrument Act Cases:

NIL

D. Consumer Complaints:

There are 12 consumer cases filed against SMC Insurance Brokers Private Limited relating deficiency of services and other related matters in various forums. The aggregate of claim amounts filed against SMC Insurance Brokers Private Limited is approximately ₹0.33 Crores.

E. Arbitration Proceedings:

NIL

F. Labour Matters:

There are 6 employee matters pending before the various labour/industrial tribunals filed by ex-employees of SMC Insurance Brokers Private Limited against SMC Insurance Brokers Private Limited relating to employment disputes. The aggregate amount of claims filed against SMC Insurance Brokers Private Limited is approximate 0.027 Crores.

G. Tax Cases:

1. SMC Insurance Brokers Private Limited has received notice dated August 8, 2012, from the office of the Income Tax Authorities (**The Authority**), under Section 143 (2) of the Income Tax Act, 1961, Office of the DCIT/ACIT Company Circle 9 (1), New Delhi. The Authority has requested to SMC Insurance Brokers Private Limited to attend their office on August 22, 2012, in connection with the return on income submitted by the company on September 27, 2011 for the assessment year 2011 – 2012. The Authority has directed SMC Insurance Brokers Private Limited to produce the documents, accounts and the proceedings are pending before the Authority.
2. SMC Insurance Brokers Private Limited has received a notice dated August 29, 2011 from the Income Tax Authorities (**The Authority**) under section 142 (1) and 143(2) of Income Tax Act, 1961, Office of the Assistant Commissioner of Income Tax, Circle – 9(1), New Delhi. The Authorities requested SMC Insurance Brokers Private Limited to attend office in September, 2011, in connection with return of income submitted by SMC Insurance Brokers Private Limited for the assessment year 2010 – 2011. The Authority has directed SMC Insurance Brokers Private Limited to produce the documents, accounts and the proceedings are pending before the Authority.

H. Potential Litigation:

SMC Insurance Brokers Limited received a notice bearing no. F./Audit/Stamp duty/shares/10/967 dated May 11, 2012 from the revenue department, Government of NCT of Delhi, for non-payment of duty chargeable under the Indian Stamp Act, 1899 on issue of shares and directing SMC Insurance Brokers Limited to furnish original share certificates along with documentary evidences of payment of stamp duty chargeable. SMC Insurance Brokers Limited replied to this notice vide its letter dated August 14, 2012 which was submitted on September 21, 2012 making submissions that the stamp duty has been paid and SMC Insurance Brokers Limited has complied with the Indian Stamp Act, 1899. SMC Insurance Brokers Limited has not received any further correspondence in the matter.

Litigation by SMC Insurance Brokers Private Limited

A. Criminal Cases:

SMC Insurance Broker Private Limited has registered a FIR at PS, Civil Lines, Karnal, Haryana, under Section 156(3) of Cr.p.c vide FIR No.946, dated October 09 ,2012 under sections 408, 420, 467, 468 and 471 of IPC, 1860 against one of our ex-employee Mr. Vikas Chug, . The matter is pending investigation.

B. Civil Cases:

NIL

C. Negotiable Instrument Act Cases:

There are 2 proceedings filed by SMC Insurance Brokers Private Limited under section 138 of the negotiable act relating to dishonour of cheques received from the their clients. The aggregate of claim amounts filed by SMC Insurance Brokers Private Limited is approximately ₹0.01crore.

D. Consumer Complaints:

NIL

I. Arbitration Proceedings:

NIL

J. Tax Cases:

NIL

Litigation against Moneywise Financial Services Private Limited

A. SEBI Show Cause Notice

NIL

B. Criminal Cases:

NIL

C. Civil Cases:

NIL

E. Negotiable Instrument Act Cases:

NIL

F. Consumer Complaints:

NIL

G. Arbitration Proceedings:

NIL

D. Tax Cases:

1. Moneywise Financial Services Private Limited has received two notices dated September 1, 2011 and September 2, 2011, from the office of the Income Tax Authorities (**The Authority**), under Section 143 (2) and 142(1) of the Income Tax Act, 1961, Office of the I. T. O. Ward – 1(4), Kolkata. The Authority has requested to Moneywise Financial Services Private Limited to attend the office on September 19, 2011, in connection with the assessment for the assessment year 2010 – 2011. The Authority has directed to the Moneywise Financial Services Private Limited to produce the accounts or documents specified in the notice dated September 2, 2011 and the proceedings are pending before the Authority.

Litigation by Moneywise Financial Services Private Limited

A. Criminal Cases:

NIL

B. Civil Cases:

1. There are 2 summary suits filed by Moneywise Financial Services Limited relating to recovery of money in Delhi High Court and District Court, Tis Hazari. The aggregate of claim amounts filed by Moneywise Financial Services Limited is approximately ₹0.41 Crore.

H. Negotiable Instrument Act Cases:

There are 4 proceedings filed by Moneywise Financial Services Limited under section 138 of the negotiable act relating to dishonour of cheques received from the their clients in before the Metropolitan Magistrate, New Delhi. The aggregate of claim amounts filed by Moneywise Financial Services Limited is approximately ₹2.16crore. Out of these cases, the material cases are as follows:

1. Moneywise Financial Services Private Limited (“**Complainant**”), has filed a complaint for dishonour of cheque amounting ₹2.15 Crore against Tracon Telematics Services Private Limited at Metropolitan Magistrate, Delhi bearing complaint case No.4833/12 for non - payment of loan amount and the same is at the stage of service of summons.

I. Consumer Complaints:

NIL

J. Arbitration Proceedings:

NIL

Litigation against SMC Investment and Advisors Limited

A. SEBI Show Cause Notice

NIL

B. Criminal Cases:

NIL

C. Civil Cases:

There is one petition pending against SMC Investment and Advisors Limited wherein SMC Investment and Advisors Limited have been implicated as a party along with the insurance company i.e. Bharti Axa General Insurance Company Limited. The amount claimed by the petitioner is ₹0.25 crore under

section 166 and 140 of the Motor Vehicle Act, 1988, wherein owner of the vehicle was SMC Investment and Advisors Limited.

D. Negotiable Instrument Act Cases:

NIL

E. Consumer Complaints:

NIL

F. Arbitration Proceedings:

NIL

G. Tax Cases:

SMC Investment and Advisors Limited have received the notice dated August 1, 2012 from the Income Tax Authorities (**The Authority**) under Section 143 (2) of the Income Tax Act, 1961, Office of the ITO Company Ward 9(1). The Authorities have requested to SMC to attend office on August 16, 2012, regarding there are certain points in connection with the return of income submitted by the Co. on September 29, 2011 for the assessment year 2011-2012 for giving further information, produced the documents, other evidence on which SMC Investments and Advisors Limited will rely in support of the return and the proceedings are pending before the Authority.

H. Potential Litigation:

SMC Investment and Advisors Limited (formerly SMC Wealth Management Services Limited) received a notice bearing no. F./Audit/Stamp duty/shares/10/969 dated May 11, 2012 from the revenue department, Government of NCT of Delhi, for non-payment of duty chargeable under the Indian Stamp Act, 1899 on issue of shares and directing SMC Investment and Advisors Limited to furnish original share certificates along with documentary evidences of payment of stamp duty chargeable. SMC Investment and Advisors Limited replied to this notice vide its letter dated July 11, 2012 and submitted on September 21, 2012 making submissions that the stamp duty has been paid and SMC Investment and Advisors Limited has complied with the Indian Stamp Act, 1899. SMC Investment and Advisors Limited has not received any further correspondence in the matter.

Litigation by SMC Investment and Advisors Limited

NIL

Litigation against SMC Capitals Limited

A. SEBI Show Cause Notice

NIL

B. Criminal Cases:

NIL

C. Civil Cases:

NIL

D. Negotiable Instrument Act Cases:

NIL

E. Consumer Complaints:

NIL

F. Arbitration Proceedings:

NIL

G. Tax Cases:

SMC Capitals Limited has received notice dated August 1, 2012 from the Income Tax Authorities (The Authority) under Section 143(2) of the Income Tax Act, 1961, Office of the DC/AC C,7(1). The Authorities have requested to SMC Capitals Limited to attend office on August 30, 2012, in connection with the return of income submitted by company on September 27, 2011 for the assessment year 2011 – 2012 for giving further information, produced the documents and other evidence on which SMC Capitals Limited will rely in support of the return filed and the proceedings are pending before the Authority.

H. Potential Litigation:

SMC Capitals Limited received a notice bearing no. F./Audit/Stamp duty/shares/10/966 dated May 11, 2012 from the revenue department, Government of NCT of Delhi, for non-payment of duty chargeable under the Indian Stamp Act, 1899 on issue of shares and directing SMC Capitals Limited to furnish original share certificates along with documentary evidences of payment of stamp duty chargeable. SMC Capitals Limited replied to this notice vide its letter dated August 13, 2012 and submitted on September 21, 2012 making submissions that the stamp duty has been paid and SMC Capitals Limited has complied with the Indian Stamp Act, 1899. SMC Capitals Limited has not received any further correspondence in the matter.

Litigation by SMC Capitals Limited

NIL

Litigation against SMC Share Brokers Limited

NIL

Litigation by SMC Share Brokers Limited

A. Criminal Cases:

NIL

B. Civil Cases:

There is one writ petition bearing no. 2289 of 2006 filed by SMC Share Brokers Limited (as one of the party) before the Delhi High Court against the order of Assistant Provident Fund Tribunal wherein the Tribunal had ruled that SMC Credit Limited, SMC Share Brokers and the Company are operating under same management and hence provisions of provident fund act are applicable to them. The matter is pending adjudication before Delhi High Court.

C. Negotiable Instrument Act Cases:

NIL

D. Consumer Complaints:

NIL

E. Arbitration Proceedings:

NIL

F. Tax Cases:

NIL

Litigation involving SMC ARC Limited

NIL

Litigation involving Moneywise Finvest Limited

NIL

Litigation involving SMC Finvest Limited

NIL

Litigation involving SMC Comex International DMCC

NIL

III. Litigation involving our Promoters as on October 31, 2012

Outstanding Litigation and Material Developments/Proceedings against our Promoters:

1. Mr. Subhash Chand Aggarwal:

There are 9 criminal cases against Mr. Subhash Chand Aggarwal, please refer to “*Litigation against our Company*” for further details.

2. Mr. Mahesh Chand Gupta:

There are 5 criminal cases against Mr. Mahesh Chand Gupta, please refer to “*Litigation against our Company*” for further details.

3. Ms. Sushma Gupta:

NIL

4. Mr. Damodar Krishan Aggarwal:

NIL

Outstanding Litigation and Material Developments/Proceedings filed by our Promoters:

Except as stated above, there are no pending litigations, including disputed outstanding litigations and material developments/ proceeding filed by our Promoters.

Proceedings initiated against the Promoters for economic offences

There are no proceedings initiated against our Promoters for any economic offences.

Details of past penalties imposed on our Promoters by the authorities concerned

There are no past penalties imposed on our Promoters by the authorities concerned.

Litigations against the Promoters involving violation of statutory regulations or alleging criminal offence

Except as mentioned above, there are no litigations against our Promoters involving violation of statutory regulations or alleging criminal offence.

Criminal/ civil cases against the promoters towards tax liabilities

There are no criminal/ civil cases against the Promoters towards tax liabilities.

IV. Litigation involving the Group Companies of our Company as on October 31, 2012

There are no litigation proceedings involving our Group Companies.

V. Litigation involving the Directors of our Company as on October 31, 2012

Outstanding Litigation and Material Developments/Proceedings against the Directors of our Company

Except as disclosed herein, there are no outstanding litigation involving the Directors including criminal prosecutions or civil proceedings involving the Directors, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Directors (including disputed tax liabilities, 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 XIII of the Companies Act). However, incidental to the business of our Company, parties may from time to time file suits impleading our Company through or along its respective officers and Directors in their official capacity.

1. Mr. Subhash Chand Aggarwal:

There are 9 criminal cases against Mr. Subhash Chand Aggarwal, please refer to “*Litigation against our Company*” for further details.

2. Mr. Mahesh Chand Gupta:

There are 5 criminal cases against Mr. Mahesh Chand Gupta, please refer to “*Litigation against our Company*” for further details.

3. Mr. Pradeep Aggarwal:

NIL

4. Mr. Ajay Garg:

There is one criminal case pending against Mr. Ajay Garg, please refer to “*Litigation against our Company*” for further details.

5. Mr. Anurag Bansal

NIL

6. Mr. Narain Dass Gupta

NIL

7. Mr. Pawan Kumar Bansal

NIL

8. *Mr. Kundan Mal Agarwal*

NIL

9. *Mr. Roop Chand Jindal*

NIL

10. *Mr. Satish Chandra Gupta*

NIL

11. *Mr. Chandra Wadhwa*

NIL

12. *Mr. Ram Lakhan Sudhir*

NIL

13. *Mr. Finery Cherian*

NIL

14. *Mr. Johannes Hendrik Petrus Van Der Merwe*

NIL

15. *Mr. Hari Das Khunteta*

NIL

B. Outstanding Litigation and Material Developments/Proceedings filed by the Directors

Except as stated above, there are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by the Directors.

C. Proceedings initiated against the Directors for economic offences

There are no proceedings initiated against the Directors for any economic offences.

D. Details of past penalties imposed on our Directors by the authorities concerned

There are no past penalties imposed on the Directors by the authorities concerned.

E. Litigations against the Directors involving violation of statutory regulations or alleging criminal offence

Except as mentioned above, there are no litigations against the Directors involving violation of statutory regulations or alleging criminal offence.

F. Criminal/ civil cases against the Directors towards tax liabilities

Except as mentioned above, there are no criminal/ civil cases against the Directors towards tax liabilities.

GOVERNMENT AND OTHER APPROVALS

Except as stated below, we have received the necessary consents, licenses, permissions and approvals from the Government of India and various other agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. In addition, except as mentioned in this section "Government and Other Approvals", as on the date of the Draft Red Herring Prospectus, there are no pending regulatory and government approvals and no pending material renewals of licenses or approvals in relation to the activities we have undertaken or in relation to the Issue.

I. APPROVALS FOR THE ISSUE:

1. The Issue has been authorised by a resolution passed by the Board of Directors on September 01, 2012, subject to the approval of shareholders of our Company through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act.
2. The Shareholders of our Company have authorised the Issue by a special resolution pursuant to Section 81(1A) of the Companies Act, passed at the EGM of our Company held on September 26, 2012.
3. The Selling shareholder has authorised the Offer for Sale pursuant to the terms of resolution of its board of directors, dated August 30, 2012
4. In-principle approval from the BSE, the NSE, the DSE, the LSE, the CSE, the ASE and the GSE dated [●], [●], [●], [●], [●] and [●].

II. APPROVALS FOR THE BUSINESS:

We have received the following government and other approvals pertaining to the business:

SMC Global Securities Limited

SEBI

Sr No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Member of NSE as a Stock Broker	SEBI	INB230771431	August 30, 1995	This certificate is valid until it is suspended or cancelled.
2.	Trading member of NSE for derivative segment	SEBI	INF230771431	July 03, 2000	This certificate is valid until it is suspended or cancelled.
3.	Clearing member of NSE for derivative segment	SEBI	INF230771431	July 03, 2000	This certificate is valid until it is suspended or cancelled.
4.	Trading member of NSE for currency derivatives segment	SEBI	INE230771431	August 25, 2008	This certificate is valid until it is suspended or cancelled.
5.	Clearing member of NSE for currency derivatives segment	SEBI	INE230771431	August 25, 2008	This certificate is valid until it is suspended or cancelled.
6.	Member of BSE as a Stock Broker	SEBI	INB011343937	July 13, 2009	This certificate is valid until it is suspended or cancelled.
7.	Trading member of BSE for derivative segment	SEBI	INF011343937	July 13, 2009	This certificate is valid until it is suspended or cancelled.
8.	Clearing member of BSE for derivative segment	SEBI	INF011343937	July 13, 2009	This certificate is valid until it is suspended or cancelled.
9.	Trading member of	SEBI	INE260771431	September 30,	This certificate is valid until it

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
	MCX Stock Exchange Limited for currency derivative segment			2008	is suspended or cancelled.
10	Clearing member of MCX Stock Exchange Limited for currency derivative segment	SEBI	INE260771431	September 30, 2008	This certificate is valid until it is suspended or cancelled.
11	Trading member of United Stock Exchange of India Limited for currency derivative segment	SEBI	INE271343936	June 20, 2011	This certificate is valid until it is suspended or cancelled.
12	Clearing member of United Stock Exchange of India Limited for currency derivative segment	SEBI	INE271343936	June 20, 2011	This certificate is valid until it is suspended or cancelled.
13	Member of Ludhiana Stock Exchange as a Stock Broker	SEBI	INB120788035	September 14, 1995	This certificate is valid until it is suspended or cancelled.
14	Dealer of OTC Exchange of India as a Stock Broker	SEBI	INB200771437	March 12, 1996	This certificate is valid until it is suspended or cancelled.
15	As a depository participant with CDSL	SEBI	IN-DP-CDSL-583-2010	September 28, 2010	September 27, 2015
16	As a depository participant with NSDL	SEBI	IN-DP-NSDL-333-2010	September 16, 2010	September 15, 2015
17	As a Depository Participant of CDSL for becoming a Qualified DP	SEBI	MIRSD4/CDSL/QD P/AS/7392/2012	March 29, 2012	This certificate is valid until it is suspended or cancelled.

AMFI

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	AMFI Registered Mutual Fund advisor	AMFI	ARN-29345	September 07, 2010	September 16, 2013

Stock Exchanges

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Provisional permission to provide internet based trading services in F&O segment	NSE	NSEIL/FO/INET/4102-7	July 12, 2004	This permission is valid until it is suspended or cancelled.
2.	Provisional permission to provide internet based trading services in capital markets segment	NSE	NSEIL/CMO/INET/4102-7	July 12, 2004	This certificate is valid until it is suspended or cancelled.
3.	Provisional permission for Internet Based	NSE	NSEIL/INET/8432-T	December 09, 2004	This certificate is valid until it is suspended or

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
	Trading Services in futures & options Segment					cancelled.
4.	Provisional permission for Internet Based Trading Services in capital markets Segment	NSE	NSEIL/INET/8432-T	December 09, 2004		This certificate is valid until it is suspended or cancelled.
5.	Provisional permission for modification of internet based trading software in the capital markets and future & options segment	NSE	NSEIL/INET/19504-L	January 06, 2006		This certificate is valid until it is suspended or cancelled.
6.	Provisional permission for modification of internet based trading software in the currency derivative segment	NSE	NSEIL/INET/157749-V	January 25, 2012		This certificate is valid until it is suspended or cancelled.
7.	Provisional permission for securities trading using wireless technology (STWT) in the capital markets, F&O and currency markets	NSE	NSEIL/STWT/160329-T	February 21, 2012		This certificate is valid until it is suspended or cancelled.
8.	Permission for going live on ITORS	BSE	MEB/SNK/AB/CS/0477/2005	November 29, 2005		This certificate is valid until it is suspended or cancelled.
9.	Permission to use ODIN Diet IBT software	MCX Stock Exchange Limited	MCX-SX/CTCL/2011/1615	April 20, 2011		This certificate is valid until it is suspended or cancelled.
10.	Permission to use ODIN Net.net IBT software	MCX Stock Exchange Limited	MCX-SX/CTCL/2011/1616	April 20, 2011		This certificate is valid until it is suspended or cancelled.
11.	Permission to use CTCL software – ODIN	MCX Stock Exchange Limited	MCX-SX/CTCL/2011/1614	April 20, 2011		This certificate is valid until it is suspended or cancelled.

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AAACSO581R
2.	Tax Deduction Account Number	Income Tax department	DELS09489E

Service Tax

Sr. No	Description	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Service tax registration with Central Excise Department	Central Excise Officer, Central Board of Excise and	AAACSO581RST001	January 21, 2011		This certificate is valid until further amendment sought by the company.

Professional Tax

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	Expiry Date
1.	Certificate of enrolment, Tamil Nadu Urban Local Bodies Tax on Professions, Trades, Callings and Employments Rules, 1998	Commissioner, Corporation of Chennai	10-142-PE-0357	June 06, 2008	This certificate is valid until cancelled.
2.	Certificate of enrolment, West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979.	Profession Tax Officer	ECC-0278068	September 26, 2007	This certificate is valid until cancelled.
3.	Certificate of enrolment, Andhra Pradesh State Tax on Professions, Trades, Callings and Employments Act, 1987.	Deputy Commercial Tax Officer	Sec/03/01/PT/II-A/1593/2007-08	December 27, 2007	This certificate is valid until cancelled.
4.	Certificate of registration, Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.	Profession Tax Officer	27595215362P	March 26, 2009	This certificate is valid until cancelled.
5.	Certificate of enrolment, Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.	Profession Tax Officer	99551673405P	March 25, 2009	This certificate is valid until cancelled.
6.	Certificate of enrolment, Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976.	Profession Tax Officer	PO5P11032	August 16, 2008	This certificate is valid until cancelled.
7.	Certificate of registration, Orissa State Tax on Professions, Trades, Callings and Employment Act, 2000	Profession Tax Officer	PR-BH-II-730	February 21, 2008	This certificate is valid until cancelled.
8.	Certificate of registration Gujarat State Tax on Professions, Trades, Calling and Employment Act 1976.	Profession Tax Officer	PR0734000926	March 17, 2008	This certificate is valid until cancelled.
9.	Certificate of registration, Gujarat State Tax on Professions, Trades, Calling and Employment Act 1976.	Profession Tax Officer	PEN064004244	July 04, 2012	This certificate is valid until cancelled.
10.	Certificate of registration	Profession Tax	PRC03CZ01854	June 01, 2008	This certificate is valid

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/ Expiry Date
	Gujarat State Tax on Professions, Trades, Calling and Employment Act 1976.	Officer			until cancelled.
11.	Certificate of registration Gujarat State Tax on Professions, Trades, Calling and Employment Act 1976.	Profession Tax Officer	PEC03CZ71297	September 16 , 2008	This certificate is valid until cancelled.
12.	Certificate of Registration, Madhya Pradesh Tax on Professions, Trades, Callings and Employment, 1995	Profession Tax Officer	79664100566	February 25, 2010	This certificate is valid until cancelled.

Labour

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/ Expiry Date
1.	Registration under Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Commissioner, Office of the Regional Provident Fund	PFRC/98Coord/DL/28139/coverage/4971	November 28, 2003	This certificate is valid until cancelled.
2.	Registration under Employee State Insurance Act, 1948	Regional Director	DL/11-40-103047-1001-A01	January 15, 2008	This certificate is valid until cancelled.

Shop & Establishment

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/ Expiry Date
1.	Registration as commercial establishment under the Delhi Shops & Establishment Act, 1954 for 8B, Netaji Subhash Marg, Daryaganj Delhi 110002	Department of Labour	2010004242	March 10, 2010	March 09, 2031
2.	Registration as commercial establishment under the Delhi Shops & Establishment Act, 1954 512-A, Suneja Tower I , District Centre Janak Puri, Delhi 110 058	Department of Labour	2010000969	February 24 , 2010	February 23, 2031
3.	Registration as commercial establishment under the Delhi Shops & Establishment Act, 1954 for 61, Main Road, Kingsway Camp, Delhi 110 009	Department of Labour	2010007273	March 17, 2010	March 16, 2031
4.	Registration as commercial	Department of Labour	2010007582	March 18, 2010	March 17,

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
	establishment under the Delhi Shops & Establishment Act, 1954 for 11/6-b, Shanti Chamber, Pusa Road, Delhi 110 055	Labour			2031
5.	Registration as commercial establishment under the Delhi Shops & Establishment Act, 1954 for 17, Netaji Subhash Marg, Darya Ganj Delhi 110 002	Department of Labour	2010008697	March 22, 2010	March 21, 2031
6.	Registration as commercial establishment under the Delhi Shops & Establishment Act, 1954 for 9b, Netaji Subhash Marg, Darya Ganj Delhi 110 002	Department of Labour	2010008704	March 22, 2010	March 21, 2031
7.	Registration as commercial establishment under the Karnataka Shops & Establishment Act, 1961 for No.2003/2,2nd Floor, "Omkar", 100 Feet Road, HAL 2nd Stage, Above TATA Docomo office,Bangalore560038	Department of Labour	82/BAN/903/2009	November 13, 2009	December 31, 2012
8.	Registration as commercial establishment under the West Bengal Shops & Establishments Acts 1963 for 114B/14C, Prince Anwar Shah Road, Techno Tower, Ist Floor, Kolkata-68	Department of Labour	Kol/Jad/PII/46159	February 15, 2010	February 14, 2013
9.	Registration as Commercial establishment under Madhya Pradesh Shop and Establishment Act 1958 for LG-3, Harishan House, Malviya Nagar, Bhopal	Department of Labour	5167/BPL/CE/2010	February 04, 2010	December 31, 2012
10.	Registration as Commercial establishment under Rajasthan Shop and Establishment Act 1954 for 401, Shyam Anukampa, Opp. HDFC Bank, Ashok Marg, Ahinsa Circle, C-Scheme, Jaipur - 302001	Department of Labour	SH/59/R-1/b/H-25/08	October 22, 2008	This certificate is valid until cancelled.
11.	Registration as commercial establishment under Uttar Pradesh Shop and Establishment Act 1962 for	Department of Labour	35/10039	September 10, 2009	March 2014

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
	160, Ocean Plaza, P-5, Sector-18, Noida 201 301				
12.	Registration as commercial establishment under Maharashtra Shop and Establishment Act 1961 for 1st Floor,17,Mauli Sankul, Nagar Manmad Road, Savedi, Ahmednagar 414 003	Department of Labour	10/9/2012 148	September 17, 2012	December 1, 2013
13.	Registration as commercial establishment under Bombay Shop and Establishment Act 1948 for B/4, Dwarkesh Co-Operative Hsg. Society, L.T. Road, Borivali (w), Mumbai – 400092	Department of Labour	760241179/ Commercial II	March 29, 2012	December 31, 2012
14.	Registration as commercial establishment under Bombay Shop and Establishment Act 1948 for 7 A Horni Modi Cross Lane, Raja Bhadur Compound, Opp Fort Chambers,Fort Mumbai -400023	Department of Labour	760241662/ Commercial II	February 7, 2012	December 31, 2012
15.	Registration as commercial establishment under Bombay Shop and Establishment Act 1948 for 1st Floor, Dheeraj Sagar, Oppt. Goregaon Sports Club, Link Road, Malad (West), Mumbai-400064	Department of Labour	760101814/ Commercial II	July 2, 2009	December 31, 2013
16.	Registration as commercial establishment under Bombay Shop and Establishment Act 1948 for Aggarwal Textile, Mital Tower, 43-A Wing, Nariman Point, Mumbai-400021	Department of Labour	760107856/ Commercial II	August 24, 2009	December 31, 2012
17.	Registration as commercial establishment under West Bengal Shop and Establishment Act 1964 for Krishna Enclave 2/1 Bhajanlal Lohiya lane Near Howrah AC Market Howrah-711101	Department of Labour	How/Gola/P-II/1044	May 04, 2010	May 04, 2013
18.	Registration as commercial establishment under Tamil	Department of Labour	R. Dis No. 489/09	September 14, 2009	This certificate is

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
	Nadu Shop and Establishment Act 1964 for 2nd Floor, 'A' Mookambika Complex, No.4, Lady Desikachari Road, Mylapore, Chennai 600 004				valid until cancelled.
19.	Registration as commercial establishment under Bombay Shop and Establishment Act 1948 for 1st, Floor, Dealing chambers, Near Sai Petrol pump, opp. Hotel Subdhra, J.M. Road, Pune 411 004	Department of Labour	32782	July 7, 2009	December 16, 2012
20.	Registration as commercial establishment under Bombay Shop and Establishment Act 1948 for 748/4, Third Floor, Rathi Complex West Mangalwar Peth, Solapur 413 005	Department of Labour	3106/11	February 14, 2011	December 16, 2012

Pending Approvals:

- The Company has applied vide its application dated September 09, 2012 to MCX Stock Exchange Limited for Trading & Clearing membership in capital markets & F&O segment.
- The Company has applied for renewal on September 14, 2012 for registration under the Punjab Shops & Commercial Establishment Act, 1958 renewing registration for 135-A, Block, Opp. CMK Girls College, Sirsa (Haryana).
- The Company has applied for a trademark for the SMC logo under class 9 on June 2, 2006 vide an application number 1460394.
- The Company has applied under a recordial application on TM 24 of registered trademarks dated June 08, 2011 pursuant to the merger between SAM Global Securities Limited for following trademarks and copyrights to transfer such trademarks and copyrights its name:

Trademarks:

Sr. No.	Registration Number	Description	Class	Date of Registration	Expiry Date
1.	1460395	Paper and paper articles , publication materials, not included in other classes, printed matter, Book binding material, Photographs, stationary, adhesives for stationary or household purpose, artists, materials, paint brushes typewriters and office requisites (Except Furniture), instructional and teaching material (except apparatus), plastic material for packaging (not included in other	16	June 06, 2006	June 06, 2016

Sr. No.	Registration Number	Description	Class	Date of Registration	Expiry Date
		classes), playing cards, printer type, printing blocks included in class 16			
2.	1412502	Advertising business management, business administration, office functions, included in class 35	35	January 01, 2006	January 01, 2016
3.	1412503	Insurance, Financial affairs, Monetary affairs, real estate affairs, Included in class 36	36	January 09, 2006	January 09, 2016
4.	1460397	Building construction, repair installation services	37	June 02, 2006	June 02, 2016
5.	1460398	Telecommunications	38	June 02, 2006	June 02, 2016
6.	1460399	Transport packaging and storage of goods, travel arrangement	39	June 02, 2006	June 02, 2016
7.	1460400	Education, providing of training, entertainment sporting and cultural activities	41	June 02, 2006	June 02, 2016
8.	1460401	Providing of food and drink, temporary accommodation, medical, hygienic and beauty care, veterinary and agricultural services, legal services, scientific and industrial research and computer programming.	42	June 02, 2006	June 02, 2016
9.	1460403	Paper and paper articles, publication materials, not included in other classes, printed matter, Book binding material, Photographs, stationary, adhesives for stationary or household purpose, artists, materials, paint brushes typewriters and office requisites (Except Furniture), instructional and teaching material (except apparatus), plastic material for packaging (not included in other classes), playing cards, printer type, printing blocks included in class 16	16	June 02, 2006	June 02, 2016
10.	1460404	Advertising business management, business administration, office functions, included in class 35	35	June 02 2006	June 02, 2016
11.	1460405	Insurance, Financial affairs, Monetary affairs, real estate affairs, Included in class 36	36	June 02 2006	June 02, 2016

Sr. No.	Registration Number	Description	Class	Date of Registration	Expiry Date
12.	1460406	Building construction, repair installation services	37	June 02 2006	June 02, 2016
13.	1460407	Telecommunications	38	June 02 2006	June 02, 2016
14.	1460408	Transport packaging and storage of goods, travel arrangement	39	June 02 2006	June 02, 2016
15.	1460409	Education, providing of training, entertainment sporting and cultural activities	41	June 02 2006	June 02, 2016
16.	1460410	Providing of food and drink, temporary accommodation, medical, hygienic and beauty care, veterinary and agricultural services, legal services, scientific and industrial research and computer programming.	42	June 02 2006	June 02, 2016
17.	1460412	Advertising business management, business administration, office functions, included in class 35	35	June 02 2006	June 02, 2016
18.	1550198	Advertising business management, business administration, office functions, included in class 35	35	April 16, 2007	April 16, 2017
19.	1550194	Telecommunications	38	April 16, 2007	April 16, 2017
20.	1550197	Education, providing of training, entertainment sporting and cultural activities	41	April 16, 2007	April 16, 2017
21.	1550274	Providing of food and drink, temporary accommodation, medical, hygienic and beauty care, veterinary and agricultural services, legal services, scientific and industrial research and computer programming.	42	April 17, 2007	April 17, 2017
22.	1562466	Good Description	9	May 28, 2007	May 28, 2017
23.	1506430	Paper and paper articles, publication materials, not included in other classes, printed matter, Book binding material, Photographs, stationary, adhesives for stationary or household purpose, artists, materials, paint brushes typewriters and office requisites (Except Furniture), instructional and teaching material	16	November 22, 2006	November 22, 2016

Sr. No.	Registration Number	Description	Class	Date of Registration	Expiry Date
		(except apparatus), plastic material for packaging (not included in other classes), playing cards, printer type, printing blocks included in class 16			
24.	1506431	Advertising business management, business administration, office functions, included in class 35	35	November 22, 2006	November 22, 2016
25.	1506432	Insurance, Financial affairs, Monetary affairs, real estate affairs, Included in class 36	36	November 22, 2006	November 22, 2016
26.	1562714	Building construction, repair installation services	37	May 28, 2007	May 28, 2017
27.	1562722	Treatment of materials	40	May 28, 2007	May 28, 2017
28.	1562470	Telecommunications	38	May 28, 2007	May 28, 2017
29.	1550195	Paper and paper articles, Card Board and Card Board Articles, Printed matters and publication Posters, Inlay Cards, Forms, Brochure, Pamphlets, Newspapers and Periodicals; Instructional and Teaching Material (Other Than Apparatus) Requisites (Except Furniture); Instructional and Teaching Material (Except Apparatus); Plastic Materials For Packaging (Not Included In Other Classes); Printer” Type; Printing Blocks.	16	April 16, 2007	April 16, 2017
30.	1562465	Education Providing Of Training Entertainment; Sporting and Cultural Activities	41	May 28, 2007	May 28, 2017

Copyrights:

Sr. No.	Registration Number	Description	Date of Registration	Expiry Date
1.	A – 86876/2009	Artistic	September 09, 2009	September 09, 2019
2.	A-77216/2006	Artistic	August 25, 2008	August 25, 2018

SMC Comtrade Limited*Forward Market Commission & Exchange Membership*

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Allotment of unique member code	National Commodity and Derivatives Exchange Limited	NCDEX/TCM/CORP/0131	December 29, 2005	This certificate is valid until cancelled.
2.	Allotment of unique membership code	Multi-Commodity Exchange of India Limited	MCX/TCM/CORP/0385	December 22, 2005	This certificate is valid until cancelled.
3.	Enrolment as member of the exchange	National Multi Commodity Exchange of India Limited	NMCE/TCM/CORP/0215	July 31, 2008	This certificate is valid until cancelled.
4.	Certificate of registration	Indian Commodity Exchange Limited	ICEX/TCM/CORP/0009	January 25, 2010	This certificate is valid until cancelled.
5.	Allotment of membership code	Ace Derivatives and Commodity Exchange Limited	4002	October 12, 2010	This certificate is valid until cancelled.
6.	Membership as trading cum clearing member	National Commodity & Derivatives Exchange Limited	NCDEX-CO-03-00021	March 09, 2007	This certificate is valid till the cessation of membership or till suspension of membership
7.	Change in membership status as strategic trading cum clearing member	National Commodity and Derivatives Exchange Limited	MEM/01/00021/584	March 21, 2009	This certificate is valid until cancelled.
8.	Membership as institutional trading cum clearing member	Multi Commodity Exchange of India Limited	8200	September 20, 2008	This certificate is valid until cancelled.
10.	Enrolment as a member	NCDEX Spot Exchange Limited	10044	September 18, 2008	This certificate is valid until cancelled.
11.	Membership as trading cum clearing member	National Multi-Commodity Exchange of India Limited	CL0294	July 31, 2008	This certificate is valid until cancelled.
12.	Allotment of clearing member id	National Spot Exchange Limited	CM ID – 10220	February 01, 2010	This certificate is valid until cancelled.

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
13.	Membership as institutional trading cum clearing member	Indian Commodity Exchange Limited	1010	January 2010	25,	This certificate is valid until cancelled.
14.	Membership as institutional trading cum clearing member	ACE Derivatives & Commodity Exchange Limited	ACEL/CM/CORP/0267	January 2011	01,	This certificate is valid until cancelled.

Stock Exchanges

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Provisional permission to start internet based trading using ODIN-DIET	NCDEX	4112	February 2008	28,	This certificate is valid until cancelled.
2.	Provisional permission to start internet based trading using INET.Net	NCDEX	4112	November 03, 2010		This certificate is valid until cancelled.
3.	Permission for using internet based trading using ODIN IBT	MCX	MCX/PPK/4734/2008	March 2008	17,	This certificate is valid until cancelled.
4.	Permission for using internet based trading using Inet.net version 9.1	MCX	MCX/NA/5844/2010	October 2010	11,	This certificate is valid until cancelled.
5.	Permission for using internet based trading using I-win version 9.1	MCX	MCX/PPK/5845/2010	October 2010	11,	This certificate is valid until cancelled.

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AACCA1776E
2.	Tax Deduction Account Number	Income Tax department	DELA10625G

Service Tax

Sr. No	Description	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Service Tax registration with Central Excise Department	Central Excise Officer, Central Board of Excise and Customs	AACCA1776EST001	September 2006	28,	This certificate is valid until further amendment sought by the company.

Value Added Tax / Sales Tax

Sr. No	Description	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Value added tax and central sales tax registration as a dealer at Secunderabad under Andhra Pradesh VAT Act, 2005 and Central Sales Tax Act, 1956	Commercial Tax Officer	28961387618	June 19, 2006		This certificate is valid until cancelled.
2.	Sales tax registration as a dealer at Delhi under Delhi Sales Tax Rules, 1975 and Central Sales Tax Act, 1956	Sales Tax Officer	LC/008/07610279545/1004	November 25, 2004		This certificate is valid until cancelled.
3.	Value added tax registration as a dealer at Narnaul, Haryana under Haryana Value Added Tax Act, 2003	Assessing Authority	06022409715	June 16, 2006		This certificate is valid until cancelled.
4.	Registration as a dealer at Narnaul, Haryana under Central Sales Tax Act, 1956	Notified Authority	06022409715	June 16, 2006		This certificate is valid until cancelled.
5.	Value added tax registration as a dealer at Kochi under Kerala Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Commercial Tax Officer	32150393605	May 07, 2007		This certificate is valid until cancelled or surrendered.
6.	Registration as a dealer at Maharashtra under Central Sales Tax Act, 1956	Sales Tax Officer	27200924442C	September 06, 2012		This certificate is valid until cancelled.
7.	Registration as a dealer at Maharashtra under Maharashtra Value Added Tax Act, 2002	Sales Tax Officer	27200924442V	September 06, 2012		This certificate is valid until cancelled.
8.	Registration as dealer at Ludhiana under Central Sales Tax Act, 1956	Excise & Taxation officer	03942020240	August 04, 2006		This certificate is valid until cancelled.
9.	Registration as dealer at Ludhiana under Punjab VAT Act, 2005	Excise & Taxation officer	03942020240	August 04, 2006		This certificate is valid until cancelled.
10.	Registration as a dealer at Jodhpur under the Central Sales Tax Act, 1956	Commercial Tax officer	08272655488	February 26, 2005		This certificate is valid until cancelled.
11.	Registration as a dealer at Jodhpur under the Rajasthan VAT Act, 2003	Commercial Tax officer	08272655488	February 26, 2005		This certificate is valid until cancelled.
12.	Registration as a dealer at Ahmedabad under the Central Sales Tax Act, 1956	Assistant Commissioner of Commercial Tax Unit	24573404950	May 14, 2007		This certificate is valid until cancelled.

Sr. No	Description	Issuing Authority	Reference / License No.	Issue Renewal Date	/ Expiry Date
13.	Registration as a dealer at Ahmedabad under the Gujarat VAT Act, 2003	Assistant Commissioner of Commercial Tax Unit	24073404950	May 14, 2007	This certificate is valid until cancelled.
14.	Registration as a dealer at Noida under the U.P. Sales Tax Act, 1948	Commercial Tax officer	ND 0339000	December 28, 2005	This certificate is valid until cancelled.
15.	Registration as a dealer at Noida under the Central Sales Tax Act, 1956	Commercial Tax officer	ND 5335195	December 28, 2005	This certificate is valid until cancelled.
16.	Registration as a dealer at Noida under the U.P. Sales Act, 1948	Assistant Commissioner	09365702697	December 28, 2005	This certificate is valid until cancelled.
17.	Registration as a dealer at Kolkata under the West Bengal Value Added Tax Act, 2003	Commercial Tax officer	19481178040	December 05, 2005	This certificate is valid until cancelled.
18.	Registration as a dealer at Kolkata under the Central Sales Tax Act, 1956	Commercial Tax officer	19481178234	December 05, 2005	This certificate is valid until cancelled

Professional Tax

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/ Expiry Date
1.	Certificate of registration, West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979.	Profession Tax Officer	RCC-0038989	September 26, 2007	This certificate is valid until cancelled.
2.	Certificate of enrolment, West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979.	Profession Tax Officer	ECC-0242624	October 26, 2005	This certificate is valid until cancelled.

Labour

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/ Expiry Date
1.	Registration under Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Commissioner, Office of the Regional Provident Fund	PFRC/98Coord/DL/30015/coverage/5875	December 14, 2004	This certificate is valid until cancelled.
2.	Registration under Employee State Insurance Act, 1948	Regional Director	DL/11-40-103213-1001-A01	February 11, 2008	This certificate is valid until cancelled.

Shop & Establishment

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Registration as commercial establishment under the Delhi Shops & Establishment Act, 1954 for 11/6-b, Shanti Chamber, Pusa Road, Delhi 110 055	Department of Labour	210007615	March 2010	18,	March 17, 2031
2.	Registration as commercial establishment under the West Bengal Shops & Establishment Act, 1963 For 18, Rabindra Sarani, Poddar Court Kolkata	Department of Labour	KOL/Bow/P-II/45533 0/17241/12	September 06, 2012		September 15, 2013

Pending Approvals:

- SMC Comtrade Limited has applied vide its application dated January 23, 2012 to Universal Commodity Exchange Limited for Trading & Clearing membership.

Moneywise Financial Services Limited

RBI

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Certificate of registration to carry on business of non-banking financial institution without accepting public deposits	Deputy General Manager, RBI	B-05.04678	November 28, 2001		This certificate is valid until cancelled.

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AADCS7346H
2.	Tax Deduction Account Number	Income Tax department	DELS30157B

Service Tax

Sr. No	Description	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Service Tax registration with Central Excise Department	Central Excise Officer, Central Board of Excise and Customs	AADCS7346HSD001	October 2010	19,	This certificate is valid until further amendment sought by the company.

Labour

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Registration under Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Assistant Provident Fund Commissioner	PFRC/98Coord/DL/42839/coverage/compIII/56979	September 12, 2011	This certificate is valid until cancelled.
2.	Registration under Employee State Insurance Act, 1948	Assistant Deputy Director	11001159290000999	July 30, 2011	This certificate is valid until cancelled.

SMC ARC Limited

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AANCS2538M
2.	Tax Deduction Account Number	Income Tax department	DELS47832B

SMC Capitals Limited

SEBI

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Registration as category I Merchant Banker	SEBI	INM000011427	December 31, 2011	December 30, 2013

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AABCS3706R
2.	Tax Deduction Account Number	Income Tax department	DELS19247E

Service Tax

Sr. No	Description	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Service Tax registration with Central Excise Department	Central Excise Officer, Central Board of Excise and Customs	AABCS3706RST001	January 03, 2007	This certificate is valid until further amendment sought by the company.

Professional Tax

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Certificate of registration, Maharashtra State Tax	Profession Tax Officer	PRTC - 27795206037P	November 24, 2007	This certificate is valid until

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
	on Professions, Trades, Callings and Employments Act, 1975.					cancelled.
2.	Certificate of enrolment, Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.	Profession Tax Officer	PRTC 99541710804P	November 24, 2007		This certificate is valid until cancelled.

Labour

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Registration under Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Assistant Provident Fund Commissioner	PFRC/98Coord/DL/35959/coverage /52	April 2007	13,	This certificate is valid until cancelled.
2.	Registration under Employee State Insurance Act, 1948	Assistant Deputy Director	11001160800000999	September 07, 2011		This certificate is valid until cancelled.

SMC Insurance Brokers Private Limited

IRDA

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	License under IRDA (Insurance Broker) Regulations, 2002	IRDA	289	June 20, 2011		January 27, 2014

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AACCR1402Q
2.	Tax Deduction Account Number	Income Tax department	DELD07118G

Service Tax

Sr. No	Description	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Service Tax registration with Central Excise Department	Superintendent of Excise Officer	AACCR1402QST001	October 2007	31,	This certificate is valid until further amendment sought by the company.

Professional Tax

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Certificate of registration, Karnataka Tax on	Profession Tax Officer	POO412851	January 2010	29,	This certificate is valid until

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
	Professions, Trades, Callings and Employments Act, 1976.				cancelled.
2.	Certificate of enrolment, Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976.	Profession Tax Officer	POO412850	January 29, 2010	This certificate is valid until cancelled.
3.	Certificate of registration, Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax Officer	PTRC No. 27515215309P	October 19, 2012	This certificate is valid until cancelled.

Labour

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Registration under Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Assistant Provident Fund Commissioner	PFRC/98Coord/DL/36268/coverage /1640	July 11, 2007	This certificate is valid until cancelled.
2.	Registration under Employee State Insurance Act, 1948	Regional Director	D/11-40-103500-10030-A01	March 13, 2008	This certificate is valid until cancelled.

SMC Investments and Advisors Limited

SEBI

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Registration as Portfolio Manager	SEBI	INP000003435	October 26, 2009	October 25, 2012*

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AABCS8068C
2.	Tax Deduction Account Number	Income Tax department	DELS35213D

AMFI

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	AMFI Registered Mutual Fund advisor	AMFI	ARN - 65287	August 9, 2008	August 8, 2013

Service Tax

Sr. No	Description	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Service Tax registration with Central Excise Department	Central Excise Officer, Central Board of Excise and Customs	AABCS8068CST001	May 23, 2008	This certificate is valid until further amendment sought by the company.

Professional Tax

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Certificate of registration, Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.	Profession Tax Officer	PRTC - 27905228335P	September 17, 2010	This certificate is valid until cancelled.
2.	Certificate of enrolment, Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.	Profession Tax Officer	PTEC - 99481788825P	September 17, 2010	This certificate is valid until cancelled.
3.	Certificate of enrolment, Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976.	Profession Tax Officer	POO413138	August 25, 2010	This certificate is valid until cancelled.

Labour

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Registration under Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Assistant Provident Fund Commissioner	PFRC/98Coord/DL/39363/Coverage/19157	January 12, 2009	This certificate is valid until cancelled.

Shop & Establishment

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue / Renewal Date	Expiry Date
1.	Registration as commercial establishment under Bombay Shop and Establishment Act, 1948 for 3 rd Floor, A-Wing, Laxmi Towers, Bandra Kurla Complex, Bandra East, Mumbai 400 051	Inspector under the Bombay Shops and Establishments Act, 1948	760155107	September 07, 2010	December 31, 2012

2.	Registration as commercial establishment under Karnataka Shop and Establishment Act, for AUM Plaza, Ist Floor, 76, 3 rd Cross, residency Road, Bangalore 560 025	Government of Karnataka- Department of Labour	76/BAN/5877	June 2010	14, December 31, 2013
3.	Registration as commercial establishment under West Bengal Shop and Establishment Act, for Ist Floor, Building No. 8/1, Loudon Street, (Dr. U.N. Brahmacharini) Street, Kolkata 700 017	Registering Authority	Kol/Park/P-II/47089	September 10, 2010	September 09, 2013

Pending Approvals:

- *SMC Investments and Advisors Limited has obtained an approval from SEBI vide SEBI's letter dated August 22, 2012 for proposed change in shareholding, subject to obtaining fresh certificate of registration in terms of regulation 9A(2) of SEBI (Portfolio Managers) Regulations, 1993. Further, SMC Investments and Advisors Limited has applied to SEBI on July 17, 2012 for renewal/fresh registration as portfolio manager under SEBI (Portfolio Managers) Regulations, 1993.

SMC Finvest Limited

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AANCS5830L
2.	Tax Deduction Account Number	Income Tax department	MUMS65386G

Moneywise Finvest Limited

Income Tax

Sr. No	Description	Issuing Authority	Reference / License No.
1.	Permanent Account Number	Income Tax department	AANCS5829B
2.	Tax Deduction Account Number	Income Tax department	MUMS65385F

SMC Comex International DMCC

Sr. No	Description / Activity	Issuing Authority	Reference / License No.	Issue Renewal Date	/	Expiry Date
1.	Trading License for trading in DGCX listed contracts for their own account and/or trading only in DGCX listed contracts for clients' accounts	Dubai Multi Commodities Centre	30833/DMCC0627	January 2006	02,	January 01, 2013
2.	Registered as a broker member of the Dubai Gold & Commodities Exchange.	United Arab Emirates Securities & Commodities & Authority	RCT2011/0848	January 2012	1,	December 31, 2012

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution passed by the Board of Directors in their meeting held on September 01, 2012, subject to the approval of shareholders of our Company through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act.

The Shareholders of our Company have authorised the Issue by a special resolution pursuant to Section 81(1A) of the Companies Act, passed at the EGM of our Company held on September 26, 2012.

The Selling shareholder has authorised the Offer for Sale pursuant to the terms of resolution of its board of directors, dated August 30, 2012

The Company received in-principle approvals from the BSE, the NSE, the DSE, the LSE, the CSE, the ASE and the GSE for the listing of the Equity Shares pursuant to letters dated [●], [●], [●], [●], [●], [●], and [●], respectively.

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

PROHIBITION BY SEBI, RBI OR GOVERNMENTAL AUTHORITIES

The Company, the Promoters, the Directors, Promoter Group entities, Group Companies, persons in control of our Company, natural persons in control of the Promoters, and the Selling Shareholder, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, Directors or persons in control of our Company are associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as disclosed below, no other Director is in any manner associated with the securities market and there has been no action taken by SEBI against the Directors or any entity in which any of the Directors is involved as a promoter or director.

Mr. Subhash Chand Aggarwal:

Name of the entity	SMC Share Brokers Limited
SEBI Registration No.	INB 050796237
Category of registration	Stock broker in DSE
Date of expiry of registration and reason for non-renewal	Certificate shall be valid till suspended or cancelled in accordance with the regulation
Details of any enquiry/investigation conducted by SEBI at any time	No
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	No

Mahesh Chand Gupta:

Name of the entity	SMC Share Brokers Limited
SEBI Registration No.	INB 050796237
Category of registration	Stock broker in DSE
Date of expiry of registration and reason for non-renewal	Certificate shall be valid till suspended or cancelled in accordance with the regulation

Details of any enquiry/investigation conducted by SEBI at any time	No
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	No

Satish Chandra Gupta:

Name of the entity	PUG Securities Private Limited
SEBI Registration No.	INB2312007335 (NSE); INB 011233435; INE 261200735 (MCX-SX); IN-DP-CDSL257-2004 (depository participant of CDSL)
Category of registration	Stock broker, depository participant in CDSL
Date of expiry of registration and reason for non-renewal	No expiry
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

Kundan Mal Agarwal:

Name of the entity	Share Bazar Financial Services Limited
SEBI Registration No.	INS018178538 (BSE Cash), INS23B301134 (NSE Cash)
Category of registration	Sub-broker
Date of expiry of registration and reason for non-renewal	Valid till March 2014
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

Chandra Wadhwa*:

Name of the entity	DSE Financial Services Limited
SEBI Registration No.	NSE – INB231183030; BSE- INB011183036; MCX-SX-INE261183030
Category of registration	Broker
Date of expiry of registration and reason for non-renewal	No expiry
Details of any enquiry/investigation conducted by SEBI at any time	No
Penalty imposed by SEBI, if any	No
Outstanding fees payable to SEBI, if any	No

* DSE Financial Services Limited has informed the Company vide its letter dated October 31, 2012 that the following two matters appears to have been closed and not pending i.e. payment of fee and indulged in creation of artificial market and price manipulation in scrip of Konkan Tyres Limited.

Name of the entity	Wadhwa Financial Services Private Limited
SEBI Registration No.	INB200929233
Category of registration	Broker
Date of expiry of registration and reason for non-renewal	Nil
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Pending (membership not activated/used/OTC stock exchange not functioning)

Ram Lakhan Sudhir*:

Name of the entity	DSE Financial Services Private Limited
SEBI Registration No.	NSE – INB231183030; BSE- INB011183036; MCX-SX-INE261183030
Category of registration	Broker
Date of expiry of registration and reason for non-renewal	No expiry
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

* DSE Financial Services Limited has informed the Company vide its letter dated October 31, 2012 that the following two matters appears to have been closed and not pending i.e. payment of fee and indulged in creation of artificial market and price manipulation in scrip of Konkan Tyres Limited.

Hari Das Khunteta:

Name of the entity	Altius Finserv Private Limited
SEBI Registration No.	INM000011732
Category of registration	Merchant banker
Date of expiry of registration and reason for non-renewal	June 6, 2013
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

Neither our Company, the Promoters nor the Directors, Promoter Group entities, Group Companies, persons in control of our Company, natural persons in control of the Promoters or Selling Shareholder have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past, or pending against them.

ELIGIBILITY FOR THE OFFER

The Company is eligible for the Offer in accordance with Regulation 27 read with Regulation 26(1)(d) and (e) of the SEBI Regulations, as described below:

- (a) The aggregate of the proposed Issue and all previous issues made in the same Financial Year in terms of Offer size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding Financial Year; and
- (b) The Company has not changed its name within the last one year. Accordingly, our Company is eligible to undertake the Issue under Regulation 27 read with Regulation 26(1) (d) and (e) of the SEBI Regulations.

In addition, in accordance with Regulation 26(4) of the SEBI Regulations, our Company will ensure that the number of Bidders to whom Equity Shares are allotted in the Issue will be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company and the Selling Shareholder becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company and the Selling Shareholder shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

COMPLIANCE WITH PART A OF SCHEDULE VIII OF THE SEBI REGULATIONS

The Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI Regulations and the disclosures have been made in compliance with Schedule II of the Companies Act and the SEBI Regulations. The Company has not been formed by the conversion of a partnership firm into a company.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, TATA SECURITIES LIMITED AND IL&FS CAPITAL ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS, TATA SECURITIES LIMITED AND IL&FS CAPITAL ADVISORS LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 01, 2012, WHICH READS AS FOLLOWS:

- 1. “WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT RED HERRING PROSPECTUS (“DRHP”) PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;**

WE CONFIRM THAT:

- a. THE DRHP FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE DRHP 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 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 DRHP ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID**

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRHP
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP
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 PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. 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 COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECTS CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRHP THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN ₹ 10 CRORE, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE OFFERED IN DEMAT ONLY;
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRHP:**
 - a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
 - b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE**
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 COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.**
15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRHP WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 THROUGH CIRCULAR. – NOT APPLICABLE**
17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS**

All legal requirements pertaining to this Issue has been complied with at the time of filing of the Draft Red Herring Prospectus to be filed with SEBI and the Stock Exchanges. All legal requirements pertaining to this Issue will be complied with at the time of registration of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances 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 Book Running Lead Managers, any irregularities or lapses in this Draft Red Herring Prospectus.

DISCLAIMER FROM THE COMPANY, THE SELLING SHAREHOLDER, THE DIRECTORS AND THE SYNDICATE

The Company, the Selling Shareholder, the Directors and the Syndicate accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website at www.smcindiaonline.com or website of any affiliate or associate of our Company or its Subsidiaries, would be doing so at his or her own risk. The Selling Shareholder and its officers accept no responsibility for any statements made other than those made in relation to the Equity Shares offered through the Offer for Sale.

CAUTION

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the BRLMs, the Selling Shareholder and our Company dated October 19, 2012, and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the Bidders in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres, etc.

The Company, the Selling Shareholder, the BRLMs or any member of the Syndicate, shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares.

Each of the BRLMs and their respective affiliates may engage in transactions with, and perform services for, our Company, Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company, Subsidiaries, Joint Ventures or affiliates, for which they have received, and may in the future receive, compensation.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India, including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and are authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 25 crore and pension funds with minimum corpus of ₹ 25 crore, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds setup and managed by Department of Posts, GoI and permitted Non-Residents including FIIs and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action will be required for that purpose. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained here is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States.

Accordingly, the Equity Shares are being offered and sold outside the United States in reliance on, Regulation S under the U. S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in terms of the Allotment advice, that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The delivery of this Draft Red Herring Prospectus will not under any circumstances create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

DISCLAIMER CLAUSE OF THE NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

DISCLAIMER CLAUSE OF THE DSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the DSE. The disclaimer clause as intimated by the DSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

DISCLAIMER CLAUSE OF THE LSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the LSE. The disclaimer clause as intimated by the LSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

DISCLAIMER CLAUSE OF THE CSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the CSE. The disclaimer clause as intimated by the CSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

DISCLAIMER CLAUSE OF THE ASE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the ASE. The disclaimer clause as intimated by the ASE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

DISCLAIMER CLAUSE OF THE GSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the GSE. The disclaimer clause as intimated by the GSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

FILING

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi 1100 001, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC at the office of the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be registered with the RoC electronically and delivered for registration at its office situated at the address mentioned below.

REGISTRAR OF COMPANIES

National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi - 110 019,
India.
Tel: +91 (11) 2623 5704
Fax: +91 (11) 2623 5702

LISTING

The Equity Shares of our Company are listed on the DSE, LSE, CSE, ASE and GSE. Applications had been made to the DSE, LSE, CSE, ASE, GSE, NSE and BSE for the use of their respective names in this Prospectus. DSE through its letter bearing number [●] dated [●], LSE through its letter bearing number [●] dated [●], CSE through its letter bearing number [●] dated [●], ASE through its letter bearing number [●] dated [●], GSE through its letter bearing number [●] dated [●], NSE through its letter bearing number [●] dated [●] and BSE through its letter bearing number [●] dated [●] granted approval for the use of their respective names in the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus. [●] is the Designated Stock Exchange with which the basis of allocation will be finalised for the Issue.

If the trading permission of the Equity Shares is not granted by any of the Stock Exchanges, our Company and the Selling Shareholder shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after the Selling Shareholder become liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company and the Selling Shareholder shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date.

IMPERSONATION

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years.”

CONSENTS

Consents in writing of: (a) The Selling Shareholder, the Directors, our Company Secretary and Compliance Officer, the domestic legal counsel to our Company, the Bankers to our Company, the Auditors, the Bankers to the Issue and the Registrar to the Issue have been obtained; and (b) the Syndicate Members, the BRLMs, in their

respective capacities will be obtained, and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

The Auditors have consented to the inclusion of their names as the statutory auditors and of their report on the audited restated financial information and the statement of tax benefits in the form and context in which they appear in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration to the RoC.

EXPERT OPINION

Except for the report of the Auditors on the standalone and consolidated financial statements and the statement of tax benefits on page 98, included in the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

ISSUE RELATED EXPENSES

The estimated Issue expenses are as under:

Activity	Amount (₹ Crore)	% of the Issue Expenses	% of total Issue Size
BRLM fees*	[●]	[●]	[●]
Underwriting commission and selling commission (including commission to SCSBs for ASBA applications)*	[●]	[●]	[●]
Registrar's fees*	[●]	[●]	[●]
Publication of advertisements *	[●]	[●]	[●]
Advisors*	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]
Others (listing fees, etc.) *	[●]	[●]	[●]
Total	[●]	[●]	[●]

*Will be incorporated at the time of filing of the Prospectus.

All expenses with respect to fees payable to the BRLMs, Registrar to the Issue and Legal Counsels as well as expenses towards the publication of advertisements in connection with the Issue will be paid by our Company and the Selling Shareholder.

FEES, BROKERAGE AND SELLING COMMISSION PAYABLE TO THE SYNDICATE

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as mutually agreed between our Company, the Selling Shareholders and the BRLMs. The details of total fees payable to the Syndicate will be disclosed in the Prospectus in the section titled "Objects of the Issue - Issue Expenses".

The members of the Syndicate shall be paid a selling commission of [●]%, [●]% and [●]% on the Amount Allotted to successful Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, respectively, in relation to Bid cum Application Forms procured by them (the **Selling Commission**). In relation to Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Syndicate ASBA Bidding Locations for processing, [●]% of the Selling Commission payable to the members of the Syndicate for such Bid cum Application Forms will be available for distribution as processing fee to the relevant SCSBs (the "**Syndicate ASBA Processing Fee**"). The Syndicate ASBA Processing Fee will be divided by the total number of Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Syndicate ASBA Bidding Locations for processing, to determine the per application Syndicate ASBA processing fee (the "**Per Application Syndicate ASBA Processing Fee**"). For calculating the total number of Bid cum Application Forms procured by the members of the Syndicate as above, Bid cum Application Forms procured by the members of the Syndicate in the QIB category and submitted to the relevant branches of the SCSBs at the Syndicate ASBA Bidding Locations will also be included. Each SCSB will receive a product of the Per Application Syndicate ASBA Processing Fee, and the number of Bid cum Application Forms procured by the members of the

Syndicate and submitted to the relevant SCSBs at the Syndicate ASBA Bidding Locations for processing. The remaining Selling Commission in relation to Bid cum Application Forms procured by the members of the Syndicate and submitted to the relevant branches of the SCSBs at the Syndicate ASBA Bidding Locations for processing, after deducting the Syndicate ASBA Processing Fee, will be payable to the members of the Syndicate.

In case of Bid Cum Application Forms procured directly by the SCSBs in the Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees categories, the relevant SCSBs shall be entitled to the applicable Selling Commission and no additional Per Application Syndicate ASBA Processing Fees shall be payable to them. No Selling Commission is payable to SCSBs in relation to Bid cum Application Forms submitted by QIBs and procured directly by the SCSBs.

In addition to the Selling Commission and Syndicate ASBA Processing Fee contemplated hereinabove, applicable service tax will be separately invoiced and payable.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue by our Company and the Selling Shareholder including fees for processing of application or any other expenditure involved will be in accordance with the Registrar's Agreement dated October 16, 2012 executed amongst the Registrar to the Issue, our Company and the Selling Shareholder, a copy of which will be made available for inspection at the Registered Office from 10.00 am to 4.00 pm on Working Days during the Bidding Period.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses and postage charges for refund.

PARTICULARS REGARDING PUBLIC OR RIGHTS ISSUES DURING THE LAST FIVE YEARS

There have been no public or rights issue by our Company during the last five years.

PREVIOUS ISSUES OF EQUITY SHARES OTHERWISE THAN FOR CASH

Except as stated below, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Nature of Allotment
May 08, 2009	18,35,240	10	-	Amalgamation of Sam Global Securities Limited with our Company under Section 396 of the Companies Act
August 11, 2012	56,567,225	10	-	Bonus issue in the ratio of one Equity Share for each Equity Share

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION ON PREVIOUS ISSUES

There have been no public or rights issue by our Company during the last five years.

PROMISE V/S PERFORMANCE – LAST THREE ISSUES OF THE COMPANY

There have been no public or rights issue by our Company in the past.

PROMISE V/S PERFORMANCE –LAST ONE ISSUE OF SUBSIDIARIES, ASSOCIATE COMPANIES

None of the Subsidiaries and associates have made any public issue of its equity shares in the past.

OUTSTANDING DEBENTURES OR BOND ISSUES OR REDEEMABLE PREFERENCE SHARES

The Company has no outstanding debentures or bonds or redeemable preference shares as on date of this Draft Red Herring Prospectus.

OUTSTANDING PREFERENCE SHARES

There are no outstanding preference shares issued by our Company.

PARTLY PAID-UP SHARES

There are no partly paid up Equity Shares of our Company.

STOCK MARKET DATA OF THE EQUITY SHARES

See the section titled “Market Price Information” on page 313 of this Draft Red Herring Prospectus.

OTHER DISCLOSURES

Other than the issue of bonus shares mentioned above and Pulin Investments Private Limited which has purchased 1,100 equity shares of ₹ 10 each of our Company at ₹ 50 per equity share on July 27, 2012, none of our Promoter, Our Promoter Group, our Directors or their immediate relatives have purchased or sold or financed the purchase or sale of Equity Shares by any other person, of any Equity Shares during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.

STATUS OF INVESTOR COMPLAINTS

Our Company has not received investor complaints during the three years preceding the filing of this Draft Red Herring Prospectus. There are no investor complaints pending as on the date of this Draft Red Herring Prospectus.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Registrar’s Agreement between the Registrar to the Issue, the Selling Shareholder and us, provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate, as the case may be, where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Payment Amount was blocked.

DISPOSAL OF INVESTOR GRIEVANCES BY THE COMPANY

We estimate that the average time required by us or the Registrar to the Issue for redressal of routine investor grievances will be 10 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Suman Kumar, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems.

Mr. Suman Kumar

11/6B, Shanti Chamber

Pusa Road,

New Delhi – 110 005, India

Tel: +91 (11) 30155100, 30111000

Fax: +91 (11) 25754365

Website: www.smc@smcindiaonline.com

Email: smc.fpo@smcindiaonline.com

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES BY COMPANIES UNDER THE SAME MANAGEMENT

There is no listed company under the same management as our Company.

CHANGE IN AUDITORS IN THE PAST THREE YEARS

There have been no changes in the auditors in the last three years.

CAPITALIZATION OF RESERVES OR PROFITS

Except for the bonus issue made by our Company on August 11, 2012, our Company has not undertaken any capitalization of reserves or profits since incorporation. The detail of the bonus issue is given below:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Nature of Allotment
August 11, 2012	56,567,225	2	-	Bonus issue in the ratio of one Equity Share for each Equity Share

REVALUATION OF ASSETS

The Company has not revalued its assets since incorporation.

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares Allotted in the Issue will be subject to the provisions of the Companies Act, the SCRA, the SCRR, our Memorandum of Association and Articles of Association, SEBI Regulations, the Equity Listing Agreements, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, if any, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Issue. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the sale of capital and trading of securities, issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authority as in force on the date of this Issue, to the extent applicable.

Authority for this Issue

See the section titled “*Other Regulatory and Statutory Disclosures*” on page 374 of this Draft Red Herring Prospectus.

Ranking of Equity Shares

The Equity Shares being Allotted in the Issue will, subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, rank *pari passu* with the existing Equity Shares, including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment.

For a description of our Articles, see the section titled “Main Provisions of the Articles of Association” on page 431 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our holders of our Equity Shares, as per the provisions of the Companies Act, the Listing Agreement, our Memorandum of Association and Articles of Association and any other applicable regulations. For a description of our Dividend Policy, see the section titled “Dividend Policy” on page 181 of this Draft Red Herring Prospectus.

Issue related expenses

The expenses in relation to this Issue shall be split between our Company and the Selling Shareholder in proportion of the Equity Shares contributed to the Issue, except for the listing fees which shall be paid by our Company. These expenses typically include, amongst others, underwriting and lead management fee, brokerage and selling commissions, legal counsel fees, auditor fees, printing and distributions expenses, legal fees, statutory advertisements fees, and listing fees payable to the stock exchanges where Equity Shares are getting listed.

Face Value and Price Band

The face value of each Equity Share is ₹ 2. At any given point of time, there will be only one denomination for the Equity Shares.

The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Price Band and the Minimum Bid Lot will be decided by our Company and the Selling Shareholder in consultation the BRLMs, and will be published by our Company at least one Working Day prior to the Issue Opening Date, in an English national daily newspaper i.e. [●] and a Hindi national daily newspaper i.e. [●], each with wide circulation (Hindi also being the regional language in the state where our Registered Office is located).

Our Company, however, does not have any trading history at the stock exchanges where it is currently listed.

Compliance with SEBI Requirements

Our Company will comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the holders of our Equity Shares

Subject to applicable laws, the holders of our Equity Shares will have the following rights:

1. Right to receive dividend, if declared;
2. Right to attend general meetings and exercise voting powers, unless prohibited by law;
3. Right to vote on a poll either in person or by proxy;
4. Right to receive offers for rights shares and be allotted bonus shares, if announced;
5. Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
6. Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
7. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreements and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see the section titled “Main Provisions of Our Articles of Association” on page 431 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares will be allotted only in dematerialised form. As per the SEBI Regulations and any other applicable laws, the trading of our Equity Shares will only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one (1) Equity Share. Allotment in the Issue will be only in electronic form in multiples of one (1) Equity Share, subject to a minimum Allotment of [●] Equity Shares.

The minimum Bid lot size of the Issue will be decided by the Company and the Selling Shareholder in consultation with the BRLMs and advertised in [●] edition of [●] in English and in [●] edition of [●] in Hindi atleast one (1) working day prior to the Bid Issue Opening Day.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship, subject to provisions contained in the Articles.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination will stand rescinded on a sale / transfer / alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or Corporate

Office or with the Registrar to the Issue and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, will on the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as holder of Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Minimum Subscription

Since the Fresh Issue and the Offer for Sale together constitute 13.11% of the post-Issue paid-up equity share capital of our Company, the Issue needs to be subscribed, in accordance with the SEBI Regulations, to at least such an extent that it exceeds 90% of the Fresh Issue. If the Issue does not achieve the minimum subscription, including devolvement of underwriters, within 60 days from the Bid/Issue Closing Date, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received not later than 70 days from the Bid/Issue Closing Date. If there is a delay beyond eight days after the expiry of 70 days from the Bid/Issue Closing Date, the Company and the Selling Shareholders shall, in proportion to the number of Equity Shares offered/issued by each of them in the Issue, pay interest as prescribed under section 73 of the Companies Act. Further, the Company shall ensure that the number of prospective Allottees to whom Equity Shares will be Allotted shall not be less than 1,000.

If the Issue is not fully subscribed, subject to it achieving minimum subscription, the demand from Bidders shall be first fulfilled by the Fresh Issue and any balance shall accordingly be transferred from the Offer for Sale portion.

The requirement of minimum subscription is not applicable to the Offer for Sale. The subscription in the Issue will be utilized in the first instance towards meeting minimum subscription requirement for the Fresh Issue, then towards remaining portion of the Fresh Issue and the balance demand towards Offer for Sale portion.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Application by Eligible NRIs and FIIs registered with the SEBI.

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with the SEBI, Sub-Accounts and other non-residents. All such Bidders will be treated on the same basis as with other categories for purpose of Allocation.

As per RBI regulations, Overseas Corporate Bodies (“OCBs”) cannot participate in the Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in New Delhi, India.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States.

Accordingly, the Equity Shares are being offered and sold outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

In addition, until 40 days after the first date of upon which the securities were bonafide offered to the Public, an Offer of the Equity Shares to “US Persons” (as defined in Regulation S under U.S. Securities Act, 1933) by a dealer may violate the registration requirements of the US Securities Act, 1933.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of the Promoter’s minimum promoter contribution to the extent of 20% of the Issue for a period of three (3) years from the date of allotment and lock-in for period of one year for the balance portion of Promoter’s shareholding as detailed in section titled “Capital Structure” on page 68 of this Draft Red Herring Prospectus, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/splitting except as provided in our Articles. For details, see the sections titled “Capital Structure” and “Main Provisions of the Articles of Association” on pages 68 and 431, respectively.

Option to receive Equity Shares in Dematerialised Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialised form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE STRUCTURE

Issue of 1,58,67,380 Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] Crore. The Issue consists of a Fresh Issue of 79,33,690 Equity Shares aggregating to an amount not exceeding ₹ [●] Crore and an Offer for Sale of up to 79,33,690 Equity Shares by the Selling Shareholder aggregating up to ₹ [●] Crore. The Issue comprises a net issue to the public of up to 1,45,98,000 Equity Shares (“The Net Issue”) and a reservation of 6,34,690 Equity Shares for subscription by Eligible Employees (as defined herein) (“**Employee Reservation Portion**”) and 6,34,690 Equity Shares for subscription by SMC Retail Shareholders (“**SMC Retail Shareholder Reservation Portion**”). The Issue would constitute 13.11% of the Post-Issue paid-up Equity capital of our Company and the Net Issue would constitute 92.00% of the Issue and 12.06% of the post Issue paid-up Equity capital of our Company.

The Issue is being made through the Book Building Process.

	Eligible Employees	SMC Retail Shareholder Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation ⁽¹⁾	6,34,690 Equity Shares	6,34,690 Equity Shares	Not more than 72,99,000 Equity Shares	Not less than 21,89,700 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 51,09,300 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/allocation	Approximately 4.00% of the Issue. The Employee Reservation Portion comprises approximately 0.52% of our Company's post-Issue paid-up Equity Share capital.	Approximately 4.00% of the Issue. The SMC Retail Shareholder Reservation Portion comprises approximately 0.52% of our Company's post-Issue paid-up Equity Share capital.	Up to 50% of the Net Issue Size being available for allocation to QIBs. However, up to 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only.	Not less than 15% of the Net Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Net Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Not less than the minimum bid lot, subject to availability of shares in Employee reservation category, and the remaining available shares, if any, shall be allotted on a proportionate	Not less than the minimum bid lot, subject to availability of shares in SMC Retail Shareholder reservation category, and the remaining available shares, if any, shall be allotted on a	Proportionate (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be allocated on a proportionate basis to all	Proportionate	Not less than the minimum bid lot, subject to availability of shares in The Retail category, and the remaining available shares, if any, shall be allotted on a proportionate basis

	Eligible Employees	SMC Retail Shareholder Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	basis	proportionate basis	QIBs including Mutual Funds receiving allocation as per (a) above.		
Minimum Bid	[•] Equity Shares	[•] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [•] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [•] Equity Shares so that the maximum Bid Amount does not exceed ₹ 200,000.	Such number of Equity Shares in multiples of [•] Equity Shares so that the maximum Bid Amount does not exceed ₹ 200,000.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares, whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.
Allotment Lot	[•] Equity Shares and in multiples of one Equity Share thereafter.	[•] Equity Shares and in multiples of one Equity Share thereafter.	[•] Equity Shares and in multiples of one Equity Share thereafter	[•] Equity Shares and in multiples of one Equity Share thereafter	[•] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply ⁽²⁾	Eligible Employees applying for Equity Shares such that the Bid Amount does not	Existing individual and HUF Shareholders of our Company applying for	Public financial institutions as specified in section 4A of the Companies Act, scheduled	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta),	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Eligible Employees	SMC Retail Shareholder Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
exceed 200,000.	₹ Equity Shares such that the Bid Amount does not exceed ₹ 200,000. (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) as at the date of the Red Herring Prospectus.	commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of ₹ 25 crore, pension fund with minimum corpus of ₹ 25 crore, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up	companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals and Eligible QFIs.	

	Eligible Employees		SMC Retail Shareholder Reservation Portion		QIBs		Non-Institutional Bidders		Retail Individual Bidders	
					and managed by the Department of Posts, India.					
Terms of Payment	Full Amount shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Bid shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Full Amount shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Bid shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Full Amount shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Bid shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Full Amount shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Bid shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Full Amount shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾	Bid shall be payable at the time of submission of Bid cum Application Form. ⁽³⁾

- (1) Subject to valid Bids being received at or above the Issue Price. The Issue is being made in accordance with Clause 27 when read along with Clause 26 (1) (d) and (e) under the SEBI Regulations, where the Issue will be made through the Book Building Process. Up to 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs. Out of the QIB Portion, 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 3,64,950 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders. Further, not less than 35% of the Net Issue will be available for allocation to Retail Bidders, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, a Retail Bidder is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis.

Under-subscription, if any, in the QIB, Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs. Any unsubscribed portion in any reserved category may be added to any other reserved category and the unsubscribed portion, if any, after such inter-se adjustments among the reserved categories shall be added to the Net Issue to the Public.

- (2) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.
- (3) In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.

Under subscription, if any, in any category would be met with spill-over from other categories at the discretion of our Company in consultation the BRLMs and the Designated Stock Exchange.

Withdrawal of the Issue

The Company in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The Selling Shareholder confirms that it shall extend all reasonable cooperation as requested by our Company and the BRLMs.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Issue Programme

BID/ISSUE OPENS ON	[●], 2012*
BID/ISSUE CLOSING ON	[●], 2012*

**The Company may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIB Bidders one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.*

An indicative timetable in respect of the Issue is set out below:

Event	Indicative Date
Bid/Issue Closing Date	[●]
Finalisation of Basis of Allotment with [●]	On or about [●]
Initiation of refunds	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholder or the BRLMs. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Our Company and the Selling Shareholder confirm that they shall extend all reasonable co-operation required by the BRLMs, for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by the Selling Shareholder in the Issue) at all the Stock Exchanges within 12 Working Days from the Bid/Issue Closing Date.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Bid/Issue Period as mentioned above at the bidding centres and designated branches of SCSBs as mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIB Bidders and Non-Institutional Bidders, and (ii) until 5.00 p. m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders, and Eligible Employees bidding in the Employee Reservation Portion and SMC Retail Shareholders bidding in the SMC Shareholder Reservation Portion, after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic bidding system would be rejected.

QIB Bidders and Non-Institutional Bidders shall neither withdraw nor revise their Bids so as to lower the size of their Bid at any stage after they have Bid for the Issue. Bids by Retail Individual Bidders and by Eligible Employees bidding in the Employee Reservation Portion and SMC Retail Shareholders bidding in the SMC Shareholder Reservation Portion may either withdraw or revise their Bids until finalisation of the Allotment.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (IST) on the Bid/Issue Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days, i.e., Working Days. Neither our Company, the Selling Shareholder, nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders and by Eligible Employees bidding in the Employee Reservation Portion and SMC Retail Shareholders bidding in the SMC Shareholder Reservation Portion after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

Revisions, if any, in the Price Band, will be determined by our Company and the Selling Shareholder in consultation with the BRLMs and will be determined during the Bid/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the Face Value

of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the BRLMs and at the terminals of the Syndicate Members.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that QIBs and Non-Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders, Eligible Employees and SMC Retail Shareholders can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to non-ASBA Bidders. However, there is a common Bid cum Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate in Specified Cities) as well as for non-ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs.

Further, please note that pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012, certain aspects, such as withdrawal and revision of Bids, manner of allocation to Retail Individual Bidders and announcement of Price Band, have been modified. Please note that such modifications have come into effect from October 12, 2012 and all Bidders are advised to read this section carefully before participating in the Issue.

Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Book Building Procedure

The Issue is being made through the Book Building Process wherein up to 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis. Out of the QIB Portion, 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders. Further, not less than 35% of the Net Issue will be available for allocation to Retail Bidders, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, a Retail Bidder is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis. A reservation of 6,34,690 Equity Shares for subscription by Eligible Employees ("Employee Reservation Portion") and 6,34,690 Equity Shares for subscription by SMC Retail Shareholders ("SMC Retail Shareholder Reservation Portion") shall be available for allocation, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in the QIB, Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs. Any unsubscribed portion in any reserved category may be added to any other reserved category and the unsubscribed portion, if any, after such inter-se adjustments among the reserved categories shall be added to the Net Issue.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form on Allotment, the Equity Shares will be traded only on the demat segment of the Stock Exchange(s).

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

Bid cum Application Form

Pursuant to SEBI circular CIR/CFD/DIL/4/2011 dated September 27, 2011, Bid cum Application Forms have been standardized and it has been decided that henceforth there would only be a single form for

ASBA and non-ASBA Bidders. It has also been decided that the Bid cum Application Form (accompanied with abridged prospectus) would be printed in a booklet form of A4 size paper.

Bid cum Application Forms for ASBA Bidders will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to Bid Opening Date. A hyperlink to the websites of the Stock Exchange(s) for this facility will be provided on the websites of the BRLMs and the SCSBs. Same Bid cum Application Form applies to all ASBA Bids irrespective of whether they are submitted to the SCSBs or to the Syndicate ASBA Bidding Locations.

Please note that there is a common Bid cum Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate in Specified Cities) as well as for non-ASBA Bidders. The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis *	[●]
Eligible NRIs, Eligible QFIs, FIIs or Foreign Venture Capital Investors, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	[●]
Eligible Employees bidding in the Employee Reservation Portion	[●]
SMC Retail Shareholders bidding in the SMC Retail Shareholder Reservation Portion	[●]

Online format of Bid cum Application Forms will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) and the Bid cum Application Forms in physical form will also be available at the NSE, the BSE, the DSE, the LSE, the CSE, the ASE, and the GSE.

All non-ASBA Bidders are required to submit their Bids through the Syndicate only. ASBA Bidders are required to submit their Bids through the SCSBs (in physical or electronic form) or with the Syndicate in the Specified Cities, authorising SCSBs to block funds that are available in the bank account specified in the Bid cum Application Form. Non-ASBA Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. The Bidder should preserve this acknowledgment slip and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Cities. ASBA Bidders should also ensure that Bid cum Application Forms submitted to the member of the Syndicate in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI). ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

Bidders can also submit their Bids through the ASBA by submitting Bid cum Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or through the members of the Syndicate/ sub-Syndicate (ASBA Bids through the members of the Syndicate/ sub-Syndicate shall hereinafter be referred to as the “Syndicate ASBA”). **However, ASBA Bids through submitted to the Syndicate is permitted only at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat).** Kindly note that Bid cum Application Forms submitted by ASBA Bidders to members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit the Bid cum Application Form (A list of such branches is available at the website of SEBI).

ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the Bid cum Application Form, which shall be stamped, at the relevant Designated Branch. Bid cum Application Form in physical mode, which shall be stamped, can also be submitted to be members of the Syndicate at Syndicate ASBA Bidding Locations. In case of application in electronic form, the ASBA Bidder shall submit the Bid cum Application Form either through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form. Upon completing and submitting the Bid cum Application Form to the SCSB or to the members of the Syndicate, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

To supplement the foregoing, the mode and manner of Bidding is illustrated in the following chart.

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
Retail Individual Bidders, Eligible Employees Bidding in the Employee Reservation Portion and SMC Retail Shareholders Bidding in the SMC Shareholder Reservation Portion	Either (i) ASBA or (ii) non-ASBA	Bid cum Application Form.	In case of an ASBA Bidder: (i) If using physical Bid cum Application Form: (a) to the members of the Syndicate only at Syndicate ASBA Bidding Locations; or (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; or (ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; or In case of non-ASBA Bidder: (i) If using physical Bid cum Application Form, to the members of the Syndicate at the Bidding Centres as stated in the Bid cum Application Form. (ii) If using electronic Bid cum application Form, electronically through internet banking facility.
Non-Institutional Bidders and QIBs	ASBA (<i>Kindly note that ASBA is mandatory and no other mode of Bidding is permitted</i>)	Bid cum Application Form.	(i) If using physical Bid cum Application Form: (a) to the members of the Syndicate only at Syndicate ASBA Bidding Locations; or (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; or (ii) If using electronic Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.

Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB, the Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

Who can Bid ?

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, in single or as a joint Bid and minors having valid demat account as per demographic

details provided by depositories. Furthermore, based on the information provided by the Depositories, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares under their respective constitutional or charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs cannot participate in the Issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts of FIIs registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture Capital Funds and Alternative Investment Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- Eligible QFIs;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in Equity Shares;
- Scientific and/or industrial research organisations authorised in India to invest in Equity Shares;
- Insurance companies registered with IRDA;
- Provident Funds with a minimum corpus of ₹ 25.00 crore and who are authorised under their constitutional documents to hold and invest in Equity Shares;
- Pension Funds with a minimum corpus of ₹ 25.00 crore and who are authorised under their constitutional documents to hold and invest in Equity Shares;
- National Investment Fund;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Insurance funds set up and managed by the army, navy or air force of the Union of India;
- Eligible Employees;
- SMC Retail Shareholders;
- Insurance funds set up and managed by the Department of Posts, India; and
- Any other person eligible to Bid in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing regulations, OCBs cannot participate in the Issue.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in

Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund portion is greater than 3,64,950 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Bids by non-resident Bidder bidding on a repatriation basis will not be accepted out of Non-Resident Ordinary ("NRO") accounts. Eligible NRIs who intend to make payments through NRO accounts should use the Form for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of total post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up share capital of our Company or 5% of the total paid-up share capital of our Company in case such sub-account is a foreign corporate or a foreign individual.

The total holdings of all FIIs and sub-accounts cannot exceed 24% of the post-Issue paid up Equity Share capital of our Company. The said 24% limit can be increased up to the applicable sectoral cap by passing a resolution by the Board of Directors followed by passing a special resolution to that effect by the shareholders of our Company and prior approval of the RBI. Our Company has not obtained board or shareholders approval to increase the FII limit to more than 24%. Thus as of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued and paid-up Equity Share capital of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign

regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in, our Company.

Bids by Eligible QFIs

Eligible QFIs are permitted to invest in the equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have also been permitted to invest in equity shares of Indian companies which are offered to the public in India in accordance with the SEBI Regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital of the Indian company respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap. An Eligible QFI may make investments in the equity shares of an Indian company through both the FDI route and the QFI route. However, the aggregate holding of such Eligible QFI shall not exceed 5% of the paid-up capital of the Indian company at any point of time.

QFIs shall be eligible to Bid under the Non-Institutional Bidders category. Further, SEBI in its circular dated January 13, 2012 has specified, amongst other things, eligible transactions for Eligible QFIs (which includes investment in equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors in various respects including, margins, voting rights, public issues, etc.

Eligible QFIs shall open a single non interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time.

Eligible QFIs who wish to participate in the Issue are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Eligible QFIs shall compulsorily Bid through the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

All Non-Resident Bidders including Eligible NRIs, Eligible QFIs, FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. There is no reservation for Eligible NRIs, Eligible QFIs, FIIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPs); and
- (c) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 25.00 crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means a permanent and full-time employee of our Company and/or its Subsidiaries (excluding the Directors and such other persons not eligible under applicable laws, rules, regulations and guidelines), who are Indian nationals based, working and present in India as on the date of submission of the Bid cum application Form and does not include Promoters and immediate relatives of Promoters (i.e. any spouse of that person, or any parent, brother, sister or child of that person or of the spouse).

Employee Reservation Portion means the portion of the Issue being 6,34,690 Equity Shares available for allocation to Eligible Employees, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, an Eligible Employee applying under the Employee Reservation Portion is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis.

Bids under the Employee Reservation Portion shall be subject to the following:

- Only Eligible Employees (as defined in this Draft Red Herring Prospectus) would be eligible to apply in the Issue under the Employee Reservation Portion.
- The sole/first Bidder shall be an Eligible Employee.
- Bid shall be made only in the prescribed Bid cum Application Form (i.e. [●] colour Form).
- Eligible Employees should provide the details of the depository accounts including DP ID, PAN and Beneficiary Account Number as well as employee number in the relevant space in the Bid cum Application Form.
- Only those Bids, which are received at or above the Issue Price, would be considered for allocation under the Employee Reservation Portion.
- Such Eligible Employees who bid for Equity Shares in the Employee Reservation Portion may Bid at Cut-Off Price.
- The maximum Bid Amount by any Eligible Employee cannot exceed ₹ 200,000.
- The value of Allotment to any Eligible Employee shall not exceed ₹ 200,000.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- Bid by an Eligible Employee can also be made in the “Net Issue” portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 6,34,690 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 6,34,690 Equity Shares at or above the Issue Price, the allocation shall be such that, subject to availability of Equity Shares, an Eligible Employee applying under the Employee Reservation Portion is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis. For the method of proportionate basis of Allotment, see the section titled “Issue Procedure - Basis of Allotment” on page 410 of this Draft Red Herring Prospectus.
- Under-subscription in the Employee Reservation Portion may be added to the other category in the Reservations Portion, being SMC Retail Shareholder Portion. Our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange, may allocate such Equity Shares to any category or combination of categories in the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Reservations Portion to the Net Issue.

Bids by SMC Retail Shareholders

For the purpose of the SMC Retail Shareholder Portion, SMC Retail Shareholder means individuals and HUFs who are equity shareholders of our Company (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) as at the date of the Red Herring Prospectus.

SMC Retail Shareholder Portion means the portion of the Issue being 6,34,690 Equity Shares available for allocation to SMC Retail Shareholders, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, SMC Retail Shareholder applying under the SMC Retail Shareholders Reservation Portion is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis.

Bids under the SMC Retail Shareholder Reservation Portion shall be subject to the following:

- Only SMC Retail Shareholders (as defined in this Draft Red Herring Prospectus) would be eligible to apply in the Issue under the SMC Retail Shareholder Reservation Portion.
- The sole/first Bidder shall be a SMC Retail Shareholder.
- Bid shall be made only in the prescribed Bid cum Application Form (i.e. [●] colour Form).
- SMC Retail Shareholder should provide the details of the depository accounts including DP ID, PAN and Beneficiary Account Number as well as employee number in the relevant space in the Bid cum Application Form.
- The maximum Bid Amount by any SMC Retail Shareholders cannot exceed ₹ 200,000.
- The value of Allotment to any SMC Retail Shareholders shall not exceed ₹ 200,000.
- Only those Bids, which are received at or above the Issue Price, would be considered for allocation under the SMC Retail Shareholder Reservation Portion.
- Such SMC Retail Shareholders bidding in the SMC Retail Shareholder Reservation Portion may Bid at Cut-Off Price.
- The maximum Bid Amount by any SMC Retail Shareholder cannot exceed ₹ 2,00,000.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- Bid by a SMC Retail Shareholder can also be made in the “Net Issue” portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 6,34,690 Equity Shares at or above the Issue Price, full allocation shall be made to the SMC Retail Shareholders to the extent of their demand.
- If the aggregate demand in this category is greater than 6,34,690 Equity Shares at or above the Issue Price, the allocation shall be subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, a SMC Retail Shareholder applying under the SMC Retail Shareholders Reservation Portion is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis. For the method of proportionate basis of Allotment, see the section titled “Issue Procedure – Basis of Allotment” on page 425 of this Draft Red Herring Prospectus.
- Under-subscription in the SMC Retail Shareholder Reservation Portion may be added to the other category in the Reservations Portion, and then if applicable to the Net Issue. Our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange, may allocate such Equity Shares to any category or combination of categories in the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from Reservations Portion to the Net Issue.
- **SMC Retail Shareholders who as on the date of the Bid holds our Equity Shares in physical mode must provide PAN details for validation of their Bids under this category.**

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. Where the Bid Amount is above ₹ 200,000, non-QIB Bidders, must ensure that they apply only through the ASBA process and such Bidders applying through the ASBA process will be considered for allocation under the Non-Institutional Portion. Furthermore, in case of non-ASBA Bids, if the Bid Amount is above ₹ 200,000, the Bid is liable to be rejected. The

Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Bidder can neither withdraw nor lower the size of its Bid and is required to pay the Bid Amount upon submission of the Bid. QIBs and Non Institutional Bidders are mandatorily required to submit their Bid through the ASBA process.**

Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

- (c) **For Eligible Employees:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. , so as to ensure that the Bid Amount by the Eligible Employees does not exceed ₹ 200,000. Bidders in the Employee Reservation Portion may bid at Cut-Off Price. **Bidders may note that the Bid Amount will be used to determine whether the Bid exceeds ₹ 200,000 or not.** The Allotment in the Employee Reservation Portion will be subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, an Eligible Employee applying under the Employee Reservation Portion is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis in case of over-subscription in this category. Further, the value of Allotment to any Eligible Employee shall not exceed ₹ 200,000. Bidders in the Employee Reservation Portion have the option to bid at the Cut-off Price indicating their agreement to Bid and purchase at the Issue Price as determined in the Book Building Process. The Issue Price will be determined at the end of the Book Building Process.
- (d) **For SMC Retail Shareholders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Such Bidders in the SMC Retail Shareholder Reservation Portion may bid at Cut-Off Price. **Bidders may note that the Bid Amount will be used to determine whether the Bid exceeds ₹ 200,000 or not.** The Allotment in the SMC Retail Shareholder Reservation Portion will be subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, SMC Retail Shareholder applying under the SMC Retail Shareholders Reservation Portion is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis in case of over-subscription in this category. The Issue Price will be determined at the end of the Book Building Process.

Information for the Bidders:

- (a) The Company and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two daily national newspapers, one each in English and Hindi (Hindi also being the regional language at the place where the Registered Office is located), each with wide circulation. This advertisement shall be in the prescribed format.
- (b) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- (c) The final determination of the Price Band and minimum Bid Lot will be made by our Company and the Selling Shareholder in consultation with the BRLMs and the same shall be advertised in [●] edition of English national daily [●] and [●] edition of Hindi national daily [●] (Hindi also being the regional language at the place where the Registered Office is located), each with wide circulation at least one (1) Working Day prior to the Bid/Issue Opening Date. This announcement shall contain relevant financial ratios computed for both Cap Price and Floor Price. Such information shall also be disclosed to the Stock Exchange(s) for dissemination thorough and shall be prefilled in the Bid Cum Application Form available on the Stock Exchange(s) website. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (d) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in two national newspapers, one each in English and Hindi (Hindi also being the regional language at the place where the Registered Office is

located), each with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

- (e) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the members of the Syndicate. For ASBA Bidders, physical Bid cum Application Forms will be available with the Designated Branches of the SCSBs, Syndicate (in the Specified Cities) and at the Registered Office of our Company. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges and the Designated Branches of the SCSBs.
- (f) QIBs and Non Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders, Eligible Employees and SMC Retail Shareholders, have the option to Bid through the ASBA process or the non-ASBA process.
- (g) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Syndicate (only in the Specified Cities) to register their Bids.
- (h) Bidders applying through the ASBA process also have an option to (i) submit the Bid cum Application Form in electronic form; or (ii) submit Bids through the Syndicate in the Specified Cities.
- (i) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms submitted to the members of the Syndicate should bear the stamp of the member of the Syndicate; otherwise they are liable to be rejected. Bid cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch and/or a member of the Syndicate in the Specified Cities, if not, the same are liable to be rejected. Bid cum Application Forms submitted by Bidders whose beneficiary account is inactive shall be rejected.
- (j) ASBA Bids can be submitted (i) in physical mode, to a member of the Syndicate in the Specified Cities; or (ii) either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. ASBA Bids in electronic mode can be submitted only to the SCSBs with whom the ASBA Account is maintained and not to a member of the Syndicate. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (k) ASBA Bidders should also ensure that Bid cum Application Forms submitted to the members of the Syndicate in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI). The relevant branch of the SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form. ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained. For ASBA Bids submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form, before entering the ASBA Bid into the electronic bidding system.
- (l) Except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of a Bid in joint names, the first Bidder, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Bid cum Application Form without the PAN is liable to be rejected. With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be "suspended for credit" by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

The Bidders should note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID, Client ID and PAN available in the database of Depositories, the Bid cum Application Form is liable to be rejected and our Company, the Selling Shareholder and members of the Syndicate shall not be liable for losses, if any.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper and one Hindi language national daily newspaper (Hindi also being the regional language at the place where the Registered Office is located), each with wide circulation.

Method and Process of Bidding

- (a) The determination of the Price Band and the minimum Bid Lot will be made by our Company and the Selling Shareholder in consultation with the BRLMs and the same shall be advertised in [●] edition of English national daily [●] and [●] edition of Hindi national daily [●] (Hindi also being the regional language at the place where the Registered Office is located), each with wide circulation at least one Working Day prior to the Bid/Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in two national newspapers, one each in English and Hindi (Hindi also being the regional language at the place where the Registered Office is located), each with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.
- (c) During the Bid/Issue Period, non-ASBA Bidders should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all non-ASBA Bidders and the ASBA Bidders in Specified Cities and they shall have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the Syndicate (for the Bids to be submitted in the Specified Cities) to register their Bids. With respect to ASBA Bidders, the Bid cum Application Form or the Revision Form shall be submitted (i) either in physical form to the Designated Branches or in electronic form through the internet banking facility available with the SCSBs or any other electronically enabled mechanism for bidding; or (ii) to the Syndicate in Specified Cities.
- (d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSB will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, an Eligible Employee bidding under the Employee Reservation Portion and a SMC Retail Shareholder bidding under the SMC Retail Shareholder Reservation Portion may also Bid in the Issue and such bids will not be treated as multiple bids. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids".
- (f) The Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) Along with the Bid cum Application Form, all non-ASBA Bidders will make payment in the manner described in "Escrow Mechanism - Terms of payment and payment into the Escrow Accounts" in the section titled "Issue Procedure" on page 397.
- (h) Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in

the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- (j) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (k) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels

- (a) Revision, if any, in the Price Band will be determined by our Company and the Selling Shareholder in consultation with the BRLMs, without the prior approval of, or intimation, to the Bidders, during the Bid/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the Face Value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e., the floor price can move up or down to the extent of 20% of the floor price disclosed at least one working day prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.
- (b) The Company and the Selling Shareholder, in consultation with the BRLMs will finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- (c) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and such Eligible Employees bidding in the Employee Reservation Portion and such SMC Retail Shareholders bidding in the SMC Retail Shareholder Portion such that the bid amount does not exceed ₹ 2,00,000, may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (d) Retail Individual Bidders, and Eligible Employees bidding under the Employee Reservation Portion and SMC Retail Shareholders bidding under the SMC Retail Reservation Portion who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion and SMC Retail Shareholders bidding under the SMC Retail Reservation Portion shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- (e) In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion and SMC Retail Shareholders bidding under the SMC Retail Reservation Portion who Bid at the Cut-off Price, such Bidders will receive refunds of the excess amounts in the manner provided in the Red Herring Prospectus.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, see "Payment Instructions" in this section.

Electronic Registration of Bids

- (a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted.
- (d) None of the BRLMs, our Company, the Selling Shareholder or the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members or the SCSBs, (ii) the Bids uploaded by the Syndicate Members or the SCSBs; (iii) the Bids accepted but not uploaded by the Syndicate Members or the SCSBs; or (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts.
- (e) The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs and (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the full Bid Amount has been blocked in the relevant ASBA Account.
- (f) The BSE and NSE will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (g) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- (h) At the time of registering each non-ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
 - 1. Bid cum Application Form number;
 - 2. PAN (of the sole/first bidder);
 - 3. Investor Category and sub-category;
 - 4. DP ID and Client ID;
 - 5. Bid Amount;
 - 6. Cheque number;
 - 7. Number of Equity Shares Bid for; and
 - 8. Price per Equity Share.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- 1. Bid cum Application Form Number;
- 2. PAN (of the sole/first bidder);
- 3. Investor Category and sub-category;
- 4. DP ID and Client ID;
- 5. Numbers of Equity Shares Bid for;
- 6. Price per Equity Share;
- 7. Bid Amount; and
- 8. Bank account number.

With respect to ASBA Bids submitted to the members of Syndicate at the Specified Cities, at the time of registering each Bid, the members of Syndicate shall enter the following details on the on-line system:

1. Bid cum Application number;
 2. PAN (of the sole/first bidder);
 3. Investor category and sub-category;
 4. DP ID;
 5. Client ID;
 6. Number of Equity Shares Bid for;
 7. Price per Equity Share;
 8. Bank code for the SCSB where the ASBA Account is maintained;
 9. Name of Specified City;
 10. Bid Amount; and
 11. Bank Account Number.
- (i) TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated / Allotted either by the Syndicate, our Company or the Selling Shareholder.
- (j) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (k) In case of QIB Bidders, only the (i) SCSBs; and (ii) members of the Syndicate (only in the Specified Cities) have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. Further, QIB Bids can also be rejected on technical grounds listed herein. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- (l) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (m) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such bids are liable to be rejected.
- (n) The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details.

Build up of the book and revision of Bids

- (a) Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

- (b) The book gets built up at various price levels. This information will be available with the BRLMs at the end of the Bid/Issue Period.
- (c) QIB and Non-Institutional Bidders shall neither withdraw nor lower the size of their Bids at any stage.
- (d) Retail Bidders can either revise or withdraw their Bids until finalisation of allotment.
- (e) During the Bid/Issue Period, any Retail Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (f) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, Eligible Employees and SMC Retail Shareholders bidding under the Employee Reservation Portion and SMC Retail Shareholder Portion, respectively, who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, Eligible Employees bidding under the Employee Reservation Portion and SMC Retail Shareholders bidding under the SMC Retail Shareholder Portion who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or unblocked by the SCSBs, as the case may be.
- (h) The Company in consultation with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000.
- (i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of non-ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
- (j) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS and request for a revised TRS from the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

- (a) Based on the demand generated at various price levels, our Company and the Selling Shareholder, in consultation with the BRLMs shall finalize the Issue Price.
- (b) Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs. Under-subscription, if any, in the Employee Reservation Portion and/or the SMC Retail Shareholder Portion will be added back to the Net Issue to the public. In case of under-subscription in the Net Issue, spillover to the extent of under subscription shall be permitted from the Employee Reservation Portion and / or the SMC Retail Reservation Portion.
- (c) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (d) QIB Bidders and Non-Institutional Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- (e) The Basis of Allotment shall be put up on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and the RoC Filing

- (a) The Company, the Selling Shareholder, the BRLMs and the Syndicate Members intend to enter into an Underwriting Agreement after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Issue size, and underwriting arrangements and will be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement and shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares:

- (a) The Company will ensure that: (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidder's depository account is completed within two Working Days from the date of Allotment. Our Company and the Selling Shareholder has confirmed that they shall extend all reasonable cooperation in this regard, if so required by our Company or the BRLMs to the extent of Equity Shares offered by the Selling Shareholder in the Issue.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to the Issue.

Issuance of Allotment Advice

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall upload the same on its website. On the basis of the approved Basis of Allotment, our Company shall pass necessary corporate action for Allotment of Equity Shares.
- (b) Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar to the Issue will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
- (d) Ensure that the details about PAN, DP ID and Client ID are correct and the Bidders depository account is active as Allotment of Equity Shares will be in the dematerialised form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted to the Syndicate (only in the Specified Cities) or at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- (f) With respect to Bids by ASBA Bidders ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
- (g) QIBs and Non Institutional Bidders should submit their Bids through the ASBA process only;
- (h) Ensure that you request for and receive a TRS for all your Bid options;
- (i) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective Designated Branch of the SCSB or a Member of the Syndicate (only in the Specified Cities);
- (j) Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form to the Syndicate;
- (k) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- (l) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (m) Submit revised Bids to the same member of the Syndicate/SCSB through whom the original Bid was placed and obtain a revised TRS;
- (n) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
- (o) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (p) Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (q) Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders;
- (r) Ensure that the category is indicated;

- (s) Ensure that in case of Bids under power of attorney or Bids by limited companies, corporate, trusts etc., relevant documents are submitted;
- (t) Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
- (u) Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;
- (v) In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the relevant SCSB and/ or the Designated Branch and/ or the Syndicate Member (except in case of electronic Bid cum Application Form);
- (w) In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with a member of the Syndicate in the Specified Cities, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Selling Shareholder or the Registrar to the Issue;
- (x) ASBA Bidders bidding through a Syndicate Member should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Cities and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at-least one branch in the Specified Cities for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI);
- (y) ASBA Bidders should ensure that the Bid cum Application Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder;
- (z) Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
- (aa) In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form; and
- (bb) In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch or from the member of the Syndicate in the Specified Cities, as the case may be, for the submission of your Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price for Retail Bidders;
- (c) Do not revise Bid amount downwards or withdraw the Bid for QIB Bidders and Non-Institutions Bidders;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;
- (g) Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);
- (h) Do not Bid on a Bid cum Application Form that does not have the stamp of the Syndicate or the SCSBs;
- (i) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of ₹ 200,000);
- (j) Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders, Eligible Employees and SMC Retail Shareholders bidding under the Employee Reservation Portion and SMC Retail Shareholder Portion);

- (k) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (l) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- (m) Do not submit the Bids without the full Bid Amount;
- (n) Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- (o) Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum application Forms in a colour prescribed for another category of Bidder;
- (p) Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;
- (q) Do not submit more than five Bid cum Application Forms per ASBA Account;
- (r) Do not submit ASBA Bids with a member of the Syndicate at a location other than the Specified Cities; and
- (s) Do not submit ASBA Bids with a member of the Syndicate in the Specified Cities unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Bid cum Application Form, has named at-least one branch in the relevant Specified City, for the members of the Syndicate to deposit ASBA Bid cum Application Forms (a list of such branches is available on the website of SEBI).

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (d) For Retail Individual Bidders, Eligible Employees bidding under the Employee Reservation Portion, and SMC Retail Shareholders bidding under the SMC Retail Shareholder Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 200,000. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion and SMC Retail Shareholders bidding under the SMC Retail Reservation Portion may Bid at the Cut off Price.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations. Bids must be submitted through ASBA process only.
- (f) In single name or as joint Bids. In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and Client ID provided by them in the Bid cum Application Form, and as entered by Syndicate or SCSB while registering the Bid, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank

account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and none of the BRLMs, the Registrar to the Issue, the Escrow Collection Banks, the SCSBs, our Company or the Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IN CASE OF JOINT BIDS, THE BID CUM APPLICATION FORM SHOULD CONTAIN ONLY THE NAME OF THE FIRST BIDDER WHOSE NAME SHOULD ALSO APPEAR AS THE FIRST HOLDER OF THE BENEFICIARY ACCOUNT HELD IN JOINT NAMES. THE SIGNATURE OF ONLY SUCH FIRST BIDDER WOULD BE REQUIRED IN THE BID CUM APPLICATION FORM AND SUCH FIRST BIDDER WOULD BE DEEMED TO HAVE SIGNED ON BEHALF OF THE JOINT HOLDERS.

Bidders may note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate or the SCSBs do not match with the DP ID, Client ID and PAN available in the Depository database, the Bid cum Application Form is liable to be rejected.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder 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.

Refund orders/ Allotment Advice would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, refunds may be delayed if bank particulars obtained from the Depository are incorrect. In such an event, the address and other details given by the non-ASBA Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither our Company, the Selling Shareholder nor the Escrow Collection Banks, Registrar to the Issue or the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Bidder and the DP ID and Client ID, then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission.

There is no reservation for Eligible NRIs, Eligible QFIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Eligible QFIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 crore, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 crore, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- (d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

Submission of Bid cum Application Forms or Revision Forms

With respect to non-ASBA Bidders, the Bid cum Application Form or Revision Form duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the Bid cum Application Form or the Revision Form shall be submitted (i) either in physical form to the Designated Branches or in electronic form through the internet banking facility available with the SCSBs or any other electronically enabled mechanism for bidding; or (ii) to the Syndicate in Specified Cities.

PAYMENT INSTRUCTIONS

Escrow Mechanism for non-ASBA Bidders

The Company, the Selling Shareholder and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (including the amount due to the Selling Shareholder and other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bids by ASBA Bidder, as the case may be.

In case of Bids by FIIs, a special Rupee Account should be mentioned in the Bid cum Application Form, for blocking of funds, along with documentary evidence in support of the remittance.

In case of Bids by Eligible NRIs applying on repatriation basis, a Non-Resident External (NRE) Account or a Foreign Currency Non-Resident (FCNR) Account, maintained with banks authorised to deal in foreign exchange in India, should be mentioned in the Bid cum Application Form for blocking of funds, along with documentary evidence in support of the remittance.

In case of Bids by Eligible NRIs applying on a non-repatriation basis, a Non-Resident External (NRE) Account or a Foreign Currency Non-Resident (FCNR) Account maintained with banks authorised to deal in foreign exchange in India or a Non-Resident Ordinary (NRO) Account, should be mentioned in the Bid cum Application Form for blocking of funds, along with documentary evidence in support of the remittance.

Payment into Escrow Account for non-ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected. Bid cum Application Forms accompanied by cash/ stockinvest/money orders/postal orders will not be accepted.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident Retail Individual Bidders: “[●]”
 - (b) In case of Non-Resident Retail Individual Bidders: “[●]”
 - (c) In case of Eligible Employees: “[●]”
 - (d) In case of SMC Retail Shareholders: “[●]”
6. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
7. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
8. The monies deposited in the Escrow Account will be held for the benefit of the non-ASBA Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

10. Payments made through cheques without the Magnetic Ink Character Recognition ("MICR") code will be rejected.
11. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form.

Withdrawal of Bid cum Application Form

In case a Retail Individual Bidder, or an Eligible Employee, or a SMC Retail Shareholder, wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall accordingly clearly identify the related Application through a flag on the Bid file and dispatch the refund order for the amounts payable to such Bidders.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single name or as joint Bids. In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required.

Bids made by Eligible Employees both under the Employee Reservation Portion as well as in the Net Issue and Bids made by SMC Retail Shareholders both under the SMC Retail Shareholder Portion as well as in the Net Issue shall not be treated as multiple Bids.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the QIB Portion will not be treated as multiple Bids.

After submitting an ASBA Bid either in physical or electronic mode, where such ASBA Bid has been uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid (either in physical or electronic mode) to either the same or another Designated Branch of the SCSB or to the Syndicate in Specified Cities. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected before entering the Bid into the electronic Bidding system or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "Issue Procedure -Build Up of the Book and Revision of Bids" above on page 410.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

The Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Bids is given below:

1. All Bids will be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the Bidders for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Bid cum Application Forms will be checked for common DP ID and Client ID.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in Sikkim, the Bidders, or in the case of a Bid in joint names, the first Bidders, should mention his/ her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim, who are exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e., either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their Bids during the Bid/Issue Period by submitting a request for the same to the concerned SCSB or the concerned member of the Syndicate, as applicable, who shall do the requisite, including deletion of details of the withdrawn Bid cum Application Form from the electronic bidding system of the Stock Exchanges. Further, the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded the Bid cum Application Form to it.

QIBs cannot withdraw their Bids after the Bid/Issue Closing Date. In case an ASBA Bidder (other than a QIB) wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'.

REJECTION OF BIDS

The Company has a right to reject Bids based on technical grounds. In case of QIB Bidders, our Company, in consultation with the BRLMs, may at the time of submission of the Bid, reject such Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. Consequent refunds shall be made by RTGS/NEFT/NECS/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by ASBA Bidder by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- DP ID and Client ID not mentioned in the Bid cum Application;
- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids by ASBA Bidders, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However, a limited liability partnership can apply in its own name;
- Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended. However, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship), based on information provided by the depositories;
- PAN not mentioned in the Bid cum Application Form except for Bids by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Signature of sole or first Bidder, as the case may be, missing;
- Submission of more than five Bid cum Application Forms per ASBA account;
- Bids by Bidders whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Bids at the Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for a Bid Amount of more than ₹ 200,000 by Retail Individual Bidders, Eligible Employees and SMC Retail Shareholders applying through the non-ASBA process;
- Bids by persons who are not Eligible Employees and have submitted their Bids under the Employee Reservation Portion and who are not SMC Retail Shareholders and have submitted Bids under the SMC Retail Shareholder Portion;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not indicated;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/postal order/cash;
- Bid cum Application Forms do not have the stamp of the BRLMs or Syndicate Members or the SCSB;
- Bid cum Application Forms do not have Bidder's depository account details or the details given are incomplete or incorrect;
- Bid cum Application Forms not being signed by the ASBA account holder, if the account holder is different from the ASBA Bidder;
- Bid cum Application Form submitted to the members of the Syndicate does not bear the stamp of the members of the Syndicate. ASBA Bids submitted directly to the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the members of the Syndicate, as the case may be;
- Bid cum Application Forms submitted under the ASBA process not having details of the ASBA Account to be blocked;
- Bid cum Application Forms submitted under the ASBA process not containing the authorization for blocking the Bid Amount in the bank account specified in the Bid cum Application Form;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, Client ID and PAN;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- With respect to ASBA Bids, where no confirmation is received from SCSB for blocking of funds;
- Bids by QIBs and Non Institutional Bidders not submitted through ASBA process;
- Bids by QIBs and Non Institutional Bidders accompanied by cheque(s) or demand draft(s);

- ASBA Bids submitted to a member of the Syndicate at locations other than the Specified Cities and Bid cum Application Forms, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholder or the Registrar to the Issue;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Bids by QIB Bidders submitted after 5 pm on the QIB Bid/Issue Closing Date, Bids by Non-Institutional Bidders submitted after 3 pm on the Bid/Issue Closing Date, and Bids by Retail Individual Bidders, Eligible Employees and SMC Retail Shareholders bidding under the Employee Reservation Portion and SMC Retail Shareholder Portion submitted after 3 pm on the Bid/Issue Closing Date unless extended by the Stock Exchanges, as applicable;
- Bids by persons in the United States in relation to which the relevant Bidder has not delivered a representation letter substantially containing the representations, warranties and agreements contained in the Bid cum Application Form or which, in the judgment of the BRLMs, may result in a violation of applicable foreign or Indian securities laws;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
- Bids by OCBs.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE APPLICATION IS LIABLE TO BE REJECTED.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in the Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated August 3, 2010 among NSDL, our Company and the Registrar to the Issue;
- Agreement dated July 10, 2010, among CDSL, our Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the DP ID and Client ID) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

- (h) The trading of the Equity Shares of our Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.
- (i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Non-ASBA Bidders must note that on the basis of Bidder's DP ID and Client ID provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf to make refunds.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall despatch refund orders for all amounts payable to unsuccessful non-ASBA Bidders and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

Mode of making refunds for non-ASBA Bidders

The payment of refund, if any, for non-ASBA Bidders would be done through various modes by any of the following:

1. NECS - Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.
2. Direct Credit - Applicants having bank accounts with the Refund Bank(s), as per the Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS - Bidders having a bank account with a bank branch which is RTGS-enabled as per the information available on the RBI's website and whose refund amount exceeds ₹ 0.02 crore, will be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Any bank charges levied by the Refund Bank will be borne by our Company. Any bank charges levied by the Bidders' bank receiving the credit will be borne by the respective Bidders.
4. NEFT - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of the RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to non-ASBA Bidders, our Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days from the Bid/Issue Closing Date. The Selling Shareholder shall provide all reasonable cooperation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice, if required, and refund orders to the non-ASBA Bidders to the extent of the Equity Shares offered by the Selling Shareholder in the Issue.

In case of applicants who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the Refund Bank(s) within 12 Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date. The Selling Shareholder shall provide all reasonable co-operation in this regard, if so required by our Company or the, to the extent of the Equity Shares offered by the Selling Shareholder in the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date;
- With respect to non-ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to Refund Bank(s) within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date; and
- The Company and the Selling Shareholder, in proportion to the number of Equity Shares offered/issued by each of them in the Issue, shall pay interest at 15% p.a. for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Bank(s) in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day our Company and the Selling Shareholder becomes liable to repay, our Company, every Director of our Company who is an officer in default and the Selling Shareholder (in proportion to the number of Equity Shares offered by each of them in the Issue) shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders will be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 51,09,300 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 51,09,300 Equity Shares at or above the Issue Price, the Allotment shall be such that subject to availability of Equity Shares, a Retail Bidder is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Individual Bidders will be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 21,89,700 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 21,89,700 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares, and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

C. For QIBs

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIB Bidders will be made at the Issue Price.

The QIB Portion will be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds will be available for Allotment to all QIB Bidders as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

- (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
- (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate Allotment (other than spill over in case of under-subscription in other categories) to QIB Bidders shall be up to 50% of the Net Issue and up to [●] Equity Shares.

D. For Employee Reservation Portion

- The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employees does not exceed ₹ 200,000. The allotment in the Employee Reservation Portion will be such that subject to availability of Equity Shares, an Eligible Employee is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis. Bidders under the Employee Reservation Portion may bid at Cut-Off Price.
- The value of Allotment to any Eligible Employee shall not exceed ₹ 200,000.
- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. The maximum bid under Employees Reservation Portion by an Eligible Employee cannot exceed ₹ 200,000.
- If the aggregate demand in this category is greater than 6,34,690 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 6,34,690 Equity Shares. For the method of proportionate Basis of Allotment, refer below.
- Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

E. For SMC Retail Shareholder Reservation Portion

- The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the SMC Retail Shareholders does not exceed ₹ 2,00,000. The allotment in the SMC Shareholder Reservation Portion will be such that subject to availability of Equity Shares, a SMC Retail Shareholder is allotted not less than the Minimum Bid Lot, and the remaining Equity Shares, if available, are allotted on a proportionate basis. Bidders under the SMC Shareholder Reservation Portion may bid at Cut-Off Price.
- The value of Allotment to any Eligible Employee shall not exceed ₹ 200,000.
- Bids received from the SMC Retail Shareholders at or above the Issue Price shall be grouped together to determine the total demand under this category.
- If the aggregate demand in this category is less than or equal to 6,34,690 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. The maximum bid under Employees Reservation Portion by an Eligible Employee cannot exceed ₹ 200,000.
- If the aggregate demand in this category is greater than 6,34,690 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 6,34,690 Equity Shares. For the method of proportionate Basis of Allotment, refer below.

- SMC Retail Shareholders are eligible to apply under the SMC Shareholder Reservation Portion.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company and the Selling Shareholder, in consultation with the BRLMs, shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Please note that Allotment to each Retail Individual Bidder, each Eligible Employee and each SMC Retail Shareholder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, Employee Reservation Portion and SMC Retail Shareholder Reservation Portion, respectively. The remaining Equity Shares (herein after referred to as “Balance Shares”), if any, in the Retail Portion, the Employee Reservation Portion and the SMC Retail Shareholder Portion shall be Allotted on a proportionate basis to Retail Individual Bidders, Eligible Employees and SMC Retail Shareholders, respectively in the manner prescribed below.

The Allotment for Balance Shares in each of Retail Portion and Employee Reservation Portion and SMC Retail Shareholder Reservation Portion and the Equity Shares available for allocation to QIB and Non-Institutional Bidders shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorised according to the number of Equity Shares applied for.
- (b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Please note that Allotment to each Retail Individual Bidder, each Eligible Employee and each SMC Retail Shareholder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and Employee Reservation Portion and SMC Retail Shareholder Reservation Portion, respectively. The remaining Equity Shares, if any, in Retail Portion, Employee Reservation Portion and SMC Retail Shareholder Portion shall be Allotted on a proportionate basis to Retail Individual Bidder, Eligible Employees and SMC Retail Shareholders, respectively in the manner prescribed above.

Letters of Allotment or Refund Orders or instructions to the SCSBs

The Registrar to the Issue shall give instructions for credit to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit, RTGS and NEFT. The Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or first Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders 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 from the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar to the Issue, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar to the Issue.

The Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depository accounts will be completed within 12 Working Days of the Bid/Issue Closing Date. Our Company and the Selling Shareholder, shall provide all reasonable cooperation with the BRLMs, to the extent of the Equity Shares in the Issue. The Company and the Selling Shareholder further agree that they shall (in proportion to the number of Equity Shares offered/issued by each of them in the Issue) pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days from the Bid/Issue Closing Date, whichever is later.

The Company will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Issue. The Selling Shareholder shall provide all reasonable cooperation as requested by the Company in relation to the completion of allotment and dispatch of the Allotment Advice and refund orders to the extent of the Equity Shares offered by the Selling Shareholder in the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY THE COMPANY

We undertake the following:

- That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- The company shall apply in advance for permission to list and obtain official quotations of the Equity Shares in the Issue. If such permission is not granted by any of the Stock Exchanges, within the requisite time period, the Company shall forthwith repay without interest all monies received from bidders pursuant to the Company's offer documents. In case of delay beyond the eighth day on which the Company becomes liable to repay the monies received from applicants, interest shall be paid in accordance with provisions of the Section 73 of the Companies Act, 1956, as amended;
- That no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;

- That adequate arrangement shall be made to collect all Bid cum Application Forms under the ASBA process and to consider them similar to non-ASBA Bids while finalising the Basis of Allotment;
- The Company shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;
- That if our Company does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes that:

- the Equity Shares being sold by it pursuant to the Offer for Sale, have been held by it for a period of more than one year, are fully paid-up and are in dematerialised form;
- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Offer for Sale;
- the Equity Shares being sold by it pursuant to the Offer for Sale are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the specified time;
- it shall provide all reasonable cooperation as requested by our Company in relation to the completion of allotment and dispatch of the allotment advice, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Issue;
- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company or the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Issue;
- it shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;
- it shall not further transfer Equity Shares during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Issue;
- it shall not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in the Offer for Sale; and
- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer for Sale are available for transfer in the Offer for Sale.

Utilisation of Issue proceeds

The Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;
- details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- the utilisation of monies received under Promoter's contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under Promoter's contribution shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall transfer to the Selling Shareholder, the net proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India, FEMA and the Consolidated FDI policy (effective from April 10, 2012), issued by the Department of Industrial Policy. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and RBI.

Subscription by foreign investors (FIIs)

FIIs are permitted to subscribe to shares of an Indian company in a public issue without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

As per the existing policy of the Government of India, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Interpretation

Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof.

The Marginal notes hereto shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith.

“The Company” means SMC GLOBAL SECURITIES LIMITED.

“The Act” means the Companies Act, 1956 and includes any re-enactment or statutory modification thereof for the time being in force.

“Agreement” shall mean the Shareholders Agreement made and executed by the company with Millennium India Acquisition Company Inc. together with the annexure (s) thereto as from time to time made, amended, supplemented or replaced or otherwise modified in accordance with the terms of the Agreement;

“Applicable Law” shall mean any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code Judgment, decree, injunction, or any interpretation, determination, award, permit, license, authorization, directive requirement, ruling or decision of, agreement with, or by a Government Authority;

“Affiliate” in relation to the Investor, being A corporate entity, means any entity, which is a subsidiary (with Investor, directly or indirectly, holding 50.1% or more shares) of the Investor including the Investor's Dubai Subsidiary.

“Completion” means the completion of the subscription by the Investor, and the allotment and issue by the Company to the Investor, of the Subscription Shares as contemplated under the Agreement;

“Directors” means the Directors for the time being of the Company.

"The Board" means the Board of Directors for the time being of the Company.

“Investor” shall mean Millennium India Acquisition Company Inc., a company organized under the laws of the State of Delaware, United States of America and having its office address at 330 East, 38 Street, Suite 46C, New York, NY10016, USA and shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and assigns;

“Investor Director” shall mean the director nominated and appointed as Director on the Board of the Company in accordance to the provisions of Article 118A.

“In writing” and "written" include printing, lithography and any other modes of representing or reproducing words in a visible form.

“Managing Director” means the Managing Director for the time being of the Company.

“Office” means the Registered Office for the time being of the Company.

“Register” means the Register of Members to be kept pursuant to Section 150 of the Act.

“Seal” means the Common Seal for the time being of the Company.

“Month” means calendar month.

“Dividend” includes Bonus.

“Person” includes body corporate and society registered under the Societies Registration Act.

“Proxy” includes Attorney duly constituted under a power of attorney.

“Debenture” includes debenture-stocks.

“Paid up” includes credited as paid-up.

“Promoters” shall mean and include collectively Mr. Subhash Chand Aggarwal and Mr. Mahesh Chand Gupta;

“Promoter Group” shall mean and include collectively Ms. Sushma Gupta, Ms. Hemlata Aggarwal, Ms. Ginni Devi, Mr. Madan Gopal Aggarwal and Mr. Dinesh C. Gupta;

“Special Resolution” and “Ordinary Resolution” have the same meanings assigned thereto by Section 189 of the Act.

“Securities” shall have the meaning provided to the term under Section 2(h) of the Securities Contract (Regulation) Act, 1956.

“Specified Matters” shall mean and include the actions and matters specified in Appendix 1 to these Articles.

These “presents” means the Memorandum of Association and the Articles of Association of the Company for the time being in force.

Words imparting the singular number shall include the plural number and vice-versa.

“Articles” means these Articles of Association as altered and modified, from time to time, according to law.

<i>Table 'A' not to apply</i>	2.	The Regulation contained in Table 'A' in the Schedule 1 to the Companies Act, 1956, shall not apply to the Company, except in so far as they are embodied in the following Articles which shall be the regulations for the management of the Company.
<i>Company not to purchase its own shares</i>	3.	Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of or lent on the security of shares of the Company and the Company shall not give, directly or indirectly, any financial assistance whether by way of loan, guarantee the provisions of security or otherwise any financial assistance for the purpose of or in connection with any purchase of or subscription for any shares in the Company or in its holding Company.
<i>Copy of Memorandum and Articles of Association</i>	4.	Copies of Memorandum and Articles of Association of the Company shall be furnished to every shareholder of the Company at his request on payment of Re. 2/- (Rupee Two) for each copy.

SHARES

<i>Share Capital</i>	5.	The Authorised Share Capital of the Company is such that stated in Clause V of the Memorandum of Association of the Company or altered thereat, from time to time. The Company has the power from time to time to increase or reduce, its capital. Any of the said shares and new shares hereafter to be created may, from time to time, be divided into shares of several classes in such manner as may be

provided hereinafter. The shares of each class may have or confer such preferential or other special rights and privileges, may be issued under such restrictions and conditions whether in regard to dividend, voting, return of capital or otherwise as shall have been assigned thereto by or under provisions of the Articles of Association but so that the special rights or privileges belonging to holders of any share issued with preferred or other rights shall not be varied or abrogated or affected except with such sanction as is provided for hereinafter.

<i>Redeemable preference shares</i>	6.	Subject to the provisions of Section 80 of the Act, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed on such terms and in such manner, as the Board may determine.
<i>Allotment of Shares</i>	7.	Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose off the same to such person, on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit, provided that, where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares, then, subject to the provisions of Section, 81 (1A) of the Act, the Board shall issue such shares in the manner set out in Section 81(1) of the Act, save the Board may determine whether or not any offer of shares made in such manner shall include a right exercisable by any person concerned to renounce all or any of the shares offered to him in favour of any other person.
<i>Board may allot shares for consideration other than cash</i>	8.	The Board may allot and issue shares in the Capital of the Company as partly or fully paid in consideration of any property sold or goods transferred or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted, may be issued as fully or partly paid up shares.
<i>Shares to be numbered</i>	9.	The shares in the Capital shall be numbered progressively according to their several denominations.
<i>Return of allotments</i>	10	As regards all allotments made, from time to time, the Company shall duly comply with the provisions of Section 75 of the Act.
<i>Restriction of Allotment</i>	11	If the Company shall offer any of its shares to the Public for subscription: (1) no allotment thereof shall be made, unless the amount stated in the prospectus as minimum subscription has been subscribed and the sum payable on application thereof has been paid to and received by the Company. (2) the amount payable on application on each share shall not be less than 5 (Five) percent of the nominal amount of the shares; and (3) the Company shall comply with the provisions of sub- section (4) of Section 69 of the Act.
<i>Commission and brokerage</i>	12	The Company may exercise the powers of paying commission conferred by Section 76 of the Act provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section, such Commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
<i>Shares at a discount</i>	13.	With the previous authority of the Company in general meeting and the sanction of the Company Law Board and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued.

<i>Installments on shares to be duly paid</i>	14	If, by the conditions of issue of any shares, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company, by the person, who for the time being, shall be registered holder of the share or by his executor or administrator.
<i>Liability of joint holders of shares</i>	15	The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
<i>Trust not recognised</i>	16.	Save as herein otherwise provided the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not except as ordered by a court of competent jurisdiction or as by statute be bound to recognise any equitable or other claim to or interest in such shares on the part of any other person.
<i>Who may be registered</i>	17	Share may be registered in the name of any person, Company or other body corporate. Not more than four persons shall be registered as joint holders of any shares.

17A DEMATERIALISATION OF SECURITIES

(i) Definitions

For the purpose of this Article:

“Beneficial Owner” means a person or persons whose name is recorded as such with a Depository ‘SEBI’ means the Securities & Exchange Board of India.

“Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992 and

“Security” means such security as may be specified by SEBI from time to time.

(ii) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or any amendments thereof.

(iii) Issue of Securities and option for investors

Notwithstanding anything contained in these Articles the Company shall be entitled to dematerialise its securities under the Depositories Act and offer and issue its securities in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to dematerialise the shares subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines.

(iv) Securities in depository mode to be in fungible form

All Securities held in the depository mode with a depository shall be dematerialized and be in fungible form. To such securities held by a depository on behalf of the beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply.

(v) Rights of depositories and Beneficial Owners

(i) Notwithstanding anything to the contrary contained in the Act or these 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.

- (ii) Save as otherwise provided in (a) above, the depository as the registered owner of securities shall not have any voting or other rights in respect of the securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member for the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all liabilities in respect of the securities held by the depository.

(vi) Service of documents

Notwithstanding anything to the contrary in the Act or these Articles, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vii) Transfer of securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a depository as beneficial owners.

(viii) Distinctive numbers of securities held in the depository mode

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

(ix) Register and Index on Beneficial Owners

The Register and index on beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be Register and index of Members and holders of securities for the purpose of these Articles and the Act.

INCREASE AND REDUCTION OF CAPITAL

Power to increase capital

18

The Company in general meeting may, from time to time, by ordinary resolution increase the authorised share capital by the creation of new shares by such sum, to be divided into shares of one or more classes and of such amount as may be deemed expedient.

On what conditions new shares may be issued.

19

Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions and with such preferential, qualified or such rights and privileges or conditions thereto as general meeting resolving upon the creation thereof, shall direct and if no direction be given, the board shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

Provisions relating to the Issue

20

Before the issue of any new shares, the Company in general meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the shares be offered in the first instance and whether at par or premium or subject to the provisions of Section 79 of the Act or at a discount. In default of any such provision or so far as the same shall not extend, the new shares may be dealt with according to the provisions of these Articles.

How far new shares to rank with existing shares

21

Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.

Inequality in number of new shares

22

If owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares,

any difficulty arises in the apportionment of such new shares or any of them amongst the members shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.

<i>Reduction of Capital</i>	23	The Company, may, from time to time, by special resolution, reduce the capital in any manner and subject to any consent required under Section 100 to 104 of the Act: (a) its share capital (b) any capital redemption reserve account or (c) any share Premium Account

ALTERATION OF SHARE CAPITAL

<i>Power to sub-divide and consolidate shares</i>	24	Subject to the provisions of these Articles, the Company, by ordinary resolution may, from time to time (a) Consolidate and divide all or any of its share capital into shares of larger amount than Its existing shares. (b) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association so however, that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. (c) 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 and diminish the amount of its share capital by the amount of shares so cancelled

<i>Surrender of shares</i>	25	Subject to the provisions of Section 100 to 105 of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.

VARIATION OF SHARE HOLDER'S RIGHTS

<i>Power to vary rights</i>	26	If at any time the share capital is divided into different classes of shares all or any of the rights and privileges attached to any class (unless otherwise prohibited by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, whether or not the Company is being wound up, be modified, commuted, affected, abrogated, varied or dealt with by the consent in writing of the holders of three fourth of the issued shares of that class or with the sanction of a special resolution passed at the separate meeting of the holders of the issued shares of that class. To every such separate meeting the provisions of these regulations relating to general meeting shall mutatis mutandis apply but so that necessary quorum shall be two persons at least holding or representing by proxy one third of the issued share of the class in question. This article is not by implication to curtail the power of modification which the Company would have if this Article was omitted. The Company shall comply with the provisions of Section 192 of the Act, as to forward a copy of such agreement or resolution to the Registrar of Companies.

SHARE CERTIFICATES

<i>Issue of Certificates</i>	27	The certificate of title to shares, shall be issued within three months after allotment and within two months from the date of the receipt of application for transfer (or within such other period as the conditions of the issue shall provide).
<i>Member's right to certificates</i>	28	(i) Every person whose name is entered as a member in the Register shall be

entitled to receive within two months after allotment one or more certificate(s) in the marketable lot for all the shares registered in his name, or if the Directors so approve to several certificates each for one or more of such shares.

(ii) Every certificate shall be issued under the seal and shall specify the shares to which it relates and the amount paid up thereon.

(iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of certificate to the first person named in the Register shall be sufficient delivery to all such holders.

<i>Issue of certificates to Joint holders</i>	29.	The certificate of shares registered in the names of two or more persons shall be delivered to the person first named in the Register.
<i>Replacement of share certificates.</i>	30	If any certificate be old, decrepit, worn out, torn or defaced or where the cages on its reverse for recording transfers have been fully utilised, then upon surrender thereof to the Company, the Board shall order the same to be cancelled and issue a new certificate in lieu thereof without any payment. If any certificate be lost or destroyed, then upon proof of such loss or destruction to the satisfaction of the Board and on such indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board may think fit, a new certificate in lieu thereof shall be given to the person entitled to such lost or destroyed certificate on a fee of ₹ 2/- (two rupees) for each certificate or such smaller fee as the Board may determine.

CALLS

<i>Calls</i>	31	The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board, provided that option or right to make call on shares shall not be given to any person except with the sanction of the Company in general meeting. A call may be made payable by installments and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at a meeting of the Board.
<i>Restriction on power to make calls and notice</i>	32	No call shall exceed one-half of the nominal amount of a share and be made payable at less than one month from the date fixed for the payment of the last proceeding call. Not less than one month's notice of any call shall be given in writing specifying the time and place of payment and the person or persons to whom such call, shall be paid. Provided that, before the time for payment of such call the Directors may, by notice in writing to the members or in any other manner revoke the same or extend the time for payment thereof.
<i>When amount payable</i>	33	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the nominal amount of the share or by way of premium every such amount or installments shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls or otherwise shall relate to such amount or installment accordingly.
<i>When interest on call or installment payable</i>	34	If the sum payable in respect of any call or installment has not been paid on or before the day appointed for payment, the holder for the time being of the shares in respect of which the call shall have been made or the installment shall be due,

shall pay interest for the same at the rate of not more than eighteen percent per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine. The Directors may in their absolute discretion waive the payment of interest, wholly or in part in the case of any person liable to pay such calls or installments.

<i>Evidence in action for call</i>	35	Subject to the provisions of the law of Evidence and Procedure, on the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due, to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose on the Register of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
<i>Payment of calls in advance</i>	36.	The Board may, if it thinks fit, receive from any member willing to advance the same and either the money or money's worth for all or any part of the money due upon the shares held by him beyond the sums actually called for and upon the money so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made and the Company may pay interest at such rate not exceeding 6% (six percent) or as determined by the Board from time to time unless the Company in General Meeting shall otherwise direct. The Directors may, at any time repay the amount so advanced upon giving to such member one month's notice in writing. The member shall not, however, be entitled to any voting rights or dividend or to participate in the profits of the company in respect of the moneys so paid by him until the same would, but for such payment become presently payable.
<i>Voting rights when calls in arrears</i>	37	No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
<i>Revocation of calls</i>	38.	A call may be revoked or postponed at the discretion of the Board.
<i>Directors may Extend time for payment of a call</i>	39	The Directors may, from time to time and at their discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of residence at a distance or some other cause, may be deemed fairly entitled to such extension, but no member shall, as a matter of right, be entitled to such extension (save as a matter of grace and favour).
<i>Every member to pay the proportion of the capital represented by the share</i>	40	Every member, his executors or administrators shall pay to the Company the proportion of the Capital represented by his share or shares which may for the time being, remain unpaid thereon in such amount at such time to time 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.

FORFEITURE OF SHARES

<i>Notice of payment of call or installment</i>		If a member fails to pay any sum payable in respect of any call or any installment of a call on or before the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of the said call or installment remains unpaid, serve a notice on such member requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

<i>Mode of Notice</i>	42	The notice aforesaid shall name a further day, (not being earlier than the expiry of thirty days from the date of service of notice), on or before which such call or payment required by the notice, is to be made and a place at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall state that in the event of non-payment on or before the date so named, the shares in respect of which such call or installment was payable shall be liable to be forfeited.
<i>Forfeiture of shares</i>	43	If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may at any time thereafter, before the payment of calls or installments, interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect.
<i>Notice of forfeiture</i>	44	When any share have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register of members but no forfeiture shall in any manner be invalidated by any commission or failure to give such notice or to make such entry as aforesaid.
<i>Forfeited shares to become property of the Company</i>	45	Any shares so forfeited shall be deemed to be the property of the Company, and may be sold, reallocated, or otherwise disposed of in accordance with the relevant provisions of the listing agreement on such terms and conditions and in such manner as the board thinks fit.
<i>Board may annul forfeiture</i>	46	The Board may at any time before any shares so forfeited shall have been sold, re-allocated or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.
<i>Arrears to be paid notwithstanding forfeiture</i>	47	(i) A person whose shares have been forfeited shall cease to be a member in respect of forfeited shares but shall notwithstanding forfeiture remains liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from the time of forfeiture until payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture. (ii) The forfeiture of a share involve the extinction of all interest in and also for all claims and demands against the Company in respect of the shares and all other rights, incidental to the share except any such of those rights as by these Articles are expressly saved.
<i>Evidence of forfeiture</i>	48	Subject to the provisions of the law of Evidence and Procedure, a duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have 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. Such declaration and the receipt of the Company for the consideration, if any given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom the shares are sold shall be registered as the holder of such shares and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
<i>Forfeiture provisions to apply to non-payment in terms of issue</i>	49	The provisions of these regulations as to forfeiture shall apply in the case of non-payment 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 has been payable by virtue of a call duly made and notified.

<i>Power to issue new certificates</i>	50	When any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered.
<i>Partial payment or any indulgence shown not to preclude forfeiture</i>	51	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, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Directors from thereafter proceeding to enforce a forfeiture of such share as provided in these regulations for non- payment of the whole or any balance due in respect of the shares.

COMPANY'S LIEN ON SHARES

<i>Company's lien on shares</i>	52	The Company shall have a first and paramount lien upon all the shares and will not exercise a lien on its fully paid shares and that in respect of partly paid shares it will not exercise any lien except in respect of money called or payable at a fixed times in respect of such shares registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for the amount of call, interest, expenses in respect of shares held by him and for his debts, liabilities, engagements and other moneys whether solely or jointly with any other person to or with the Company whether the period for the payments, fulfillment or discharge thereof shall have actually arrived or not and no equitable interest in any shares shall be created upon the footing and condition that clause 16 hereof is to have full affect and such lien shall extend to all dividends 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 as in part to be exempt from the provisions of this clause.
<i>Enforcement of lien by sales</i>	53	For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made unless a sum in respect of which the lien exists presently payable and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in payment of the sum payable as aforesaid in respect of such share for one month after the date of such notice.
<i>Application of proceeds of sales</i>	54	The net proceeds of any such sales shall be received by the Company and after payment of the cost of such sale, be applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall subject to lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the share at the date of the sale.
<i>Validity of sales in exercise of lien and after forfeiture</i>	55	Upon any sale after forfeiture or surrender or for enforcing a lien in purported exercise of the powers herein before conferred, the Board may appoint some person to execute the instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered into the Register in respect of such share the validity of the sale shall not be impeached by any person on any ground whatsoever and the remedy of any person aggrieved by such sale shall be in damages only and against the company exclusively.
<i>Board may issue new certificates</i>	56	Where any share has been sold by the Board pursuant to these Articles and the certificate in respect thereof has not been delivered to the Company by the former

holder of such share, the Board may issue a new certificate for such share, distinguishing it in such manner as it may think fit from the certificate not so delivered. Wherein any such case the certificate in respect of the share forfeited and/or sold is not delivered and new certificate for such share has been issued, the original certificate shall be treated as cancelled and no claim or title based on such certificate shall be binding on the Company.

TRANSFER AND TRANSMISSION

<i>Execution of transfer</i>	57	Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation of the transferee has been delivered to the company along with the certificate relating to the shares or if no such certificate is in existence along with the letter of allotment of the shares, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address. Provided, that, where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.
<i>Application for registration of transfer</i>	58	Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of the partly paid shares, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
<i>Directors may refuse to register transfer</i>	59	The Board, without assigning any reason for such refusal may, subject to the provisions of Section 22-A of Securities and Contract Regulation Act, and right of appeal conferred by Section 111 of the Companies Act, 1956 decline to Register: (a) the transfer of a share not being a fully paid share to a person of whom they do approve; or (b) any transfer of shares on which the Company has a lien. Provided that registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares, If the Directors decline to register any transfer, they shall give notice of such refusal to the transferee and the transferor as required by section 111 of the Act.
<i>Form of transfer</i>	60	Every instrument of transfer of shares shall be in the form prescribed under the Act or as near thereto as the circumstances may admit and shall be in accordance with the provisions of Section 108 of the Act, from time to time.
	61	No fee may be charged for registration of transfer and transmission.

<i>No fees to be charged for registration of transfer</i>	62	No fee may be charged :- (a) For splitting up, sub-division and consolidation of shares and debenture certificate and for splitting up and sub-division of Letters of Allotment and splitting, consolidation, renewal into denomination corresponding to the market units of trading as per Rules of Stock Exchange concerned. (b) For sub-division of renunciation letters of rights. (c) For issue of new certificates in replacement of those which are old, decrepit or worn out or where as the cages on the reverse for recording transfer have been fully utilised. (d) For registration of any power of attorney, Probate, or will, Letters of Administration or similar other documents. Provided that in case of splitting up and/or sub-division of shares other than the market units of trading as determined or as per prevailing Rules of Stock-Exchange concerned, a fee of ₹ 2/- (Rupees two) per share certificate may be charged.
<i>Instrument of transfer to be left at office</i>	63	Every instrument of transfer shall be left at the office of the Company for registration accompanied by the certificate of the shares to be transferred or if there is no certificate, the Letter of Allotment thereto and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. The Board may waive the production of any certificate upon of evidence to them of its having lost or destroyed. Every instrument of transfer which shall be registered, shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
<i>Suspension of transfers</i>	64	Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time determine. Provided that, such registration shall not be suspended for more than thirty days at one time or for more than forty-five days in the aggregate in any year
<i>Notice of refusal to registration of transfer</i>	65	If the Board refuses, whether in pursuance of Article 59 or otherwise, to register the transfer of or the transmission by operation of law of the right to any share, the Company shall, within one months from the date on which the instrument of transfer or the intimation of such transmission as the case may be was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, notice of such refusal.
<i>Persons entitled to shares by transmission</i>	66	The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from the executor or administrator, Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation as the case may be from some competent Court. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of probate or Letter of Administration or such other Legal representation upon such terms as to indemnity or otherwise as the Board in its absolute discretion may consider necessary.

<i>Transfer of shares of insane, minor, deceased or bankrupt members</i>	67	Any committee or guardian of a lunatic or infant member or any person becoming entitled to transfer shares in consequence of the death or bankruptcy, insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of the title as the Board thinks sufficient may with consent of the Board (which it shall not be under any obligation to give) be registered as a member in respect of such shares or may Subject to the regulations as to transfer here in before contained, transfer, such shares. This Article is hereinafter referred to as "The Transmission Article".
<i>Rights of persons entitled to shares by reason of death</i>	68	The Directors may retain the dividend payable upon shares to which any person becomes entitled under Article 67 until such person or his transferee shall become a member in respect of shares, subject to Section 205A of the Act.
<i>Election by person becoming entitled to shares</i>	69	(a) If the person becoming entitled to a share under Article 67 shall elect to be registered as a member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. (b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of shares. (c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfer of shares, shall be applicable to any such notice or transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
	70	A person so becoming entitled under The Transmission Articles' to a share by reason of the death, lunacy, bankruptcy or insolvency of a member shall, subject to the provisions of the Articles or Section 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he was the member registered in respect of the share. 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 moneys payable in respect of the share, until the requirements of the notice have been complied with.
<i>Company not liable for disregard of a notice purporting to prohibit registration of transfer</i>	71	The Company shall incur no liability or responsibility whatever in consequence of its registering or to give effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice purporting to prohibit registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to a notice which may be given to it of any equitable right, title or interest or be under any liability for refusing or neglecting to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard or attend to any such notice and give effect thereto if the Directors shall think fit.
<i>No transfer to any insolvent or to person of unsound mind</i>	721	No transfer shall be made to any insolvent, partnership firm or person of unsound mind.
	72A .1	<u>Restrictions on Transfer.</u> The Promoters and Promoter Group shall not directly or indirectly transfer, and shall not agree to do any of the following during the continuance of the Agreement except (a) if required under or as contemplated in Article 72A 2, or (b) with the prior written consent of the Investor:

1. transfer or exchange any Securities of the Company or SMC Group Companies other than in compliance with this Article;
2. pledge, mortgage, Lien, charge or otherwise encumber any Securities of the Company or SMC Group Companies;
3. redeem any Securities of the Company or SMC Group Companies.

72A Permitted Transfers.

- .2 1. Promoters and Promoter Group are permitted to transfer their Shares amongst individuals forming part of the Promoter Group, subject to compliance of and as permitted under Applicable Law;
2. Subject to compliance of Applicable Law the Promoters and Promoter Group may transfer upto 5% of the issued and paid-up share capital of the Company, to any third party ("Purchaser") in a financial year (i.e. April 1 to March 31), subject to (i) the Promoters and Promoter Group shareholding in the Company not falling below 35% of the issued and paid-up share capital of the Company and (ii) the Promoters and Promoter Group not giving any favorable right to the Purchaser than that available to the Investor under the Agreement.
3. Subject to compliance of Applicable Law, if the Promoters and the Promoter Group have divested their Shares to third party under Article 72A.2 (2) of the Article, Promoters and Promoter Group may transfer, in each financial year (i.e. April 1 to March 31) up to further 5% of the issued and paid-up share capital of the Company to any third party, provided: (a) they continue to hold at least 25.1% of the issued and paid-up share capital of the Company, and (b) are in 'control' of the Company, and (c) the Company's shares are listed on either the BSE Limited or the National Stock Exchange Limited, and (d) Promoters and Promoter Group complying with the requirements indicated in Article 72A.4 of the Article. The word 'control' for the purpose of this Article 72A.2 shall mean (i) the right to appoint majority of the directors of the Company, (ii) power to direct the management or policies of the Company and (iii) Promoters and/or Promoter Group continue to be classified as Promoter' of the Company under Applicable Law.

72A Invalid Transfers.

- .3 The Company shall refuse to register any transfer or other disposition of Securities purported to be made by the Promoters in breach of any of the provisions herein. The Shareholders shall cause their nominees on the Board to cast their votes in such a manner as to ensure that the Company registers all transfers made in accordance with these Articles.

72A Transfer of Shares by Promoter.

- .4 1. Notice of Transfer. In the event the Promoters or Promoter Group or any of them propose to transfer any of their Securities in the Company (the "Offered Shares") under Article 72A.2, the Promoters and the Promoter Group shall first obtain and provide to the Investor a bonafide written offer from the proposed third party purchaser (the "Purchaser") to purchase the Offered Shares. Such offer (the "Outside Offer") shall :
 - (a) State the identity of the Purchaser (including the proposed ultimate beneficial owner of the Offered Shares), and any group of companies of which such proposed Purchaser is a part;
 - (b) State price per Share offered ("Offer Price");

- (c) State the number of Shares to be transferred;
 - (d) State the other material terms and conditions of the Outside Offer; and
 - (e) Contain an undertaking from the Purchaser that the Purchaser shall purchase the Shares held by Investor as of the date of the Outside Offer on the same price and terms as that offered to Promoter excluding no compete premium to the extent of fifteen (15%) of the Offer Price.
2. Option of Investor. Within Thirty (30) days after receipt of the Outside Offer, the Investor shall have the option, exercisable in its sole discretion to sell equal number of its Shares of the Company to the Purchaser at the price and substantially in accordance with the terms set out in the Outside Offer in priority of the Promoter and/or Promoter Group. The Investor shall notify the Promoter in writing (the "Transfer Notice") within Thirty (30) days after receipt of the Outside Offer of the manner of exercise of its option under Article 72A.4. If no such Transfer Notice shall have been received by the Promoter or Promoter Group on the expiry of such period of Thirty (30) days, the Investor shall be deemed to have refused to exercise its option under Article 72A.4, in which event Promoter may execute the transfer in favor of the Purchaser at the Offer Price and on the terms set forth in the Outside Offer within next Thirty (30) days thereafter, and can avail an additional premium of up to 15% of the Offer Price without offering it to Investor provided it is received as non-compete premium as may be permitted under Applicable Law. If the Promoters and/or Promoter Group fail to complete the transfer within this period of Thirty (30) days, the steps and procedure indicated in this Article 72A.4 shall be again followed for any proposed transfer under this Article.

72A .5 Transfer of shares by Investor.

- (1) Investors shall have the right to sell all or part of the Shares as and when they desire without any restrictions. However, if any Investor, at any time during the subsistence of this Agreement, intends to sell or otherwise transfer all or part of their Shares of Company to third parties, Promoters shall have a right of first offer ("Promoters Right of First Offer") to buy the shares from Investor, whereupon the following procedure as indicated in Article 72A.5 (2) to Article 72A.5 (5) shall apply.
- (2) Investor shall deliver a written notice (the "Investor Transfer Notice") to Promoters. Investor Transfer Notice shall state the number of Investor Shares to be sold together with: (a) the identity of the proposed purchaser (including the proposed ultimate beneficial owner of the shares), and any group of companies of which such proposed purchaser is a part; (b) State price per Share offered; (c) State the other material terms and conditions of the offer.
- (3) If the Promoters are willing to buy all of the Investor Shares on offer, they shall notify Investor in writing (the "Promoter Purchase Notice") no later than thirty (30) days after the Investor Transfer Notice of Promoters intent to purchase all the Investor Shares on offer. If the Promoters exercise their right of first offer, then the Promoter Purchase Notice must: (i) relate to all the Investor Shares on offer, (ii) must set out the price at which the Promoters offer to purchase the Investor Shares on offer, and (iii) such price must be immediately payable to the Investor in cash on the date of sale of the offered Investor Shares to the Promoters.
- (4) If no such Promoter Purchase Notice shall have been received by the Investor, Promoters shall be deemed to have refused to exercise their right

of first offer and the Investor may execute the transfer of the Shares set forth in the Investor Transfer Notice in favour of any third party at a price not less than that offered to the Promoters, within a period of thirty (30) days from the date of the Investor Transfer Notice.

- (5) On receipt of the Promoter Purchase Notice, the Investor shall at any time within a period of thirty (30) days sell the Shares on offer to the Promoters at the price set out in the Promoter Purchase Notice. It is agreed between the Parties that the Promoters Right of First Offer shall immediately lapse upon the listing of Company's shares on the Bombay Stock Exchange Limited and/or the National Stock Exchange Limited and the Investor shall not be obligated by any provisions of this Article. Provided that the Investor sells the shares through the mechanism of the stock exchange.

SHARE WARRANTS TO BEARER

Issue of share warrants

- 73 The Company may issue share warrants, subject to and in accordance with the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid-up on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identification of the person signing the application and on receiving the certificates (if any) of the share and the amount of stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
- 74 (1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognised as depositor of the share warrant.
- (3) The Company shall, on seven days' written notice, return the deposited share warrant to the depositor.
- 75 (i) Subject as herein otherwise provided, no person shall; as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notices from the Company.
- (ii) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.
- 76 The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal, in case of defacement, loss or destruction.

CONVERSION OF SHARE INTO STOCK

Conversion of paid up share into stock

- 77 The Company may by ordinary resolution:—
- (a) convert any paid-up share into stock; and
- (b) reconvert any stock into paid-up shares of any denomination.

<i>Transfer of stocks</i>	78	The holders of the stock may transfer the same or any part thereof in the same manner as and subject to the same regulation, under which, the shares from which the stock arose might before the conversion, have been transferred or as near there to 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.
<i>Powers and rights of stock holders</i>	79	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.
	79. A	“The Company shall and the Promoters shall ensure that the Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and/or National Stock Exchange of India Limited within four years from the Effective Date of this Agreement.”
<i>Regulation to apply to stock</i>	80	Such of the regulations of the Company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "share" and 'share-holder' in these regulation shall include 'stock' and “stock-holder”, respectively.
BORROWING POWERS		
<i>Power to borrow</i>	81	The Board of Directors may, from time to time and at their discretion, raise or borrow any sum or sums of money for the purpose of the Company subject to the provisions of Section 58A, 292,293, and 370 of the Act and Regulations made thereunder and Directions issued by Reserve Bank of India and may secure payment or repayment of same in such manner and upon such terms and conditions in all respects as may be prescribed by the Board in particular by the creation of any mortgage, hypothecation, pledge or charge on and over the Company's stock, book debts and other movable and immovable properties.
<i>Conditions on which moneys may be borrowed by the Directors</i>	82	The Board of Directors may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures including convertible debentures or debenture stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company both present and future including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange, or other negotiable instruments and no debenture shall carry any voting right whether generally or in respect of particular class or classes of business.
<i>Delegation of powers</i>	83	If any uncalled capital of the Company be included in or charged by any mortgage or other security, the Board may, make calls on such shares and keep the money in trust for the person in whose favour such mortgage or security is executed or any other person in trust for him.
<i>Issue at discount or with special privileges</i>	84	Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, attending at General Meetings of Company, appointment of Directors and otherwise Debentures, debenture-stock,

bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Debentures, debenture stock, bonds or other securities with a right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

<i>Instrument of transfer for debentures</i>	85.	Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly executed by the transferor and transferee has been delivered to the Company together with the certificate of the debentures.
<i>Notice of refusal to register transfer</i>	86.	If the Board refuses to register the transfer of any debentures of the Company, it shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
<i>Execution of charge or mortgage by Board</i>	87.	If any Director or any other person shall become personally liable for the payment of any sum primarily due from the Company the Board may execute or cause to be executed any mortgage, charge or security over or effecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable, as aforesaid from any loss in respect of such liability.
<i>Power to receive deposits</i>	88.	The Directors may receive deposits on such terms and conditions and bearing interest at such rates as they may decide and fix and which may be made payable monthly, quarterly, half yearly or yearly subject to Section 58A, 292 and 293 of the Companies Act, 1956 and the regulations made there under and the notifications issued, from time to time by the Department of Non-Banking Companies, Reserve Bank of India, if any and also subject to the Companies (Acceptance of Deposits) Rules, 1975.
<i>Payment of interest on capital</i>	89.	The Company may subject to the provisions of Section 208 of the Act, pay interest on so much of the share capital as is for the time being paid up as was issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, which cannot be made profitable for a lengthy period.

PROCEEDINGS AT GENERAL MEETING

<i>When Annual General Meeting to be held</i>	90.	In addition to any other meetings, a general meeting of the Company shall be held within such intervals as specified in Section 166(1) of the Act, and subject to the provisions of Section 166(2) and 210 of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an "Extra Ordinary General Meeting".
<i>Calling an extra ordinary General Meeting</i>	91.	The Board may, whenever it thinks fit, call an Extra Ordinary General Meeting. If at any time (there are not within India) Directors capable of acting who are sufficient in number to form a quorum, the directors present in India may call an Extra Ordinary General Meeting in the same manner and as nearly as possible as that in which such a meeting may be called by the Board.
<i>Accidental omission to give notice</i>	92.	The accidental omission to give notice of any meeting to or the non receipt of any such notice by any of the members or other persons entitled to receive such notice shall not invalidate any resolution passed at any such meeting.
<i>Circulation of Members resolutions</i>	93.	The Company shall comply with the provisions of Section 188 of the Act as to give notice of resolutions and circulating statements on the requisition of members.

Quorum

94. No business shall be transacted at General Meeting of the Company unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five members present in person shall be the quorum for the meeting of the Company.

“However, to constitute a quorum for a general meeting of the Company where any Specified Matter is being considered, the presence in person or through proxy of an authorized representative of Investor shall be necessary at the commencement and throughout the duration of the meeting, unless the Investor has prior to the meeting conveyed in writing to the Company his acceptance or disagreement in relation to the Specified Matter proposed to be considered at such Shareholders Meeting. The Promoters and the Company in so far as the SMC Group Companies are concerned shall not exercise their voting rights at the Shareholders Meeting against the decision conveyed by the Investor Director.”

Passing of Resolutions

95. Any act or resolution which, under these articles or the Act is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in the Act unless either the Act or the Articles specifically require such act to be done or resolution to be passed by a specific majority or by special resolution as defined in the Act.

Chairman of the General Meeting

96. The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the members present, shall, on a show of hands or on a poll if properly demanded, elect one of their numbers being a member entitled to vote, to be the Chairman of the meeting. The Chairman shall not have any second or casting vote.

Dissolution and adjournment of General Meeting

97. If within half an hour from the time appointed for the meeting a quorum be not present the meeting if convened upon the requisition of members shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place and if at such adjourned meeting a quorum be not present those members who are present not being less than two shall be a quorum and may transact the business for which the meeting was called.

Votes by a show of hands

98. (i) Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the vote to which he may be entitled as a member.
- (ii) A declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.

Adjournment of the General Meeting

99. (i) The Chairman may, with the consent of the members of the General Meeting at which a quorum is present, adjourn the meeting from time to time and from place to place.
- (ii) When a meeting is adjourned for thirty days or more, without fixing the date at which it is to be subsequently held, a notice for holding the adjourned meeting shall be given as in the case of an original meeting.
- (iii) At an adjourned meeting only such business as is left unfinished at the

original meeting can be dealt with, unless new notice is properly given for holding the adjourned meeting as required by the Act.

- (iv) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

What is to be evidence of the passing of a resolution where poll not demanded

100. At any General Meeting a resolution put to vote at the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman of the meeting on his own motion or by any member or members present in person or by proxy and holding not less than one-tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum of not less than ₹ 50,000/- (Fifty Thousand) has been paid up, The demand for a poll may be withdrawn at any time by the person or persons who made the demand. Unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Poll

101. (a) If a poll is demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time not being later than forty eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject to as aforesaid, either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the decision of the meeting or the resolution on which the poll was demanded.
- (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
- (c) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinisers, at least one of whom shall be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed to scrutinise the votes given on the poll and to report to him.
- (d) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken. On a poll a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.
- (e) The demand for a poll shall not prevent the continuance of a meeting from transacting any business other than the business in respect of which a poll has been demanded.

Vote of Members

102. Subject to any right 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 right of members shall be as laid down in Section 87 of the Act.

Voting rights of preferential share holders

103. Except as conferred by Section 87 of the Act, the holders of Preference Shares shall have no voting right. Where the holder of any Preference Share has a right

to vote on any resolution in accordance with the provisions of Sub-Section 2 of Section 87 of the Act, his voting right on a poll as the holder of such share shall subject to the provisions of Section 89 and Sub-Section 2 of Section 92 of the Act, be in the same proportion as the Capital paid up in respect of the Preference Share bears to the total paid up equity capital of the company.

<i>Procedure where Company is a member of the Company</i>	104. Where a Company or body-corporate (hereinafter called "Member Company") is a member of the Company a person duly appointed by resolution in accordance with Section 187 of the Act to represent such member company at a meeting of the company shall not by reason of such appointment, be deemed to be a proxy and the production at the meeting of a copy of such resolution duly signed by one Director of such member Company and certified by him as a true copy of the resolution shall, on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the Member Company or body corporate which he represents as, that Member Company or body corporate could exercise if it were an individual member.
<i>Votes by joint holders</i>	105. Where there are joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting either personally or by proxy then one of the said persons so present whose name stands first in the Register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrator of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
<i>Vote in respect of deceased, insolvent and minor members</i>	106. Any person entitled under the Transmission Article 67 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he purposes to vote, he shall satisfy the Directors of the right to transfer such shares or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-composmentis, he may vote whether on a show of hands or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy on a poll. If any member is a minor, the vote in respect of his share may be given by his guardian. If more than one person claims to exercise the right of vote under this clause, the Chairman of the meeting may select in his absolute discretion any one person and will accept his vote.
<i>Voting rights on show of hands</i>	107. A member not personally present shall not be entitled to vote on a show of hands, unless such member is a Company or Corporation present by a representative duly authorised under section 187 of the Act in which case such representative may vote on show of hands as if he were a member of the Company.
<i>Proxies permitted</i>	108. On a poll, votes may be given either personally or by proxy or in the case of a Company, by a representative duly authorised as aforesaid.
<i>Appointment of Proxies</i>	109. Any member of a Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person (whether a member or not), as his proxy to attend and vote instead of himself but the proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except to vote on a poll.

<i>Instrument appointing Proxy</i>	110.	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if such appointer is a body corporate under its common seal or the hand of its office or under the hand of its attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a special proxy. Any other proxy shall be called a general proxy.
<i>Proxies to be deposited at office</i>	111.	The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.
<i>When vote by proxy valid through Authority revoked</i>	112.	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 revocation of the instrument or transfer of the shares in respect of which the vote is given, provided no intimation in writing of the death, insanity revocation or transfer shall have been received by the Chairman at the office before the meeting. Provided nevertheless, that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
<i>Form of Proxy</i>	113.	Every instrument appointing a special proxy shall, as nearly as circumstances admit, be in any of the forms as set out in Schedule IX to the Act.
<i>Restriction on voting</i>	114.	No member shall be entitled to exercise any voting rights, either personally or by proxy, at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
<i>Admission or rejection of vote</i>	115. (i)	Any objection as to the admission or rejection of a vote, on a show of hands or on a poll made in due time shall be referred to the Chairman of the meeting who shall forthwith determine the same and such decisions shall be final and conclusive:
	(ii)	No objection shall be raised as to the qualification of any voter except at 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.

DIRECTORS

<i>Number of Directors</i>	116.	The number of Directors of the Company shall not be less than three and not more than Twenty inclusive of all kinds of Directors on the Board. The first directors of the Company shall be: — 1. Subhash Chand Aggarwal 2. Mahesh Chand Gupta 3. Damodar Krishan Aggarwal 4. Dinesh Chand Gupta
<i>Appointment of Nominee directors</i>	117. (i)	Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit and Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body or Bank out of any loans granted by them to the

Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing corporation or Credit Corporation or any other Financing Company or Body or Bank (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or Bank is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains out-standing the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors, (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. Such appointment or removal shall be made in writing by the corporation and shall be delivered to the Company at its Registered Office.

- (ii) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, institution such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, institution such Nominee Director/s shall not be liable to retirement by rotation. The Nominee Director/s shall be entitled to the same powers and privileges and be subject to the same obligations as any other Director of the Company.
- (iii) The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the company as a result of underwriting or direct subscription or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.
- (iv) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meetings and all the Meetings of the Committee of which the Nominee Director/s is/are a member and also be entitled to receive all such notices and minutes.
- (v) The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the company are entitled. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.
- (vi) Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the company directly to the Corporation.

- 117 (a) Any trust deed for securing debentures or debentures-stocks may if so arranged provide for the appointment from time to time by the Trustees thereof or by the holders of the debentures or debenture-stocks of some persons to be the Directors of the Company and may empower such trustees or holders of debentures or debenture stocks from time to time to remove any Director so appointed. The Directors appointed under this Article is herein referred to as "The Debenture Director" and the term "Debenture Director" means the Directors for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company, The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and such provisions shall have effect notwithstanding any other provisions herein contained.

Appointment of Directors of the Company and proportion of those who are to retire by rotation

118. Not less than two-third of total number of Directors of the Company shall:
- (a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and
 - (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.
 - (c) The investor Director shall be liable to retire by rotation in accordance with the provisions of the Act, but upon such retirement shall be eligible for re-appointment, and shall be duly re-appointed as Director and the Investor Director shall remain Director at all times up to the termination of the Agreement.

- 11 8A During the term of the Agreement, Investor shall be entitled to nominate and maintain in office, one (1) non-executive Director to the Board of the Company, and to propose the removal of any Director so appointed from office and to recommend the appointment of another in the place of the Director so removed, provided that the Board shall, as soon as practicable and in any event prior to the consideration of any other matter, upon notice from the Investor, remove such Director and appoint as Director such replacement designated or nominated by the Investor. The rights under the Agreement shall be exercised by the Affiliate holding 7.451 % of the issued and paid-up share capital of the Company at Completion.

The Investor will also have an option to appoint such "observer" in SMC Group Companies. If the Investor exercises its option to appoint such "observer", the Company shall and Promoters shall ensure that such "observer" has the right to attend and speak at all such meetings of the SMC Group Companies and receive all notices, agendas, draft resolutions, reports and other documents provided by or on behalf of SMC Group Companies to its directors. It is clarified that the "observer" shall have no rights to vote at any such meetings of SMC Group Companies. The Company shall have and the Promoters shall have caused each of the SMC Group Companies to appoint a representative individual nominated by Investor as an "observer" with rights to attend all meetings of the board of directors, committees of the board of directors and the shareholders of each of the SMC Group Companies, if requested by the Investor at its discretion under this Article.

Increase or reduction in number of directors

119. The Company in the General Meeting may, subject to provision of the Article 116 and Section 259 of the Act, by special resolution increase or reduce the number of its Directors.

Power to appoint additional directors

120. The Directors shall have powers, at any time and from time to time, to appoint any other person as a Director either to fill up a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any Director so appointed shall hold office only until the conclusion of the next following Annual General Meeting of

the Company but shall be eligible for re-election at such Meeting.

<i>Alternate Directors</i>	121. Subject to the provisions of Section 313 of the Act or any statutory modifications thereof, the Board shall have power to appoint any person to act as alternate director for a director during the later's absence for a period of not less than three months from the State in which meetings of the directors are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote there at accordingly but he shall not require any qualification and shall 'ipso facto' vacates office if and when the absentee- Director returns to the State in which meetings of the Board are ordinarily held or if the absentee director vacates office as a director.
<i>Directors need not hold any qualification shares</i>	122. A director need not hold any share in the Company in his name as his qualification shares but nevertheless shall be entitled to attend, speak and preside at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.
<i>Remuneration of directors</i>	123. Each Director, shall be paid a sitting fee not exceeding the amount as prescribed by Central Government, from time to time for each meeting of the Board of Directors or a Committee thereof attended by him, as may be decided by Board of directors of the Company. The directors may also be paid all the expenses as decided by the Board from time to time in attending the meeting of the Board or a Committee of Board.
<i>Expenses of Directors</i>	124. In addition to the remuneration payable to the Directors under Article 123 hereof, the Directors may be paid all reasonable travelling, hotel and other expenses in attending and returning from the meetings of the Board of Directors or any Committee thereof or in connection with the business of the Company.
<i>Extra remuneration of Directors</i>	125. Subject to Sections 198, 309, 310 and 314 of the Act, if any Director or Directors being willing shall be called upon to perform extra service or to make any special exertion ingoing or residing outside the office for any of the purposes of the Company or in giving special attention to the business of the Company, the Board may remunerate such Director either by fixed sum or by a percentage of profit or otherwise and such remuneration may be either in addition to or in substitution for any remuneration to which he may be ordinarily entitled.
<i>Directors may act notwithstanding vacancy</i>	126. 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 these presents 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 for summoning of general meeting of the Company, but for no other purpose.
<i>When office of Director becomes vacant</i>	127. (1) The Office of a Director shall 'ipso facto' be vacated in any of the circumstances as set out in Section 283 of the Act or where he resigns from the office.
<i>Director may be directors of Companies promoted by the Company</i>	128. A Director of the Company may be or become a Director of any Company promoted by this Company or in which it may be interested as vendor; shareholder or otherwise and no such director shall be accountable for any benefits received as a Director or members of such Company.
<i>Conditions under which Directors may contract with the Company</i>	129. Subject to the provisions of Sections 297 and 299 to 301 of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered Into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private Company of which such

Director is a member or Director be void, nor shall any Director so contracting or being such member so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason of such Director holding this office or of the fiduciary relation thereby established.

<i>Power to remove Directors</i>	130.	The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice according to Section 190 of the Act has been given, remove any Director before the expiry of his period of office and may by ordinary resolution of which special notice has been given, appoint another person in his stead. A director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article Is not so filled by the meeting at which he Is removed, the Board may at any time thereafter fill such vacancy under the provisions of Article 131.
<i>Board may fill casual vacancies</i>	131.	If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire, in the normal course, the resulting vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall hold office only up to the date on which the Directors in whose place he is appointed would have held office If It had not been so vacated, provided that the Board shall not fill such a vacancy by appointing thereto any person who has been removed from the office of Directors under Article 130.
<i>Rotation and Retirement of Directors</i>	132.	(a) At every Annual General Meeting, one third of such of the Directors for the time being as are liable to retire by rotation or, If their number Is not three or a multiple of three, then the number nearest to one third shall retire from office. The retiring Directors shall retain his office until dissolution of the meeting at which his successor Is elected. An ex-officio Directors shall not be liable to retire by rotation within the meaning of this Article. (b) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall, unless they otherwise agree amongst themselves, be determined by lot.
<i>Retiring Director eligible for re-election</i>	133.	A retiring Director shall be eligible for re-election.
<i>When candidate for office of director must give notice to file consent in writing</i>	134.	No person not being a retiring Director, shall be eligible for election to the office of Director at any General Meeting unless he or some other member intending to propose him has, not less than fourteen days and not more than two months before the Meeting, left at the office a notice in writing signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be, along with a deposit of ₹ 500/- (Five Hundred Rupees) which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director.

APPOINTMENT, REMOVAL AND ROTATION OF DIRECTORS

<i>Vacancies to be filled in Annual General Meeting</i>	135.	(a) At an Annual General Meeting at which a Director retires by rotation, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto. If the place of the retiring Director is not so filled and the meeting has not expressly resolved not to fill up the vacancy the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

- (b) If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill up the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless:
 - (i) at that meeting or at the previous meeting resolution for the re-appointment of such Director has been put to the meeting and lost; or
 - (ii) the retiring Director has by a notice in writing addressed to the Company or the Board, expressed his unwillingness to be so reappointed; or
 - (iii) he is not qualified or is disqualified for appointment; or
 - (iv) a resolution whether special or ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act; or
 - (v) the proviso to Sub-Section (2) of Section 263 of the Act is applicable to the case

PROCEEDINGS OF DIRECTORS

Meeting of Directors

136. (1) The Directors may meet together for the dispatch of business and may adjourn and otherwise regulate their meetings and proceedings as they may think fit, subject to the provisions of Section 285 of the Act.
- (2) The Chairman, Director or any Officer authorised by the Directors may call a meeting of the Board of Directors.
- (3) Subject to the provisions of Sections 316, 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.

Notices

137. "Notice of every meeting of the Board or a Committee thereof shall ordinarily be given in writing to every Director for the time being at his usual address. At least 7 (seven) days prior written notice shall be given to each of the Directors of any meeting of the Board or a committee or sub-committee of the Board where any Specified Matter are being considered. Every notice to an Investor Director shall also be sent to one of its designated addresses in India. A meeting of such Board or a committee meeting where Specified Matters are proposed to be considered may be held at shorter notice with the written consent (which may be signified by letter, facsimile or e-mail with receipt acknowledged) of a majority of Directors which shall include at least 1 (one) Investor Director.

Quorum

138. (a) Subject to Section 287 of the Act, a quorum for the meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher. Provided that where at any time the number of interested Directors exceed or is equal to two third of the total strength, the number of remaining Directors, that is to say the number of Directors who are not interested present at the meeting being not less than two shall be the quorum during such time.
- (b) If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the chairman shall appoint.
- (c) "Notwithstanding anything contained hereinabove, a quorum of the Board shall include at least 1 (one) Investor Director at the commencement and throughout

the duration of the meeting where any Specified Matters are proposed to be or are considered. If the Investor Director is not present at any meeting of the Board ("Initial Meeting"), the meeting shall be adjourned to the same time and place in the next week (unless otherwise agreed by all the Directors) or if that day is not a day to the immediately succeeding business day. Not less than 5 (five) days notice shall be given of any adjourned meeting ("Adjourned Meeting"). At the Adjourned Meeting, the Board, in the absence of the Investor Director, the Board can decide upon matters other than the Specified Matters. If the Investor Director is unable to attend the Initial Meeting he shall on or before the date of the Adjourned Meeting convey in writing to the Company his acceptance or disagreement in relation to the Specified Matter proposed to be considered at such Initial Meeting or the Adjourned Meeting. None of the Specified Matters will be taken up at the Shareholders Meeting (except an agenda item for dividend required under the Act to be taken-up at the Annual General Meeting of the Company) unless: (i) it has been approved at the Board meeting with Investor Director voting in favor of such resolution, or (ii) the Investor Director has given his affirmative consent in writing to take-up and consider such Specified Matter at the Shareholders meeting. The Promoters and the Company in so far as the SMC Group Companies are concerned shall not exercise their voting rights at the Board and/or the Shareholders meeting against the decision conveyed by the Investor Director”.

<i>Chairman may Summon Meetings</i>	139.	The Chairman may, and on the requisition of a Director shall, at any time summon a meeting of the Board.
<i>Power to appoint Chairman</i>	140.	The Directors, may choose someone of their numbers to be chairman and the Director so chosen shall continue as Chairman until otherwise determined by the Board. If at any meeting of the Board, the Chairman be not present within fifteen minutes after the time appointed for holding the same, the Directors present shall choose someone of their numbers to be the Chairman of such meeting.
<i>Power to the Board Meeting</i>	141.	A meeting of Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles or the Act for the time being vested in or exercisable by the Board.
<i>Power to appoint committee and to delegate powers</i>	142.	Subject to the provisions of Section 292 and 293 of the Act, the Board may from time to time delegate any of its powers to a committee consisting of such member or members of their body, managers and other officers of the Company as it may think fit and may, from time to time, revoke such delegation. Any committee so formed shall, in exercise of the powers so delegated, confirm to any regulations that may from time to time be imposed upon it by the Board, The meetings and proceedings of any such committee, consisting of two or more members shall be governed by the provisions hereinafter contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereof and are not superseded by any regulations made by the Directors under this clause.
“The Investor Director shall be entitled to attend all committees and sub-committees (by whatever name called) of the Board. The Investor Director shall be a necessary part of the quorum for every meeting of the committee or sub-committee of the Board where any Specified Matters are considered.”		
<i>When Act of Directors or Committee valid</i>	143.	All acts done at any meeting of the Directors or of a Committee or by any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid or that they or any of them were disqualified be as valid as if every such Director or person had been duly appointed and was qualified to be a Director or a member of a Committee.
<i>Resolution by circulation</i>	144.	Save for the purposes of Sections 262,292, 297, 316, 372(5) and 386 of the Act, a

resolution shall be valid and effectual as if had been passed at a meeting of the Directors or of the Committee thereof duly called and constituted if it is circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members at their usual address in India and has been approved by such of the Directors or members as are then in India or by a majority of such of them, as are entitled to vote on the resolution.

“This shall not be applicable to any Specified Matter. A notice with at least 7 (seven) days shall be circulated for any circular resolution considering Specified Matters. The draft of the resolution must be circulated to all Directors including the Investor Director and as regards the Investor Director a copy shall also be sent to one of its designated addresses in India. Each circular resolution must be in writing and will be deemed to have been passed only when signed by the Investor Director on any Specified Matter.”

1 “The Promoters and the Promoter Group and the Company, in so far as the SMC
 2 Group Companies is concerned undertake to ensure that they, their representatives
 3 and proxies representing them at the general meetings of the Company and the SMC
 4 Group Companies, shall at all times exercise their votes and through their respective
 appointed/nominated Directors (or alternate Directors) at Board meetings and
 otherwise, act in such manner so as to comply with, and to fully and effectually
 implement the spirit, intent and specific provisions of the Agreement and the
 respective Articles of Association. If a resolution contrary to the terms of the
 Agreement is passed at any meeting of shareholders or at any meeting of the Board
 or any committee or sub-committee thereof, such resolution shall be null and void.

Each Promoter shall vote all of its Equity Shares, and shall take all other actions necessary, to (i) ensure that the Company's Memorandum and Articles of Association facilitate and do not at any time conflict with any provision of this Agreement, and (ii) to ensure compliance by the Company of its obligations hereunder”

MINUTES

145. (a) The Board shall, in accordance with the provisions of Section 193 of the Act, cause minutes to be kept of proceedings of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board.
- (b) Any such minutes of proceedings of any meeting of the Board or of any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the matters stated in such minutes.

POWER TO THE BOARD

*General Powers of the
 Company vested in the Board*

146. Subject to the provisions of the Act, control of the Company shall be vested in the Board, who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other statute or by the Memorandum of Association of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further, that in exercising any such powers or doing any such Act or thing the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles or in any regulations made by the Company in General Meeting but no regulations, made by the Company in General Meeting shall invalidate any prior act(s) of the Director which would have been valid if that

regulation had not been made.

<i>Power to keep foreign register</i>	147. The Company may exercise the powers conferred on it by Sections 157 and 158 of the Act with regard to keeping of a foreign Register and the Board may (subject to the provisions of these sections) make and vary such regulations as it may think fit in respect of the keeping of any such register.
<i>Debentures</i>	148. Every debenture or other instrument issued by the Company for securing the payment of the money may be so framed that the moneys thereby secured shall be assigned free from any equities between the Company and the person to whom the same may be issued. Any debentures debenture stock bonds or other instrument or securities may be issued at a discount, premium or otherwise and may be issued on a condition that they shall be convertible into any shares of any denomination and with any special privilege as to redemption, surrender, drawing and allotment of shares or otherwise, provided that the debentures with right to conversion into or allotment of shares shall not be issued without the consent of the Company in General Meeting.
<i>Directors may pay commission</i>	149. The Directors may at any time pay or agree to pay Commission to any person in consideration of his subscribing, underwriting or agreeing to subscribe or underwrite (whether absolutely or conditionally) debentures, shares of the Company, but so that if the commission shall be paid or be payable out of the capital, the statutory conditions and requirements shall be observed and complied with.
<i>Drawings of negotiable and other Instruments</i>	150. All cheques, promissory notes, drafts, bundles, bills of exchange and other negotiable instruments and all receipts for the moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by the Managing Director or by such person and in such manner as the Board shall, from time to time, by resolution determine.
<i>Management of Company's Affairs abroad</i>	151. The Board may make such arrangement as may be thought fit for the management of the Company's affairs abroad and may for the purpose (without prejudice to the generality of their powers) appoint legal boards, and agents and fix their remuneration and delegate to them such powers as may be deemed requisite or expedient.
<i>Specific powers given to the Directors</i>	152. Without prejudice to the general powers conferred by the last preceding Articles and other powers conferred by these presents but, subject, however to Sections 292, 293, 294,295,297 and 314 of the Act it is hereby expressly declared that the Directors shall have the following powers: (a) To pay the costs, charges, preliminary and incidental to the promotion, formation, establishment and registration of the Company. (b) 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 as 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 charged (c) To purchase or otherwise acquire for the Company and property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit. (d) To secure fulfillments of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company or in such other manner as they may think fit. (e) To appoint, and at their discretion remove or suspend such managers,

secretaries, experts and other officers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amounts as they think fit.

- (f) To appoint any person (whether incorporated or not) to accept and to hold in trust for the Company any property belonging to the Company or in which it is interested or for 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 trustee or trustees.
- (g) To institute, conduct, defend, compound, refer to arbitration or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment in satisfaction of any debts, dues and of any claims or demands by or against the Company and act on behalf of the Company in all matters relating to bankrupts and insolvents, apply and obtain Letters of Administration, provided that the Board shall not except with the consent of the general meeting remit or give time for the repayment of any debt by a Director.
- (h) To refer any claims or demands by or against the Company, or to enter into any contract or agreement for reference to arbitration and to observe, enforce, perform, compound or challenge such awards.
- (i) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- (j) To act as trustees in composition of the Company's debtors.
- (k) To make, vary and repeal bye laws for regulation of business of the Company and the duties of officers and servants.
- (l) Subject to the provisions of the Act and in particular subject to Sections 309 and 310 of the Act, to give a Director, any officer or any other person whether employed or not by the Company a commission on the profits of any particular business or transaction or share in the general profits of the Company and such commission or share of profits shall be treated as part of the working expenses of the Company.
- (m) At any time, and from time to time, by power of attorney under the seal of the Company, to appoint any person or persons to be the attorney of the Company in India or abroad for such purposes and with such powers, authorities and discretion and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment may be made in favour of any Company or the members, Directors, nominees or managers of any Company of firm or otherwise in favour of fluctuating body of persons whether nominated directly or indirectly by the Directors and any such power of attorney may contain such powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
- (n) With the sanction of the Board 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 on behalf of the Company, such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and any such powers, convenient and provisions as shall be agreed upon or other agreements as may be thought fit.
- (o) In conformity with Section 293 (1) (c) and 372 of the Act to invest and deal

with any of the moneys of the Company in such manner as they may think fit and from time to time to vary or realise such investments.

- (p) To enter into all such negotiations and contracts, 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 or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
- (q) To act jointly or severally in all or any of the powers conferred on them.
- (r) To comply with the instruments of the Act or any other local law which in their opinion shall, in the interests of the Company be necessary or expedient to comply with.
- (s) To delegate all or any of the powers, authorities and discretions for the time being vested in them and in particular, from time to time provide by the instrument of an attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manners as they may think fit..
- (t) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or the dependants or connections of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pensions, allowances, bonuses or other payments or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds or trusts and by providing or subscribing or contributing toward places of instructions and recreations, hospitals and dispensaries and all other kinds of medical relief.
- (u) Subject to Section 293 (1) (e) of the Act to subscribe or contribute or otherwise to assist or to grant money to charitable, benevolent, religious, national, social, scientific, literary, educational, medical or other institutions, the object of which shall have any moral or other claim for support for aid by the Company either by reason of locality of operation or of public and general utility or otherwise.
- (v) To open and deal with the current accounts, overdraft accounts and any other accounts with any bank or banks for carrying on any business of the Company.
- (w) To sell or dispose of any of the properties of the Company to any person in consideration of cash payment in lump sum or installments or in return for any other services rendered to the Company.
- (x) To get insured any or all the properties of the Company and any or all the employees and their dependants against any or all risks.
- (y) To appoint and nominate any person or persons to act as proxy or proxies for the purpose of attending or voting on behalf of the Company at a meeting of any Company or Association.
- (z) To appoint purchasing and selling agents for the purchase and the sale of the Company's requirements and products respectively.
- (aa) Before declaring any dividend to set aside such portion of the profits of the Company as they may think fit, to form a fund to provide for the pension, gratuities or compensation or create a provident fund or benefit fund in such manner as the Directors may deem fit

- (bb) To realise, compound and allow time for the payment or satisfaction of any debts due to or by the Company and any claims or demands by or against the Company and to refer any claims or demands by or against the Company to arbitration and observe and perform the awards.
- (cc) To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future) including its uncalled capital and to purchase, redeem or pay off any such securities.

LOCAL MANAGEMENT

Local Management

153. The Board of Directors may, from time to time, provide for the management and transaction of the affairs of the Company in any specified locality whether at home or abroad in such manner as they think fit and the provisions contained in the three next following Articles shall be without prejudice to the general powers conferred by this Article but, subject to the provisions of Sections 292 to 297 of the Act.

Local Board delegation

154. The Board of Directors, from time to time and at any time, may establish any local boards or agencies for managing any of the affairs of the Company in any such specified locality and may appoint any persons to be members of such local boards or any managers or agents and may fix their remuneration. And the Directors, from time to time and at any time, may subject to the provisions of Sections 292 to 297 of the Act, delegate to any person so appointed any of the powers and authorities and discretions for the time being vested in them and may authorise the members for the time being of any such local boards or any of them to fill up vacancies therein and to act notwithstanding vacancies and any such appointment or delegations may be made on such terms and conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation.

Power of attorney

155. The Board of Directors may, at any time and from time to time, by powers of attorney under the Company's Seal, appoint any person or persons to be the attorneys of the Company for such purposes and subject to the provisions of Sections 292 to 297 of the Act, with such powers, authorities and discretion not exceeding those vested in or exercisable by the Directors under these presents and for such period and subject to such conditions as the Directors may, from time to time, think fit and any such appointment may, if the Directors think fit, be made in favour of the members or of any Company or of the members, directors nominees or managers of the Company or firm or in favour of any fluctuating body or persons, whether nominated directly or indirectly by the Directors and any such power of attorney may contain such provisions for the protection or conveniences of persons dealing with such attorneys as the Directors think fit.

Sub-delegation

156. Any such delegate or attorneys aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

MANAGING/WHOLE-TIME DIRECTORS

Appointment of Managing/whole time directors

157. The Company by ordinary resolution or the Directors may, subject to the provisions of Sections 268, 269 and 314 of the Act, from time to time, appoint one or more of the Directors to be Managing Director or Managing Directors or other whole-time Directors of the Company, for a term not exceeding five years at a time and may, from time to time, (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places and the remuneration of Managing or Whole-Time Director by way of salary and commission shall be in accordance with the provisions of Schedule XIII of the Act, or as decided by members in general

meeting.

What provisions he will be subject to

158. A Managing Director shall not be liable to retire by rotation. However, a Whole-Time Director shall be a person whose period of office is liable to determination by retirement of directors by rotation and save as otherwise provided expressly in the Act, be appointed by the company in General Meeting and if re-appointed as a director immediately on the retirement by rotation, shall continue to hold his office of Whole-Time Director and such re-appointment as such director shall not be deemed to constitute a break in his appointment as Whole-Time Director.
159. Subject to the provisions of Section 198, 309, 310 and 311 of the Act, a Managing Director or whole-time Director shall in addition to the usual remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may, from time to time, be sanctioned by the Company and maybe by way of fixed salary or at a specified percentage of the net profits of the Company or both, provided that such percentage shall not exceed five percent for any one Managing or whole-time Director and 10% (ten percent) for all of them together.
160. The Directors may, subject to the provisions of Sections 291 to 297 of the Act, from time to time, entrust to and confer upon a Managing Director, or whole-time Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or the exclusion of and substitution for, all or any of the powers of the Directors in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any such powers.

MANAGER

161. Subject to the provisions of the Act, and part I of Schedule XIII of the Act, the Board shall have power to appoint or employ any person to be the Manager of the Company upon such terms and conditions as the Board thinks fit and the Board may subject to the provisions of Section 292 and 293 of the Act, vest in such manager such of the powers, vested in the Board generally, as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine and at such remuneration, subject to Section 387 of the Act, as it may think fit.
162. A Director may be appointed as Manager, subject to Sections 314, 386 and 388 of the Act.

SECRETARY

Directors may be appointed as Manager/Secretary

163. Subject to Section 383A of the Act, the Board may, from time to time, appoint or employ and at their discretion to remove any person to be the Secretary of the Company upon such terms, conditions and remuneration as it thinks fit, to perform any functions which by the Act or the Articles for the time being of the Company are to be performed by the Secretary and to execute any other purely ministerial or Administrative duties which may, from time to time, be assigned to the Secretary by the Board. The Board may also at any time appoint some person (who need not to be the Secretary) to keep the registers required to be kept by the Company.

Directors may be appointed as Secretary

164. Subject to the provisions of the Act, a Director may be appointed as Secretary.

THE SEAL

- Directors to provide a Common Seal and its custody* 165. (a) The Directors shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Directors shall provide for the safe custody of the seal.
- Use of seal* (b) The Seal shall not be affixed to any instrument except in the presence of a director or an officer duly authorised who shall sign every instrument to which the seal shall be affixed. Provided, nevertheless, that any instrument other than a share certificate bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. Provided further that in respect of issue of share certificates the provisions of the Companies (Issue of Shares Certificates) Rules, 1960 shall apply.
- Use of Official seal outside India* (c) The Directors may provide for use in any territory outside India an Official seal subject to the provisions of the Section 50 of the Act.

ANNUAL RETURNS

- Annual Returns* 166. The Company shall make the requisite Annual Return in accordance with Sections 159 and 161 of the Act.

RESERVES.

- Reserves* 167. The Board may subject to Section 205 (2A) of the Act from time to time before recommending any dividend set apart any portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company or for equalization of dividends or for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investment (other than shares in the Company) as it may think fit and may from time to time deal with and vary such investments and dispose all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserve or any part thereof in the business of the Company and that without being bound to keep the same separated from the other assets. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.
- Investment of the money* 168. All moneys carried to the reserves shall nevertheless remain and be the profits of the Company. Subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all other moneys of the Company not immediately required for the purposes of the Company may subject to the provisions of Sections 370 and 372 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or be kept at any Bank or deposit or otherwise as the Board may from time to time think proper.

CAPITALISATION OF PROFITS

- Capitalisation* 169. (1) The Company in General Meeting may, upon the recommendation of Board, resolve :
- (a) to capitalise whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account 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 (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions
- (2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3), either in or towards:
 - (i) paying up any amounts for the time being unpaid on any shares held by such members respectively.
 - (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportion aforesaid or
 - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- (3) A share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this article.

Board may make appointments

170. (1) 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 capitalized thereby and all allotments and issues of fully paid shares if any; and
 - (b) do all acts and things required to give effect thereto.
- (2) The Board shall have full powers :-
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions.
 - (b) to authorise any person to enter, on behalf of 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 the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.

INTEREST OUT OF CAPITAL

Interest out of capital

171. Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any work or building or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of the share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and the restrictions imposed by Section 208 of the Act and may charge the sum so paid by way of interest on Capital as part of the cost of construction of the work or building or the provisions of Plant.

DIVIDENDS

<i>How profit shall be devisable</i>	172. Subject to the rights of members entitled to a share (if any) with preferential or special rights attached thereto the profits of the Company which shall from time to time be determined to be divided in respect of any year or other period shall be applied in the payment of dividend on the Equity shares of the Company, but so that the holder of partly paid up share shall be only entitled to such proportion of the distribution upon a fully paid up share proportionally to the amount paid or credited thereon 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. Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
<i>Dividends</i>	173. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up on the Shares held by them respectively.
<i>Declaration of Dividends</i>	174. The Company, in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
<i>Amount of dividend</i>	175. No larger dividend shall be declared than that recommended by the Board, but the Company in general meeting may declare a smaller dividend.
<i>Dividends out of profits only</i>	176. No dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or State Government for the payments of dividend in pursuance of any; guarantee given by such Government and no dividend shall carry interest against the Company.
<i>What to be deemed to be net profits</i>	177. The declaration of the Board as to the amount of net profits of the Company shall be conclusive.
<i>Interim Dividend</i>	178. The Directors, if in their opinion the position of the Company justifies may from time to time without the sanction of a general meeting pay interim dividend to one or more classes of shares to the exclusion of others at rates which may differ from class to class and when declaring such dividend they should satisfy themselves that the preference shares which have prior claim in respect of payment of dividend shall have their entire rated dividend at the time of final preparation of the accounts for the period.
<i>Debts may be deducted</i>	179. No member shall be entitled to receive payment of any dividend or interest in respect of his share or shares whilst any money may be due or owing from him as is presently payable to the Company in respect of such share or shares or otherwise on account of any debts, liabilities or engagements of the members of the Company, either alone or jointly with any other person or persons and the Directors may deduct from the dividend or interest payable to any member all sums of money so due from him to the Company, subject to Section 205-A of the Act.
<i>Dividend and call together</i>	180. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the member, be set off against the call, subject to Section 205-A and 205-B of the Act. The making of a call under this Article shall be deemed ordinary business of an annual general meeting which declares dividend.
<i>Effect of Transfer</i>	181. A transfer of share shall not pass the right to any dividend declared there to before

the registration of the transfer by the Company.

<i>Retaining of Dividend under transmission clause</i>	182. Subject to Section 205-A of the Act, the Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.
<i>Dividend, right share and bonus share to be held in abeyance</i>	183. Subject to the provisions of Section 206A of the Act the right to dividend, right shares and bonus shares shall be held in abeyance pending registration of transfer of shares. Where any instrument of transfer of shares has been delivered to any Company for registration and the transfer of such shares has not been registered by the Company, it shall notwithstanding anything contained in any other provision of this Act, shall (a) transfer the dividend in relation to such shares to the special account referred to in Section 205-A of the Act, unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and (b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (3) of section 205 of the Act.
<i>Retaining of dividend on which the Company has lien</i>	184. Subject to Section 205-A of the Act, the Board may retain any dividend on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagement in respect of which the lien exists.
<i>Joint Holders</i>	185. Any one of several persons who are members registered jointly in respect of any share may give effectual receipts for all dividends, bonuses and any other payments in respect of such shares.
<i>Notice of any dividend</i>	186. Notice of any dividend, whether interim or otherwise, shall be given to the person entitled to share therein the manner hereinafter provided.
<i>Payment by post</i>	187. Unless otherwise directed in accordance with Section 206 of the Act, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or in the case of joint-holders to the registered address of that one whose name stands first on the register in respect of the joint holding or to such person and at such address as the member or person entitled or such joint holders as the case maybe, direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holders as the case may be direct.
<i>Unclaimed Dividends</i>	188. All unclaimed or unpaid dividends shall be dealt with as per Section 205A of the Act and Rules made thereunder. 189. The Company shall not be responsible for the loss of any cheque, dividend warrant or postal order sent by post in respect of dividends, whether by request or otherwise, at the registered address or the Address communicated to the office before hand by the member or any dividend lost to the member or person entitled thereto by a forged endorsement of any cheque or warrant or the fraudulent recovery thereof or by any other means.

BOOKS AND DOCUMENTS

<i>Books of Account to be kept</i>	190. The Directors shall cause to be kept in accordance with Section 209 of the Act, proper books of accounts with respect to:—

- (a) all sums of money received and spent by the Company and the matters in respect of which the receipt and expenditures take place.
- (b) all sales and purchases of goods by the Company.
- (c) the assets and liabilities of the Company.

Inspection by member

191. (a) The books of accounts shall be kept at the Registered Office or at such other place as the Board thinks fit and shall be open to inspection by the Directors during business hours.
- (b) Printed copy of every Balance Sheet (including Profit and Loss Account, the Auditor's Report and every other document required by law to be annexed or attached as the case may be, to the Balance Sheet) which is to be laid before the Company in Annual General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of twenty one days before the date of the meeting. A statement containing the salient features of such documents in the prescribed form or the copies of the documents aforesaid, as the Company may deem fit will be sent to every member of the Company and to every trustee for the holders of any debentures issued by the Company, not less than twenty-one days before the date of the meeting, subject to the provisions of Section 219 of the Act.
192. The Directors shall, from time to time, subject to the provisions of actions 168,196 and 219 of the Act, determine whether and to what extent and at what time and places and under what conditions, the documents and registers or any of them maintained by the company of which inspection is allowed by the Act, shall be kept open for the inspection of the members. Till decided otherwise by the Board such documents and registers shall be kept open for inspection to the persons entitled thereto between 11 A.M. to 1 P.M. on all working days. No member (not being a Director) shall have any right to inspection of any account or book or document of the Company except as conferred by law or by Act or authorised by the Directors or by resolution of the Company in general meeting and no member not being a director shall be entitled to require or receive any information concerning the business, trading or customers of the Company or any trade secret or process of or used by the Company.

AUDIT

Audit

193. Once at least in every year, the books of accounts of the Company shall be examined by one or more Auditor or Auditors.

Appointment of Auditors

194. The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office until the conclusion of next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by Sections 224 to 227 of the Act.

Branch Audit

195. Where the Company has a branch office, the provisions of Section 228 of the Act, shall apply.

Rights of Auditor to attend general meeting

196. All notices of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have been sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part on the business which concerns him as an auditor.

Auditor's report to be read

197. The Auditor's Report shall be read before the Company in Annual General Meeting and shall be open to inspection by any member of the Company.

When accounts deemed to be

198. Every Balance Sheet and Profit and Loss Account of the Company when audited and

settled adopted by the Company in Annual General Meeting shall be conclusive, in respect of transactions of the Company for the relevant year.

SERVICE OF NOTICE AND DOCUMENTS

<i>Service of documents and notice to members</i>	199. The Company shall comply with the provisions of Sections 53, 172 and 190 of the Act as to the serving of notices.
<i>Accidental omission not to invalidate</i>	200. The accidental omission to give notice to or the non-receipt of notice, by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
<i>Transferees etc. bound by prior notice</i>	201. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which previous to his name and address being entered in the Register, shall be duly given to the person from whom he derives his title to such share.
<i>Mode of signature</i>	202. The Signature to any notice to be given by the Company may be written printed or lithographed.
<i>Member deceased</i>	203. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any share whether registered solely or jointly with other persons, until some other person be registered in his stead as the member in respect thereof and such service for all purposes of the Articles be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.
<i>When notice may be given by advertisement</i>	204. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by advertisement.
<i>How to be advertised</i>	205. Any notice required to be or which may be given by advertisement shall be advertised once in one or more vernacular newspapers circulating in the neighborhood of the registered office. Any notice by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.

RECONSTRUCTION

<i>Reconstruction</i>	206. On any sale of the whole or any part of the undertaking of the Company, the Board or the Liquidators on a winding up may, if authorised by special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other Company, whether incorporated in India or not either then existing or to be formed for the purchase in, the whole or in the part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (in a winding up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in trustees for them and any special Resolution may provide for the distribution or appropriation of cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the member, contributors of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall subject to the provisions of Section 395 of the Act be bound to accept and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto save only in case the Company is proposed to be or is in course of being wound up and subject to the provision of Section 494 of the Act as are in capable of being varied or excluded by these Articles.

WINDING UP

- Rights of preference* 207. On winding up preference shares will rank, as regards capital, in priority to equity shares, to the extent of the paid up value of the said shares but to no other rights of participating in its assets.
- Distribution of assets* 208. (1) Subject to the provisions of the Act, 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 contributors in specie or in kind the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.
- (2) 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 of different classes of members.
- (3) The liquidator may, with the like sanction of a Special Resolution, vest the whole or any part of such assets in trustees upon such Trusts for the benefit of the contributors or any of them as the liquidator shall think fit.
- Distribution of assets in specie* 209. (1) In the event of the Company being wound up the holders of preference shares, if any, shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repayment to them of the amount paid up on the preference shares held by them respectively and any arrears of dividend up to the commencement of the winding up, whether declared or not. If the surplus assets available as aforesaid shall be insufficient to repay the whole of the amount paid upon the preference shares and any arrears of dividend, such assets shall be distributed amongst the holders of preference shares so that the losses shall be borne by the holders of preference shares as nearly as may be in proportion to the capital paid up or which ought to have been paid up on the shares held by them at the commencement of the winding up and the arrears of dividend as aforesaid.
- (2) The assets, if any, available for distribution after payment to the preference share-holders as aforesaid shall be distributed amongst the holders of equity shares in proportion to the Capital, at the commencement of the winding up, paid up or which ought to have been paid upon the shares in respect of which they were respectively registered.
- (3) This Article is to be without prejudice to the rights and privileges amongst the holders of preference shares of different series.
- ## **SECRECY**
- Secrecy* 210. Subject to the provisions of Section 635-B of the Act, 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 Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts 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 so to do by the Board or by any meeting or by the law of the country and except so far as maybe necessary in order to comply with any of the provisions in these presents contained.
- No member to enter the premises of the Company without permission* 211. No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company or to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or, subject to Article 190 to require discovery of or any

information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be in-expedient in the interest of the members of the Company to communicate.

INDEMNITY

Indemnity

212. (a) Subject to Section 201 of the Act, every Director, Managing Director, Manager, Secretary or Officer of the Company or any person (whether an Officer of the Company or not) employed by the Company, and any person appointed by the Company as Auditors shall be indemnified out of the assets of the Company against, all bonafide liability incurred by him as such Director, Managing Director, Manager, Secretary, Officer or Auditor in defending any proceedings, whether civil or criminal in which judgments is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.
- (b) Save and except so far as the provision of these Articles shall be avoided by Section 201 of the Act, the Managers, Auditors, Secretary and other Officers and Servants for the time being of the Company and Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them and everyone of their executors and administrator shall be indemnified and secured harmless out of the assets and profits of the Company from and against all bonafide actions, costs, charges, losses, damages and expenses which they or any of them, their executors or administrators shall sustain by reason of any act done, concurred in or omitted on or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through or by their own willful neglect or default respectively and none of them shall be answerable for the act, receipts neglects or defaults of the other or either of them or for joining in any receipt for the sake of conformity or for any bankers or other persons with whom any moneys or effects belonging to the Company shall be deposited or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed or invested or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trust or in relation thereto unless the same shall happen by or through their own willful neglect or default respectively.

APPENDIX 1

SPECIFIED MATTERS

- (a) Any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of the holders of any class of shares;
- (b) Till the expiry of 2 (two) years from the Completion Date or till the Company lists its Shares on the Bombay Stock Exchange or the National Stock Exchange, whichever is later, any action that authorizes, creates or issues shares including rights issue of any class or series of shares and the valuation in respect of all fresh issues, buy backs, splits, issuance of convertible debt/ instruments or Securities, bonuses, debt restructuring involving conversion into equity, redemption of preference shares etc and modification of the capital structure;
- (c) Any capital expenditure or indebtedness (including giving of security for or guaranteeing debts but excluding (i) loan taken against the investments as appearing in the stock-in trade and investments in third party securities and given as security to exchanges/banks/institution by Company on behalf of SMC Group Companies or SMC Group Companies on behalf of the Company, and (ii) any guarantees given to exchanges on behalf of the Company or any Group Companies or vice versa) beyond 25% of that budgeted for in the annual business plan (including a revised annual business plan) that is approved by the Board of Directors;
- (d) Any acquisition or consolidation which does not fall under point (e) or effects the paid up capital of the company;
- (e) Any acquisition of existing entity or business from any third party in financial services (broking, insurance, forex, commodities) exceeding INR 4.1 crore;
- (f) Any transfer of Securities held by the Promoters or the Company otherwise than as permitted under this Agreement;
- (g) Declaration of dividend;
- (h) Redemption of any class or series of Securities otherwise than on the terms as previously agreed by the Investor;
- (i) Creation and modification of an employee stock option plan including the terms and conditions of their granting and vesting and/or the issuance of employee stock options;
- (j) Any compensation packages to Promoters or the Key Managerial Personnel, which is above market compensation packages;
- (k) Amendments or any proposal to amend the Memorandum or Articles of Association of the company;
- (l) Commencement of any new line of business or acquisition of shares (other than investment in IPOs, mutual funds and purchase of shares from secondary market in Ordinary Course of Business) or interest of a company or entity or firm, which is unrelated to the Business;
- (m) Changes to material accounting or tax policies or practices other than those required by Applicable Law;
- (n) Recommend, giving or renewing of security for or the guaranteeing of debts or obligations of the Company or SMC Group Companies or SAM Global Securities limited other than in the Ordinary Course of Business;
- (o) Any change in the financial year for preparation of audited accounts;
- (p) Any resolution for removal of statutory auditors;
- (q) Winding up and/or liquidation;

- (r) Any agreement, arrangement, transaction to sell or assignment of intellectual property rights including those relating to copyrights, trademarks, patents and designs belonging to the Company, other than in the normal course of business;
- (s) The accounting policy and policies for the dispensation of cash, payments, receivables;
- (t) Any commitment or agreement to do any of the foregoing

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company which are or may be deemed material and will be attached to the copy of the Red Herring Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company between 10 a.m. and 5 p.m. on all Working Days from Bid/Issue Opening Date until the Bid/Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated October 19, 2012 between our Company, the Selling Shareholder and the BRLMs.
2. Registrar Agreement dated October 16, 2012 between our Company, the Selling Shareholder and the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, the Selling Shareholder, the BRLMs, the Escrow Collection Bank, the Syndicate Members and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between our Company, the Selling Shareholder, the BRLMs and the Syndicate Members.
5. Underwriting Agreement dated [●] between our Company, the Selling Shareholder, the BRLMs, Syndicate Members and the Registrar to the Issue.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation of our Company dated December 19, 1994.
3. Certificate of commencement of business of our Company dated January 2, 1995.
4. Annual reports for FY 2012, FY 2011, FY 2010, FY 2009 and FY 2008
5. Resolutions of the Board of Directors dated September 1, 2012 in relation to the Issue and other related matters.
6. Shareholders' resolution dated September 26, 2012 in relation to this Issue and other related matters.
7. Millennium India Acquisition Company Inc. board resolution dated August 30, 2012 approving the Offer for Sale.
8. Consent from Millennium India Acquisition Company Inc. dated October 22, 2012 in relation to the Offer for Sale.
9. The examination reports of the statutory auditor, on our Company's restated unconsolidated financial information and restated consolidated financial information, included in this Draft Red Herring Prospectus.
10. The Statement of Tax Benefits dated October 23, 2012 from the Statutory Auditors.
11. Consent of the Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to the Issue, Registrar to the Issue, Escrow Collection Banker, Bankers to the Issue, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.
12. Due Diligence Certificate dated November 01, 2012 addressed to SEBI from the BRLMs.
13. In principle listing approvals dated [●], [●], [●], [●], [●], [●] and [●] issued by the DSE, the LSE, the CSE, the ASE, the GSE, the NSE and the BSE, respectively.

14. Tripartite Agreement dated August 03, 2010 between our Company, NSDL and Link Intime India Private Limited.
15. Tripartite Agreement dated July 10, 2010 between our Company, CDSL and Link Intime India Private Limited.
16. Shareholders Agreement between our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Bennett, Coleman & Co. Limited dated March 10, 2008 and amendment thereto.
17. Share Subscription Agreement between our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Millennium India Acquisition Company Inc. dated May 12, 2007 and amendments thereto.
18. Shareholders Agreement between our Company, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and Millennium India Acquisition Company Inc. dated May 12, 2007 and amendments thereto.
19. Subscription and Shareholders Agreement between our Company, Sanlam Investment Management (Proprietary) Limited, SMC Wealth Management Services Limited and other individual nominee shareholders dated September 14, 2008.
20. Sale of Shares Agreement between our Company, Sanlam International Investment Partners Limited, Sanlam Investment and Advisors (India) Limited and other individual nominee shareholders dated May 30, 2011.
21. Asset Management Company Subscription and Shareholders Agreement between our Company and Sanlam Investment Management (Proprietary) Limited dated September 14, 2008.
22. Sale of Shares Agreement between our Company, Sanlam International Investment Partners Limited, Sanlam Investment Management (India) Limited and other individual nominee shareholders dated May 30, 2011.
23. Sale of Shares Agreement between our Company, Sanlam International Investment Partners Limited, Sanlam Trustee Company (India) Limited and other individual nominee shareholders dated May 30, 2011.
24. Share Subscription Agreement between our Company, Sanlam International Investment Partners Limited, Mr. Subhash Chand Aggarwal, Mr. Mahesh Chand Gupta and other individual shareholders dated May 30, 2011.
25. Shareholders Agreement between our Company, Sanlam Investment Management (Proprietary) Limited, Mr. Mahesh Chand Gupta, Mr. Subhash Chand Aggarwal and other promoter group entities dated September 14, 2008.
26. Share Subscription Agreement between our Company, Sanlam Investment Management (Proprietary) Limited, Mr. Mahesh Chand Gupta, Mr. Subhash Chand Aggarwal and other promoter group entities dated September 14, 2008.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus 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 shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct.

Signed by the Selling Shareholder

For **Millennium India Acquisition Company Inc.**

Suhel Kanuga
(Director/ Officer)

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines or regulations issued by the Government of India or by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines or regulations issued, as the case may be. We further certify that all the disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. Subhash Chand Aggarwal	Mr. Narain Dass Gupta
Mr. Mahesh Chand Gupta	Mr. Roop Chand Jindal
Mr. Ajay Garg	Mr. Pawan Kumar Bansal
Mr. Anurag Bansal	Mr. Kundan Mal Agarwal
Mr. Pradeep Aggarwal	Mr. Satish Chandra Gupta
Mr. Finney Cherian	Mr. Chandra Wadhwa
Mr. Johannes Hendrik Petrus Van Der Merwe	Mr. Ram Lakhan Sudhir
Mr. Hari Das Khunteta	

Signed by the Senior Vice President (Financial Accounting & Taxation)

Mr. Vinod Kumar Jamar

Date: November 01, 2012

Place: New Delhi